

## FRANCHISE DISCLOSURE DOCUMENT



SB Oil Change Franchising, LLC  
North Carolina limited liability company  
301 North Main Street, Suite 2030  
Winston-Salem, North Carolina 27101  
(833) 787-2767 x122  
franchising@sboilchange.com  
www.sboilchange.com

The franchise offered in this Franchise Disclosure Document is for the operation of a Strickland Brothers 10 Minute Oil Change Business service center, a quick-service engine oil change facility which offers chassis lubrication, certain routine maintenance checks and other automotive services.

The total investment necessary to begin operation of a Strickland Brothers 10 Minute Oil Change Business is between \$270,400 to \$486,900 under a full development option or \$756,900 to \$1,933,400 under a ground lease option. This includes \$64,900 to \$69,900 that must be paid to us or our Affiliates. The total investment necessary to begin operation of three to four Strickland Brothers 10 Minute Oil Changes under our Area Development Program \$270,400 to \$486,900 under a full development option or \$816,900 to \$2,018,400 under a ground lease option. This includes \$124,900 to \$154,900 that must be paid to us or our Affiliates. If you choose to develop more than four Strickland Brothers 10 Minute Oil Changes under our Area Development Program, you will pay an additional initial franchise fee for each additional Center of \$25,000.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified this 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 Mason Bennett at 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101, franchising@sboilchange.com and 833-787-2767, ext. 122.

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 contracts carefully. Show your contracts and this Franchise Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date: May 15, 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:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<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 C 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 Strickland Brothers 10 Minute Oil Change 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 as a Strickland Brothers 10 Minute Oil Change franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

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

### Some States Require Registration

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

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 and the area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. 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 North Carolina than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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.

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

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

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor 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.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

## **TABLE OF CONTENTS**

<b>Item</b>		<b>Page</b>
1	The Franchisor and any Parents, Predecessors, and Affiliates	1
2	Business Experience	5
3	Litigation	6
4	Bankruptcy	6
5	Initial Fees	7
6	Other Fees	7
7	Estimated Initial Investment	11
8	Restrictions on Sources of Products and Services	15
9	Franchisee's Obligations	19
10	Financing	21
11	Franchisor's Assistance, Advertising, Computer Systems and Training	21
12	Territory	34
13	Trademarks	36
14	Patents, Copyrights, and Proprietary Information	38
15	Obligation to Participate in the Actual Operation of the Franchise Business	41
16	Restrictions on What the Franchisee May Sell	41
17	Renewal, Termination, Transfer, and Dispute Resolution	42
18	Public Figures	48
19	Financial Performance Representations	49
20	Outlets and Franchisee Information	58
21	Financial Statements	62
22	Contracts	62
23	Receipts	62

### **Exhibits**

A	Franchise Agreement (with exhibits)
B	Area Development Agreement
C	Financial Statements
D	List of Current and Former Franchisees
E	Confidential Operations Manual Table of Contents
F	List of State Administrators/ Agents for Service of Process
G	Multi-State Addenda
H	State Effective Dates
I	Receipt



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

To simplify the language in this Franchise Disclosure Document, “Franchisor,” “we,” “us,” and “our” means SB Oil Change Franchising, LLC, doing business as Strickland Brothers 10 Minute Oil Change, the franchisor. “You,” “your,” and “Franchisee” means the person who buys the franchise from the Franchisor and its owners, if the Franchisee is a business entity.

Franchisor, Parent, and Affiliates

SB Oil Change Franchising, LLC is a North Carolina limited liability company formed in July 2019. Our principal business address is 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101. We operate under our corporate name, “Strickland Brothers 10 Minute Oil Change.” We do not conduct business under any other name. We offer and support franchises for the Strickland Brothers 10 Minute Oil Change Business, and have done so since October 2019. We have not offered and do not offer franchises in any other line of business and do not own or operate any Strickland Brothers 10 Minute Oil Change Businesses. We do not have any parent or predecessor businesses.

On May 13, 2021, SB PEP Holdco, LLC (“SB Holdco”) acquired 100% of the membership interests of Strickland’s Enterprises, LLC and SB Oil Change Franchising, LLC and thus became the owner of the Strickland Brothers 10 Minute Oil Change brand. The principal business address of SB Holdco is 4 Independence Way, Suite 120, Princeton, NJ 08540. SB Holdco is controlled by Princeton Equity Group, a Princeton, NJ based private equity company with a principal business the same as SB Holdco’s principal business address.

Our Affiliate, Strickland’s Enterprises, LLC, was formed on May 15, 2012. Strickland’s Enterprises, LLC has been operating Strickland Brothers 10 Minute Oil Change Businesses under the Marks (as defined herein) since December 2016 and may operate additional Service Centers (as defined herein) in the future. Strickland’s Enterprises, LLC does not offer nor has it ever offered franchises in this or in any other lines of business previously. The principal place of business for Strickland’s Enterprises, LLC is 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101.

Through common control with or common management by Princeton Equity Group or its affiliates, we are affiliated with the following franchise companies.

Our affiliate Bath Solutions Franchising, Inc., previously known as Bath Solutions Dealership Corporation Inc., was incorporated in Ontario, Canada in November 2008. Its principal office address is 761 W. 1200 N., Springville UT 84663. It has offered bathroom renovation franchises in Canada since its inception. It does not have any other business activities and has never offered franchises in any other line of business. It has not operated any businesses of the type being franchised.

Our affiliate, Gotcha Covered Franchising, LLC offers window covering and treatment franchises, from its principal address of 303 S. Broadway, Suite 200-153, Denver CO 80209. It has offered such franchises since 2009. As of December 31, 2022, it had 144 franchises in operation.

Our affiliate, Ringside Development Company offers hazardous material cleaning service franchises, from its principal address of 8200 SouthPark Cir. #300, Littleton CO 80120. It has offered such franchises since 2010. As of December 31, 2022, it had 127 franchises in operation.

Our affiliate, 1-800-Packouts Franchise LLC offers contents restoration service franchises, from its principal address of 110 Bruner Way, Ball Ground GA 30107. It has offered such franchises since 2015. As of December 31, 2022, it had 60 franchises in operation.

Our affiliate, 1-800-Textiles Franchises, LLC offers textile restoration service franchises, from its principal address of 110 Bruner Way, Ball Ground GA 30107. It has offered such franchises since 2022. As of December 31, 2022, it had 53 franchises in operation.

Our affiliate, Mosquito Shield Franchise, LLC offers window covering and treatment franchises, from its principal address of 500 E. Washington St. #24, North Attleboro, MA 02760. It has offered such franchises since 2013. As of December 31, 2022, it had 345 franchises in operation.

Our affiliate, D1 Sports Franchise, LLC offers athletic performance training facility franchises, from its principal address of 7115 S. Springs Dr., Franklin TN 37067. It has offered such franchises since 2015. As of December 31, 2022, it had 83 franchises in operation.

Our affiliate, CMY Franchising, LLC offers franchises providing rental services for the set-up and display of celebratory yard signs and customized messages, from its principal address of 2009 Ranch Road 620 N., Suite 420, Austin TX 78734. It has offered such franchises since 2017. As of December 31, 2022, it had 512 franchises in operation.

Our affiliate, Five Star Bath, LLC offers franchises providing quality bathroom renovation services, from its principal address of 761 W. 1200 N., Springville, UT 84663. It has offered such franchises since 2014. As of December 31, 2022, it had 75 franchises in operation.

Our affiliate, Five Star Connect, Inc. has been in the business of delivering support services to franchise systems since 2015, including to us and some of our affiliates, with such services including call center, software, and marketing services, from its principal address of 761 W. Spring Creek Pl., Springville UT 84663.

#### Agents for Service of Process

Our agent for service of process for the State of North Carolina is Justin Strickland, 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101. Our agents for service of process for other states are identified in Exhibit F of this Franchise Disclosure Document. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above where we have appointed an agent for service of process. There may also be additional agents appointed in some states listed.

#### Strickland Brothers 10 Minute Oil Change Franchises

We offer franchises for Strickland Brothers 10 Minute Oil Change Businesses (each, a “Service

Center”) using our trade names, trademarks, service marks, associated logos and symbols (“Marks”), business system, procedures and trade secrets (collectively, the “System”). You will conduct a Service Center (a “Franchised Business”) offering quick and convenient drive-through oil changes taking no more than 10 minutes, inspections, visual preventative maintenance services and other similar or ancillary products and services (the “Approved Products and Services”). You must sign one of our standard franchise agreements, which is attached to this Franchise Disclosure Document as Exhibit A (a “Franchise Agreement”). You may operate one Franchised Business, for each Franchise Agreement you sign. You must operate the Franchised Business according to the operating manual and/or other manuals (collectively, the “Manual”). The Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for developing and/or operating a Service Center (“System Standards”) and information on your other obligations under the Franchise Agreement.

If you are interested in becoming a Strickland Brothers 10 Minute Oil Change franchisee, you may be asked to complete a confidential application and questionnaire when applying for consideration. This may include your authorization for us to do, at our discretion, various background checks on you, including making criminal and financial inquiries. This information will remain confidential.

### Development Program

We offer and grant the right (the “Development Rights”) to develop and operate multiple Service Centers within a certain defined geographic area (a “Development Area”) in keeping with a “Development Schedule.” We call this opportunity the “Area Development Program.” We use our form of Area Development Agreement, and require those seeking to participate in it to sign a minimum of three Franchise Agreements at the time they chose to participate in the Area Development Program. We do not restrict you from signing more than three Franchise Agreements under the Area Development Program. Under the Area Development Agreement, we defer the dates the franchisee has to open the Franchised Business for the second and third Service Centers under their Development Schedule. We also agree not to place another Franchised Business in the Development Area during the Development Schedule, provided they are in compliance with the Area Development Agreement. The current form of Area Development Agreement is attached as Exhibit “B” to this Franchise Disclosure Document. If you sign our Area Development Agreement, you may be required to sign a franchise agreement that is in a different form from the franchise agreement in this offering for additional Franchised Business purchased.

### Market Competition

The market for the services offered by a Franchised Business is well-established and very competitive. You will be offering services for sale to the general public and businesses. Our services are not seasonal in nature. Many people change the oil in their vehicles and perform some of the services that are provided by a Franchised Business themselves, and people who want someone else to do it for them have many choices, including: car and truck dealers, gas stations with service bays, independent garages, department stores with car repair facilities, mass merchandisers, tire and car repair businesses, a variety of quick lube businesses, and even other Strickland Brothers 10 Minute Oil Change franchises (subject to the territorial protection and restriction as discussed in Item 12).

## Industry Regulations

The automotive repair and maintenance industry are subject to many different kinds of regulations. These regulations are enforced by different jurisdictions, including the federal government and states, counties and cities. Many laws and regulations affect all businesses; examples of these are employee wage, hour, and benefits, requirements that certain notices be posted for employees and tax regulations that describe how long you have to keep records. Before you open a Strickland Brothers 10 Minute Oil Change Business, you should become familiar with all the general regulations and laws in the jurisdiction where you plan to locate your Service Center. In addition to the general regulations, there are also laws and regulations that have a more specific impact on quick lube businesses. The following provide general descriptions of such laws and regulations; however, it is, at all times, your responsibility to ensure you comply with all specific legal requirements that affect your business.

## Market and Regulations

The automobile lubrication and oil change industry is mature and competitive. You will face national, regional and local competition, including company-owned and franchised chains as well as independent automobile dealerships, national or regional automotive centers and local body repair shops. You also might compete with other “Strickland Brothers Oil Change” company owned, affiliate-owned or franchise-owned locations or other businesses. However, we believe that the combination of speed, customers remaining in their vehicle, and offering of competitively priced products in a clean environment differentiate Service Centers from the competition.

Your business might be impacted by many factors, including the time of year, local economic and market conditions, your experience and business knowledge, competition, and the geographic location of your Center within your market.

Some states might have laws that apply specifically to the industry in which Service Centers operate. For example, some state laws require operators of automotive businesses to obtain a state license. There are a variety of laws and regulations that govern the use, generation, storage and disposal of hazardous materials, and which may require you to file periodic reports and comply with a variety of operating restrictions and duties, and obtain environmental risks insurance. These laws might apply to Service Centers. Before you open a Franchised Business, you should become familiar with all the general regulations and laws in the jurisdiction where you plan to locate your Franchised Business. In addition to the general regulations and laws, there are also regulations and laws that have a more specific impact on quick lube businesses, including Occupational Safety and Health Administration regulations with respect to floor openings; Environmental Protection Agency regulations with respect to storage tanks, used oil and oil filter management, chlorofluorocarbon management, floor sumps and drains; and Resource Conservation and Recovery Act regulations with respect to antifreeze management. You also must comply with laws that apply generally to all businesses. You also must comply with laws that apply generally to all businesses. You should investigate these laws.

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

Justin Strickland – Founder, Chief Executive Officer

Mr. Strickland has served as our Chief Executive Officer and President since our formation in August 2019. Mr. Strickland also serves as the Chief Executive Officer and President of our Affiliate, Strickland’s Enterprises, LLC, and has done so since December 2016.

Heba Botros – Chief Financial Officer

Ms. Botros has served as our Chief Financial Officer since January 2023. From April 2020 to June 2021 Ms. Botros served as Chief Financial Officer for Arosa Caregiving Services in Durham, North Carolina. From January 2016 to April 2020 Ms. Botros was CP of Corporate Development and Strategy for Kraton Corporation in Houston, TX.

Aaron Jansen – Chief Operating Officer

Mr. Jansen has served as our Chief Operating Officer since July 2022. From October 2021 to June 2022 Mr. Jansen was Vice President of Operational Excellence, ICWG at Driven Brands in Charlotte, North Carolina. From August 2020 to November 2021 Mr. Jansen was Vice President of Operations at Meineke Car Care. From 2016 to August 2020 Mr. Jansen held various operations roles at Meineke including Director of Operations, Operations Manager, and Operations Coach.

Mark Agan – Vice President of Field Training

Mr. Agan has served as our Vice President of Field Training since July 2022. From August 2019 to July 2022, Mr. Agan served as our Chief Operating Officer. Mr. Agan served as regional manager of Quality Automotive Services from June 2016 to September 2018. Since 2018, Mr. Agan has worked with Mr. Strickland at Strickland’s Enterprises, LLC.

Melissa Thomerson – Director of Training

Ms. Thomerson has served as our Director of Training since April 2021. From February 2021 to April 2021, Ms. Thomerson was a server with Firstwatch in Winston-Salem, NC. From November 2016 to January 2021, Ms. Thomerson was the Director of Training for East Coast Wings Corporation in Winston-Salem, NC. From March 2016 to November 2016, Ms. Thomerson was a bartender at the Kimpton hotel in Winston-Salem, NC.

David Correa – Vice President of Strategic Operations and Training

Mr. Correa has served as our Vice President of Strategic Operations and Training since January of 2023. Mr. Correa started at Strickland brothers as a Director of Strategic Initiatives in September of 2022. Mr. Correa was a Senior Regional Training manager at Take 5 oil change and lead the training for over 700 corporate locations from Jan 2021 until Sept of 2022 in Florida. Mr. Correa was a regional training manager for Take 5 oil change in Wisconsin, Illinois, Iowa, and Indiana

and lived in Milwaukee, Wisconsin in 2019 and 2020. Mr. Correa was a district manager for Take 5 oil change in Atlanta Georgia from 2016-2019.

Tyeisha Crutchfield – SVP of Marketing

Ms. Crutchfield has served as the SVP of Marketing since November 2022. From September 2020 to October 2022, Ms. Crutchfield was a Marketing Consultant with Domino’s Pizza in Charlotte, NC. From 2013 to 2022, Ms. Crutchfield worked in various marketing roles at Driven Brands, LLC, parent company to aftermarket automotive brands such as Maaco Auto Painting & Collision Repair, Meineke Car Care Centers and Take 5 Oil Change.

William Dodson – Field Consultant

Mr. Dodson has served as our Field consultant and our direct contact for our franchise owners since our inception. Since April 2018, Mr. Dodson has also served as location manager for our affiliate locations under Strickland’s Enterprises, LLC. Mr. Dodson worked for Valvoline Instant Oil Change, in Winston-Salem, NC from June 2016 to April 2018.

Mason Bennett– Vice President of Business Development

Mr. Bennett has served as our Vice President of Business Development since July 2022. From August 2021 to July 2022, Mr. Bennett served as our Director of Business Development . From May 2020 to August 2021 Mr. Bennett served as Business Development Manager for AGM Technologies in Charlotte, NC. Mr. Bennett served as Business Development Manager for Driven Brands in Charlotte, NC from July 2018 to April 2020.

Kimberly Price– Director of New Store Openings

Ms. Price has served as our Director of New Store Openings since April 2022. From July 2021 to August 2022 Ms. Price served as our Project Manager. From March 2019 to February 2020 Ms. Price served as Sales Consultant for Founders Hemp in Asheboro, NC. Ms. Price served as Project Manager for East Coast Wings + Grill from May 2018 to May 2019 in Winston-Salem, NC. From May 2017 to May 2018 Ms. Price served as a Scheduler/Central Supply for Brain Center Nursing & Rehabilitation in Charlotte, NC.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcy proceeding is required to be disclosed in this Item.

**ITEM 5**  
**INITIAL FEES**

Initial Franchise Fee

If you are purchasing a Franchised Business, you must pay us an initial franchise fee (the “Initial Franchise Fee”) of \$54,900 when you sign the Franchise Agreement. The Initial Franchise Fee is deemed fully earned by us once paid, is uniform and is not refundable in whole or in part under any circumstances.

Development Rights

Your Area Development Program fees are calculated as follows: (i) \$54,900 for your first Center, (ii) \$35,000 for the second Center, and (iii) \$25,000 for each subsequent Center.

The initial franchise fees under the Area Development Program are deemed fully earned by us once paid, are uniform and are not refundable in whole or in part under any circumstances.

U.S. Veterans’ Discount

If (i) you are a Veteran, or (ii) the shareholders, members, or partners owning at least 51% of franchised business are Veterans then we will discount our initial franchise fee for your first location by \$5,000. “Veteran” means honorably discharged from the U.S. Army, Navy, Air Force, Marines or Coast Guard and can provide proof of veteran or military status by providing a DD214 or military orders.

Computer/ POS

You must purchase the computer system that we specify, including computer hardware, software, point of sale system, and inventory control systems. At least 60-days prior to your scheduled opening date, you will pay us a fee of \$10,000 to \$15,000 for the Computer/ POS System, installation, 3-days of training and your first month of computer support. The fee for the computer/ POS System is deemed fully earned by us once paid, is uniform and is not refundable in whole or in part under any circumstances.

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

<b>Type of Fee(1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty(2)	6% of Gross Revenue	Monthly via EFT by the 15th of the month for the previous month. (3)	Based on Gross Revenues (as defined in Note 2) during the previous month.

Brand Fund Contribution	2% of Gross Revenue	Paid with the royalty payment of each month via EFT.	Based on Gross Revenues during the previous month. See Item 11 for a detailed discussion about the Brand Fund.
Local Marketing Requirement	2.5% of Gross Revenues	Paid with the royalty payment of each month via EFT.	Local marketing requirements are discussed in Item 11.
Annual Conference Fee	\$500	Annually	Payable to us.
Mystery Shopper Fee	Our actual costs	Upon demand	If we implement a mystery shopper program, we have the right to send mystery shoppers to your Franchised Business.
Additional Training or Assistance	Currently, we charge \$200 per person per day	When training or assistance begins.	We may charge you for training newly hired personnel; for refresher training courses; for the annual conference; and for additional or special assistance or training you need or request. For all training sessions and conferences, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging and meal expenses.
Transfer Fee	\$20,000	Before transfer completed.	No charge if Franchise Agreement transferred to an entity you control.
Renewal Fee	\$15,000 or 25% of the then-current franchise fee, whichever is greater	At time of renewal.	
Testing of Products or Approval of new Suppliers	\$1,000	When billed.	This covers the costs of testing new products or inspecting new suppliers you propose to us.



Audit	Cost of inspection	15 days after billing.	Due if you do not give us reports, supporting records or other required information, or if you understate any fees payable under the Franchise Agreement by more than 2%.
Interest	Lesser of 1.5% per month or highest legal rate	15 days after billing.	Due on all overdue amounts.
Maintenance and Refurbishing of Franchised Business (4)	You must reimburse our expenses	15 days after billing.	If, after we notify you, you do not undertake efforts to correct deficiencies in the Franchised Business' appearance, then we can undertake the repairs and you must reimburse us.
Technology Fee	Our then-current fee (currently \$395)	Paid with the royalty payment of each month via EFT	Paid directly to us. This fee covers in-store software and the SBU platform. We reserve the right to increase the Technology Fee as needed, upon 30 days' written notice to you.
Insurance	You must reimburse our costs	15 days after billing.	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Insufficient Funds	\$100	As incurred.	Due if you have insufficient funds in your EDTA to cover a payment, or if you pay by check, a check is returned for insufficient funds.
Non-Compliance Fee	\$500 per infraction per week for material infractions, as determined by us in our sole discretion.	As incurred	We may charge you a weekly fee of \$500 per material infraction if your business is not in compliance with our specifications or the franchise agreement.

Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand.	You must reimburse us for all costs in enforcing obligations if we prevail, under both the Franchise Agreement and Area Development Agreement.
Customer Satisfaction (5)	You must reimburse our costs	15 days after billing	You must reimburse us for all costs we incur in addressing customer complaints against your Franchised Business.
Management Fee	\$350 per person per day (plus costs and expenses)	As incurred.	Due when we (or a third party) manage your Franchised Business after your managing owner's death or disability, or after your default or abandonment.
Indemnification	Will vary	As incurred.	You must reimburse us if we are held liable for claims from your Franchised Business' operation.

Notes:

1. All fees paid to us pursuant to this Franchise Disclosure Document are uniform and non-refundable. We can require an alternative payment method and frequency for any fees or amounts owed to us under the Franchise Agreement. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.
2. As used in the Franchise Agreement, "Gross Revenues" means the total selling price of all services and products sold at or from your Franchised Business (not adjusted for credit card fees), and all income and revenue of every other kind and nature related to the Franchised Business operation, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, but excluding taxes collected from customers and paid to taxing authority, and reduced by the actual amount of any documented refunds, credits, allowances, bad debts, and chargebacks the Franchised Business in good faith gives to customers. Each charge or sale upon credit will be treated as a sale for the full price on the day during which such charge or sale is made, irrespective of when you receive payment (whether full or partial, or at all) on that sale. Amounts paid by gift certificate, gift card, stored value card or similar program are included in Gross Revenues when the gift certificate, other instrument or applicable credit is redeemed.
3. You must enter into an electronic funds transfer authorization agreement ("EFTA") allowing us to draft payments from your account. The payments will be taken on the 15th of each month unless alternate arrangements are agreed to in writing. If the 15th falls on a Saturday, Sunday or a legal holiday, the payment will be taken on the next business day. We will send you itemized invoices showing the amount of the payment to be drafted from your account 7 days

prior to the draft. You will pay the cost of any fees imposed by your banking institution for the cost of the draft. We reserve the right to require all payments by electronic funds transfer.

4. You must renovate, refurbish or replace, at your own expense, the décor, layout, operating assets, intellectual property and other items used in the operation of the Franchised Business, when reasonably required by us in order to comply with the image, standards of operation and performance capability periodically established by us. If we change our image or standards of operation, you will be given a reasonable period of time to comply with such changes. You will not be required to complete a remodel or upgrade which affects the overall Franchised Business and costs in excess of the greater of \$50,000 or 2% of your average adjusted Gross Revenue during the previous 5-year period during the first 5 years of the term of the Franchise Agreement or more than 1 time in each 5-year period after that.
5. We have an absolute satisfaction guarantee program for your customers that you must participate in at your cost. As part of the 100% satisfaction guarantee program, you must notify us of any customer complaints which you have not satisfied within 48 hours of the complaint. We may, at our option, take any action needed to satisfy the customer's complaint and invoice you for the costs. In addition, we may require additional system-wide warranty programs. You must participate in and pay the costs of any program(s).

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

**YOUR ESTIMATED INITIAL INVESTMENT**

**FULL DEVELOPMENT OPTION**

<b>Type of Expenditure</b>	<b>Amount (Low)</b>	<b>Amount (High)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee <sup>1</sup>	\$54,900		Wire/ACH	At signing	Us
Travel and Living Expenses While Training <sup>2</sup>	\$2,500	\$10,000	As arranged	As incurred	Third party
Real Estate Deposits (3 months) <sup>3</sup>	\$10,000	\$45,000	As arranged	As incurred	Third party
Licenses, Permits & Legal Fees <sup>4</sup>	\$1,000	\$3,500	As arranged	As incurred	Third party
Equipment, Tool Package <sup>5</sup>	\$30,000	\$60,000	As arranged	As incurred	Devon Lube
Equipment Installation	\$0	\$50,000	As arranged	As incurred	Third party
Furniture and Décor <sup>6</sup>	\$2,500	\$8,500	As arranged	Before opening	Third party
Computer and POS System <sup>7</sup>	\$10,000	\$15,000	ACH	Before opening	Us
Grand Opening Advertising <sup>8</sup>	\$20,000		ACH	Before	Third party

				opening	
Inventory and Supplies <sup>9</sup>	\$20,000	\$25,000	As arranged	As incurred	Suppliers
Insurance <sup>10</sup>	\$2,000	\$5,000	As arranged	As incurred	Insurance Broker
Signage <sup>11</sup>	\$15,000	\$35,000	As arranged	50% upon order and 50% when installation is complete.	Third party
Additional Funds (3 months) <sup>12</sup>	\$50,000		As arranged	As incurred	Third party
<b>Total Estimated Initial Investment</b>	\$217,900	\$372,900			
Area Development Fee (3-4 locations) <sup>1</sup>	\$114,900	\$139,900	Wire/ACH	At signing the	Us
Initial Investment For your Initial Business minus franchise fee for first location	\$163,000	\$318,000	See Chart Above		
<b>TOTAL</b>	\$277,900	\$457,900			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business for 3-months under the full development option. These fees are not refundable. We do not offer direct or indirect financing for these items. If you purchase an existing location, utilize a ground lease or decide to own the real estate, your cost may be different than as mentioned above. These are the costs for BTS/Full Development. Real estate costs and developer fees may vary. When choosing a full development option, your lease will be based upon your personal financial situation. In our experience, most developers like to see the same requirements that we have for single units. In this model, you will work with a developer of your choice. We will make recommendations on your behalf. We will not guarantee your lease.

1. **Initial Franchise Fee** - This fee is non-refundable and payable to us in full at the time of signing the Franchise Agreement.
2. **Travel and Living Expenses While Training** - These are costs incurred for you and your staff during training at our corporate office and headquarters.
3. **Real Estate Deposits** - These are deposits paid to us or landlords for lease on the land.
4. **Licenses, Permits & Legal Fees** - These are fees payable to municipalities for doing

business, accountants, etc.

5. **Equipment & Tool Package** - This package is purchased from our supplier for tools, equipment, etc.
6. **Furniture & Décor** - These are costs associated with furniture and other decor items in our brand standards manual.
7. **Computer & POS System** - This is the cost for the POS system, installation, 3 days of training and the first month's support.
8. **Grand Opening Advertising** - These fees are payable to third parties for your grand opening at the location.
9. **Inventory & Supplies** – These are the costs for the oil, parts and other supplies such as paper, pens, etc.
10. **Insurance** – These are the costs of insurance premiums estimated for the first year.
11. **Signage** - These are the costs associated with the signage on and in your building.
12. **Additional Funds** - In our experience, these are 3 months' operating expenses and working capital to assist in your opening. We relied on our affiliate's experience in operating Strickland Brothers 10 Minute Oil Change businesses to determine the additional funds needed and other estimates in Item 7.

#### GROUND LEASE OPTION

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee <sup>1</sup>	\$54,900		Wire/ACH	At signing	Us
Travel and Living Expenses While Training <sup>2</sup>	\$2,500	\$10,000	As arranged	As incurred	Third party
Equipment, Tool Package <sup>3</sup>	\$30,000	\$60,000	As arranged	As incurred	Devon Lube
Equipment Installation	\$0	\$50,000	As arranged	As incurred	Third party
Building Construction <sup>4</sup>	\$300,000	\$900,000	As arranged	As incurred	Contractors
Site Work <sup>5</sup>	\$150,000	\$300,000	As arranged	As incurred	Contractors
General Construction Fees <sup>6</sup>	\$70,000	\$300,000	As arranged	As incurred	Contractors
Construction Manager(s) <sup>7</sup>	\$0	\$50,000	As arranged	As incurred	Us
Due Diligence Items <sup>8</sup>	\$30,000	\$50,000	As arranged	As incurred	Contractors

Furniture and Décor <sup>9</sup>	\$2,500	\$8,500	As arranged	Before opening	Third party
Computer and POS System <sup>10</sup>	\$10,000	\$15,000	ACH	Before opening	Us
Grand Opening Advertising <sup>11</sup>	\$20,000		ACH	Before opening	Third party
Inventory and Supplies <sup>12</sup>	\$20,000	\$25,000	As arranged	As incurred	Suppliers
Insurance <sup>13</sup>	\$2,000	\$5,000	As arranged	As incurred	Insurance Broker
Signage <sup>14</sup>	\$15,000	\$35,000	As arranged	50% upon order and 50% when installation is complete.	Third party
Additional Funds (3 months) <sup>15</sup>	\$50,000		As arranged	As incurred	Third party
<b>Total Estimated Initial Investment</b>	\$756,900	\$1,933,400			
Area Development Fee (3-4 locations)	\$114,900	\$139,900	Wire/ACH	At signing the	Us
Initial Investment For your Initial Business minus franchise fee for first location	\$702,000	\$1,878,500	See Chart Above		
<b>TOTAL</b>	\$816,900	\$2,017,400			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business for 3 months under a ground lease option. These fees are not refundable. We do not offer direct or indirect financing for these items. If you purchase an existing location, use a developer for full development or decide to own the real estate, your cost may be different than the Item 7 as mentioned above. These are the costs for “vertical up” construction. Real estate costs and developer fees may vary. In some cases, landowners may agree to cap site work expenses in exchange for a high lease.

If you are developing your own and owning the real estate, the ground lease option plus the cost of real estate, plus the cost of additional due diligence will serve as a good base.

1. **Initial Franchise Fee** - This fee is non-refundable and payable to us in full at the time of signing the Franchise Agreement.
2. **Travel and Living Expenses While Training** - These are costs incurred for you and your staff during training at our corporate office and headquarters.
3. **Equipment & Tool Package** - This package is purchased from our supplier for tools, equipment, etc.
4. **Building Construction** - These are the costs to the awarded contractor for the construction, build out,
5. **Site Work** - These estimates are for the costs for a position of construction that does not include/involve the actual building. This will include demolition of existing buildings, concrete/asphalt around the building and utility connections.
6. **General Construction Fees** - This estimate is for what is referred to as contractors overhead and profits. This will include fees charged by the general contractor.
7. **Construction Management** - Our partner construction manager(s) will work on RFPs, bidding and the oversight of construction projects to get the center to the SB Brand Standards throughout the process. The fees include their travel, management, etc.
8. **Due Diligence** - This estimate is for all due diligence items such as architectural/engineering and permitting.
9. **Furniture & Décor** - These are costs associated with furniture and other decor items in our brand standards manual.
10. **Computer & POS System** - This is the cost for the POS system, installation, 3 days of training and the first month's support.
11. **Grand Opening Advertising** - These fees are payable to third parties for your grand opening at the location .
12. **Inventory & Supplies** – There are the costs for the oil, parts and other supplies such as paper, pens, etc.
13. **Insurance** – These are the costs of insurance premiums estimated for the first year.
14. **Signage** - These are the costs associated with the signage on and in your building.
15. **Additional Funds** - In our experience, these are 3 months' operating expenses and working capital to assist in your opening. We relied on our affiliate's experience in operating Strickland Brothers 10 Minute Oil Change businesses to determine the additional funds needed and other estimates in Item 7.

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

### System Standards

You must operate your Franchised Business according to our System Standards. In order to strive for a uniform image and uniform quality of products and services throughout the Service Centers, you must operate and maintain the Franchised Business according to our System Standards. System Standards may regulate, among other things, the brands, types, and models of Operating Assets and other products and services you use to operate the Franchised Business;

required or authorized products and services or product and service categories; and designated or approved suppliers of these items, which might include or be limited to us and/or our affiliates. “Operating Assets” means all required furniture, fixtures, tools, vehicles, Computer System (defined below) components, equipment, furnishings, and signs that we periodically require for the Franchised Business.

We issue and modify our System Standards based on our, our affiliates’ and our franchisees’ experience in franchising and/or operating Service Centers. We will notify you in our Operations Manual or in other written communications of our System Standards and names of designated and approved suppliers. Our standards, specifications and other criteria, for supplier or distributor approval have been developed by us, our affiliates, and/or principals through the expenditure of extensive work and time, and are considered confidential information. Therefore, we do not make our standards and specifications or our other criteria for supplier or distributor approval available to you or suppliers. Currently, the purchases and leases that you must make from us or our affiliates, from approved suppliers, or according to our System Standards represent approximately 85% of your total purchases and leases in establishing, and approximately 85% of your total purchases and leases in operating, the Franchised Business.

### Suppliers

You must purchase or lease all Operating Assets and other products and services for the Franchised Business according to the System Standards, and if we require, only from suppliers or distributors that we designate or approve, which may include or be limited to us or our affiliates. When determining whether to source-restrict a particular item or service that you must acquire, we take into account a variety of factors, including pricing, the quality and accessibility of products and/or services and the importance of uniform quality of products and services throughout the Service Centers.

Currently, neither we nor our affiliates are an approved supplier or the only approved supplier of any product or service that you use or sell at the Franchised Business. In the future, we may designate us and/or our affiliates as approved suppliers or the only approved supplier for certain products and services. We and/or our affiliates do derive revenue based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you and from promotional allowances, volume discounts, credits, rebates and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees (collectively, “Allowances”). We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees’ actual or prospective dealings with us or them, without restriction for any purposes we or our affiliates deem appropriate. You assign to us or our designee all of your right, title and interest in, and to any and all such Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction. We may use these benefits for any purpose we deem appropriate. We are not obligated to remit any benefits to you and reserve the right to retain all such benefits. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase Operating Assets, products, services and other items at a price that will benefit us and our franchisees. In our last fiscal year, ending on December 31, 2022, we received \$1,271,710 in revenue from all required purchases and leases of Operating Assets, products and services by franchisees, including purchases of items to be resold in the Franchised Business, and rebates we receive from third parties. This was 25% of our total revenue of \$4,989,344, as reported in our most recent audited financial statements.



Currently you must buy all business operational items from suppliers that we designate or approve. You can find the names of designated and approved suppliers, which we may periodically modify, in the Operations Manual or other written communications from us. Neither we, nor any of our officers, own an interest in any approved supplier; however, we reserve the right to do so.

If you want to use any Operating Assets or other products or services for or at the Franchised Business that we have not yet evaluated, or purchase or lease any Operating Assets or other products or services from a supplier or distributor that we have not yet approved (for Operating Assets or other products and services that we require you to purchase only from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the product or service complies with our standards and specifications and/or the supplier or distributor meets our criteria. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. We may inspect the proposed supplier's or distributor's facilities and require the proposed supplier or distributor to deliver product or other samples, at our option, either directly to us or to any independent laboratory that we designate for testing. For each supplier, distributor, or product you submit for our review, you must pay us an evaluation fee of \$1,000 to help cover inspection and evaluation costs. We will use commercially reasonable efforts to notify you of our approval or disapproval within 30 days after receiving all information we require. We may periodically re-inspect the facilities, products and services of any approved supplier or distributor and, upon notice to franchisees and/or the supplier, revoke our approval of any supplier, distributor, product or service that does not continue to meet our criteria. Despite these rights, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive source (which might be us or our affiliate) for the applicable product or service or if we believe that doing so is in the best interests of the Strickland Brothers network. The Manual may provide additional detail on the manner in which we grant and revoke approval of suppliers.

We may periodically assist our franchisees in organizing purchasing cooperatives. We will not provide material benefits, like renewal or granting additional franchises, to franchisees based on their purchase of particular products or services or use of particular suppliers. We negotiate purchase arrangements with some suppliers, including price terms. In doing so, we seek to promote the overall interests of our franchise network and our interests as franchisor. There are no formal purchasing or distribution cooperatives in the Strickland Brothers network.

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

Although you may purchase them from any supplier, you must purchase all business forms, advertising, brochures, promotional material, and similar materials in accordance with our specifications, which we may revise from time-to-time. If you do not purchase these items from us, we must approve them before you use the materials. We will notify you within 30 days of the date you submit materials for review if we do not approve them. If we do not notify you

within such 30-day period, the materials are deemed approved. We will provide you with the Manual, which describes our specifications for the proper use of the trade names and service marks in advertising materials.

### Purchasing or Distribution Cooperatives

Currently, there are no purchasing or distribution cooperatives.

### Insurance

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by applicable law, your landlord, or otherwise. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All coverage must be on an “occurrence” basis. All policies must apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. All coverage must provide for waiver of subrogation in favor of us and our affiliates. We may, upon at least 60 days’ notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. All insurance policies must name us and any affiliates we designate as an additional insured and provide for 30 days’ prior written notice to us of a policy’s material modification or cancellation. Upon our request, you must send us a valid certificate of insurance or duplicate insurance policy evidencing that you have maintained the required coverage and paid the applicable premiums. The list of current mandatory types and amounts of insurance you must maintain is described in the Manual and updated as necessary. As of the date of this Franchise Disclosure Document, you must maintain, at a minimum, the following types and amounts of insurance:

- \$1,000,000/\$2,000,000 General Liability Limits with Products and Completed Operations Limits of \$2,000,000.
- \$1,000,000 combined single limit Garage Liability (Symbol 21)/Business Auto (Symbol 1)
- Workers Compensation per statute with \$500,000/\$500,000/\$500,000 Limits for Employers Liability
- \$50,000 Garage Keepers Coverage per bay; Direct Primary option
- \$1,000,000 Umbrella
- Business Income Including Extra Expense – Actual Loss Sustained – 12 Months

### Computer System and Software

You must obtain the computer-based, web-based, application-based and/or other technological systems and services that we periodically specify, including hardware components, software,

dedicated communication and power systems, printers, payment devices, and other computer-related accessories and peripheral equipment (the “Computer System”). We may periodically modify specifications for and components of and/or the technologies and functions for, the Computer System, and these modifications and/or other technological developments or events, may require you to purchase, lease and/or license new or modified computer hardware, software and other components and technologies and to obtain service and support for the Computer System. Within 60 days after we deliver notice to you, you must obtain the Computer System components that we designate and ensure that your Computer System, as modified, is functioning properly. We and our affiliates may charge you up front and ongoing fees for any required or recommended proprietary software or technology that we or our affiliates license to you and for other Computer System maintenance and support services provided during the term of the Franchise Agreement. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must sign any software license agreements that we or the licensor of the software require and any related software maintenance agreements. Currently we require you to use ISI software. The Computer System is described in more detail in Item 11 of the Franchise Disclosure Document.

## **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 Franchise Disclosure Document.**

Obligation	Section in Franchise Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	4.1, 4.2	7,8, 11 and 12
b. Pre-opening purchases/leases	4.4, 10.1, 10.2	7, 8 and 11
c. Site development and other pre-opening requirements	4.3, 4.4, 4.5, 6.1	7, 8 and 11
d. Initial and ongoing training	6.1, 6.2, 6.3, 6.4	5, 6, 7 and 11
e. Opening	4.5	11 and 12
f. Fees	5.2, 7, 9.1	5, 6, 7, and 11
g. Compliance with standards and policies/Operations Manual	6.5, 10.2, 10.3, 10.9, 10.12, 10.13, 10.16	6, 8 and 11
h. Trademarks and proprietary information	8, 12	13 and 14
i. Restrictions on products/services offered	10.2, 10.3, 10.5	8, 11 and 16
j. Warranty and customer service requirements	10.13 and 10.14	Not Applicable
k. Territorial development & sales quotas	3.1	12
l. Ongoing products/service purchases	10.2, 10.3, 10.5	8, 11 and 16
m. Maintenance, appearance, and remodeling requirements	5.2, 10.11	8 and 11

n. Insurance	10.1	6, 7 and 8
o. Advertising	9	6, 7, 8 and 11
p. Indemnification	15	6 and 13
q. Owner's participation/management/staffing	2.3, 10.10, 10.15	11 and 15
r. Records and reports	4.4, 11.1, 11.2	6 and 11
s. Inspections and audits	7.7, 10.12	6
t. Transfer	15	6 and 17
u. Renewal	5.2	6 and 17
v. Post-termination obligations	17	17
w. Non-competition covenants	13	17
x. Dispute resolution	18.3, 18.6, 18.7, 18.8, 18.9, 18.11	17

<b>Obligation</b>	<b>Section in Area Development Agreement</b>	<b>Item in Franchise Disclosure Document</b>
a. Site Selection and acquisition/lease	1 and 2	7,8, 11 and 12
b. Pre-opening purchases/leases	Not Applicable	7
c. Site development and other pre-opening requirements	Not Applicable	7 and 11
d. Initial and ongoing training	Not Applicable	11
e. Opening	2	6 and 7
f. Fees	2	5, 6 and 7
g. Compliance with standards and policies/Operations Manual	4	11
h. Trademarks and proprietary information	Not Applicable	13 and 14
i. Restrictions on products/services offered	Not Applicable	8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development & sales quotas	2	Not Applicable
l. Ongoing products/service purchases	Not Applicable	8 and 16
m. Maintenance, appearance, and remodeling requirements	Not Applicable	11
n. Insurance	Not Applicable	7
o. Advertising	Not Applicable	6 and 11
p. Indemnification	Not Applicable	6, 13 and 14
q. Owner's participation/management/staffing	Not Applicable	11 and 15
r. Records and reports	Not Applicable	6
s. Inspections and audits	Not Applicable	6 and 11
t. Transfer	Not Applicable	17
u. Renewal	6	17

v. Post-termination obligations	Not Applicable	17
w. Non-competition covenants	Not Applicable	17
x. Dispute resolution	Not Applicable	17

**ITEM 10**  
**FINANCING**

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

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

**Except as listed below, SB Oil Change Franchising, LLC is not required to provide you with any assistance.**

Pre-Opening Obligations

Before you open your Franchised Business, we (or our designee) will provide the following assistance and services to you:

- 1) Your site. We do not assist you in (i) locating your site and negotiating the purchase or lease of the site, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises. We do require that your location be located in your territory as designated (See Sections 4.1 and 4.2 of the Franchise Agreement);
  - a. If you do not have an approved site for the Center as of the effective date of the Franchise Agreement, you have 90 days after the Franchise Agreement's effective date to obtain our written acceptance of a site at which to operate a Service Center within the market area specified in Exhibit 1 to the Franchise Agreement. We will not unreasonably withhold our approval to an extension to this time period so long as you are making reasonable efforts to find a site. We will not unreasonably withhold our approval of a site that meets our then current criteria of a Service Center. However, we have the absolute right to not approve any site that does not meet our criteria. We will have an approval or non-approval within 15 days of the site being submitted to us for review.
- 2) Accept a lease that meets our requirements. You must obtain our prior written acceptance of the terms of any lease or sublease for the site before you sign it. The lease must contain the terms and provisions that are reasonably acceptable to us, including provisions to protect our rights as your franchisor. You must give us a copy of the fully-signed lease within 10 days after you and the landlord have signed it. You may not sign any renewal or amendment of the lease that we have not accepted. You must sign a lease that we have accepted, for a Site that we have accepted, within 60 days after we have approved of the Site; otherwise we may terminate the Franchise Agreement. You must sign, and obtain

the landlord's consent to, the Collateral Assignment of Lease (Exhibit 7) under which you will collaterally assign the lease to us as security for your timely performance of all Franchise Agreement obligations. (See Section 4.2 of the Franchise Agreement)

- 3) We will provide you mandatory and suggested specifications and layouts for your Franchised Business, which will include requirements for dimensions, design, image, interior layout (including equipment placement), decor, Operating Assets, and color scheme. The Franchised Business must contain all of the Operating Assets, and only the Operating Assets, that we periodically specify. At our option, you must use only the development company and/or other contractor(s) that we periodically designate or approve to design and/or develop the Franchised Business. You must use in the operation of the Franchised Business only those brands and models of Operating Assets that we have approved for a Service Center as meeting our System Standards and specifications for, among other elements, design, function, performance, serviceability and warranties. We will provide the names of approved suppliers and/or specifications for some items.
- 4) You must prepare all required construction plans and specifications to suit the site and make sure that they comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. At our option, you must submit construction plans and specifications to us for approval before you begin constructing the Franchised Business and all revised or "as built" plans and specifications during construction. Our review is limited to ensuring your compliance with our design requirements and the Franchise Agreement's other requirements. Our review is not designed to assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with those laws and regulations is your responsibility. You must remedy, at your expense, any noncompliance or alleged noncompliance with those laws and regulations. We may periodically inspect the site while you are developing the Franchised Business.

At your expense, you must construct, install trade dress and furnish all Operating Assets in, and otherwise develop, the Franchised Business at the site according to our standards, specifications and directions. (See Section 4.3 of the Franchise Agreement)

- 5) Hiring and training employees. We may make suggestions and may provide guidance relating to labor or employment matters, however it is entirely your responsibility to determine whether to adopt, follow and/or implement any of our suggestions or guidance. (See Sections 10.10 and 14.1 of the Franchise Agreement);
- 6) Necessary Operating Assets and opening inventory. We will provide you with a list of our specifications and approved suppliers for Operating Assets and opening inventory, and supplies necessary to open your business. We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items. (See Section 4.3 of the Franchise Agreement);
- 7) Operating Manual. Loan you 1 copy of the confidential Manual. The Manual contains 104 pages. The table of contents for the Manual is attached to this Franchise Disclosure Documents as Exhibit E (See Section 6.5 of the Franchise Agreement);

- 8) Grand Opening Marketing Plan. We will approve forms of advertising materials you will use for grand opening advertising (See Section 9.1 of the Franchise Agreement);
- 9) On-site opening support. We, or our designee, will provide instruction and assistance prior to the opening of your Franchised Business and immediately following the opening by telephone or in-person, as we determine in our sole discretion (See Section 6.4 of the Franchise Agreement); and
- 10) Initial Training Program. Provide an initial training program (“Initial Training Program”) (See Section 6.1 of the Franchise Agreement) as described below.

### Post-Opening Obligations

During the operation of your business, we may:

- 1) Develop products or services that you will offer to your customers. Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the Franchise Agreement does not obligate us to do so.
- 2) Provide guidance for ongoing hiring and of training employees. We may make suggestions and may provide guidance relating to labor or employment matters; however it is entirely your responsibility to determine whether to adopt, follow and/or implement any of our suggestions or guidance. (See Sections 10.10 and 14.1 of the Franchise Agreement);
- 3) Assist you in improving and developing your business; resolving operating problems that you encounter. Provide periodic telephone and electronic mail assistance on daily operations, marketing, advertising, personnel and other operating issues that you encounter, and provide review and analyses of your operations (See Section 6.4 of the Franchise Agreement);
- 4) Establish prices. We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements regarding the prices that you may charge for products and services at the Franchised Business. (See Section 10.7.
- 5) Establish administrative, bookkeeping, accounting, and inventory control procedures. We will provide you with access to a Manual containing explicit instructions for use of the Marks, specifications for goods that will be used in or sold by us, sample business forms, information on marketing, management, and administration methods developed by us for use in the Business, makes of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of the Business.
- 6) Marketing Fund. Assist you with sales promotions and administer a system-wide Brand Fund (See Section 9.2 of the Franchise Agreement) (See Brand Fund below);
- 7) Website. At our option, maintain a website and provide you with a standard web page on the website (See Section 9.6 of the Franchise Agreement);

- 8) Update the Manual and System Standards to incorporate improvements and new developments in the System. These revisions may be made at any time (See Section 5.3 of the Franchise Agreement);
- 9) Make available to you initial training of replacement managers at a location that we determine. We may charge you a fee for this training. (See Section 6.2 of the Franchise Agreement);
- 10) Advise as to source of supply for equipment, services, supplies, products and materials, and make reasonable efforts to negotiate, enter into and maintain contracts for equipment, supplies and services for your purchase (See Sections 10.2 and 10.3 of the Franchise Agreement);
- 11) At our option, provide access to our Manual, franchisee resources and company news (See Section 6.5 of the Franchise Agreement); and
- 12) At our option, or if we are required to, we may assist with responding to customer complaints (See Section 10.13 of the Franchise Agreement).

## Franchised Business Opening

### Site Selection

If you have not selected a site when you sign your Franchise Agreement, we will approve a Territory within which you can locate a site for your business. We will assist you in evaluating proposed sites based on information that you provide to us and on other information that we deem relevant. The factors that we consider relevant are square footage, a storefront location, and traffic patterns. We may, but we are not required to, visit proposed sites with you. We will approve or disapprove of a proposed site within 15 days after you propose it in writing with appropriate documentation as stated in our Manual. If we disapprove of a site, you must locate another site. If you do not, we may terminate the Franchise Agreement.

You are required to obtain a site (via a signed letter of intent or lease agreement) within 90 days of the Effective Date. The typical length of time between the signing of a Franchise Agreement and the opening of a business is 12 to 15 months. Factors that may affect this time include your ability to obtain business licenses and permits, when you complete training, select a site, negotiate a lease and complete any construction or renovation of your facility.

We must approve your site before you open your Franchised Business. You must open for business within 18 months after signing your Franchise Agreement, subject to our opening schedule availability. We will define your “Opening Deadline” in an Exhibit to the Franchise Agreement. If you are delayed from opening on or before the Opening Deadline, you must provide us with a written request to delay opening. Your request must state: (a) that a delay is anticipated; (b) the reasons that caused the delay; (c) the efforts that you are making to proceed with the opening; and (d) an anticipated opening date. In considering the request, we will not unreasonably withhold our consent to delay if you have been diligently pursuing the opening. If, for any reason (including your failure to locate a site acceptable to us), you do not open your business within 18 months (or any longer period to which we have consented), we may terminate



your franchise without refunding any of the initial franchise fee. (See Sections 4.1 and 4.2 of the Franchise Agreement)

You may not open the Franchised Business until: (1) you have properly developed and equipped the Franchised Business according to our standards and specifications and in compliance with all applicable laws and regulations; (2) your personnel have completed all pre-opening training to our satisfaction; (3) you have paid all amounts you then owe to us and our affiliates; (4) you have given us evidence of required insurance coverage and payment premiums; (5) you have given us a copy of your fully-signed lease; and (6) if we (at our sole option) require, we have conducted a pre-opening inspection and/or have certified the Franchised Business for opening. Our determination that you have met all of our pre-opening requirements will not constitute a waiver of your non-compliance or of our right to demand full compliance with those requirements. (See Section 4.5 of the Franchise Agreement)

### Advertising and Promotion

#### Brand Fund

We have established an advertising and marketing fund for the advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of our franchisees, as we periodically deem appropriate (the "Brand Fund"). Service Centers owned by us and our Affiliate are not required to contribute to the Brand Fund on the same basis as our franchisees. Currently, the Brand Fund Contribution is 2% of Gross Revenue monthly. All System franchises will contribute on an equal basis to the Brand Fund.

Brand Fund Contributions must be paid together with each payment of royalty fees. We have the right to designate and direct all programs that the Brand Fund finances with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. This includes the right to use the Brand Fund to develop, produce, and distribute national, regional and/or local advertising, website design and management, and to create advertising and public relations materials which promote, in our judgment, the products and services offered by our franchisees. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing and producing advertising and marketing materials, as well as for producing and placing video, audio and written materials, electronic media and social media; developing, maintaining and administering one or more System websites, customer retention programs, mobile applications, and other technologies used to reach customers and potential customers. This is also intended to include utilizing Brand Fund contributions to fund advertising, promotion, and marketing agencies and other advisors to provide assistance and supporting public and customer relations, market research, and other advertising, promotion, marketing and brand-related activities. The Brand Fund also may reimburse franchisees (including us and/or our affiliates) for expenditures consistent with the Brand Fund's purposes that we or our affiliates periodically specify. We also may implement programs that could be financed by the Brand Fund, but choose to have them financed through other means, such as direct payments by you and other participating franchisees. We are not obligated to expend monies from the Brand Fund in any particular franchisee's market in proportion to the payments to the Brand Fund made by the franchisee in that market. We do not represent that we will spend any particular amount of the Brand Fund

locally, regionally, or nationally. We use Brand Fund Contributions to develop and prepare advertising which we distribute to our franchisees for their placement in the local media. The advertising is prepared by us and by outside sources.

If we do not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund expenditures.

We will not use the Brand Fund to pay any of our general operating expenses, except to compensate us and our affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs we and they incur in connection with activities performed for the Brand Fund and its programs, including conducting market research, preparing advertising and marketing materials, maintaining and administering the System website and/or social media, developing technologies to be used by the Brand Fund or its programs, collecting and accounting for Brand Fund contributions, and paying taxes on contributions. The Brand Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Brand Fund or any other reason.

The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We may have the Brand Fund audited periodically at the Brand Fund's expense by an independent accountant we select. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Item 11 and the Franchise Agreement.

Although we will try to use the Brand Fund to develop and/or implement advertising and marketing materials and programs and for other uses that will benefit all or certain contributing Service Centers, we have the sole right to determine how to spend the Brand Fund contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs. We need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund contributions from Service Centers operating in that geographic area, or that any Service Center benefits directly or in proportion to the Brand Fund contributions that it makes. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect Brand Fund contributions. We also may forgive, waive, settle and compromise all claims by or against the Brand Fund. Except as otherwise described in this Item 11, we assume no direct or indirect liability or obligation to you for maintaining, directing or administering the Brand Fund, provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We have the right to reimbursement from the Brand Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs.

We may at any time defer or reduce a franchisee's Brand Fund Contributions and, upon at least

30 days' written notice to you, reduce or suspend Brand Fund Contributions and/or operations for 1 or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will (at our option) either spend the remaining Brand Fund assets or distribute the unspent assets to System franchisees (including us and our affiliates, if applicable) then contributing to the Brand Fund in proportion to their Brand Fund Contributions during the preceding 12-month period. (See Section 9.2 of the Franchise Agreement)

During the last fiscal year (ending on December 31, 2022), we collected \$833,137 in Brand Fund Contributions. The Brand Fund Contributions were spent as follows: 13.7% on agency fees/platform management; 10.9% on consumer research; 15.2% on digital website and SEO management; 0.9% on local marketing materials; 8.8% on local media; 2.7% on creative and production; and 47.8% on branding.

#### Franchisee Advisory Council

We do not currently have a Franchisee Advisory Council but reserve the right to create one in the future.

#### Regional Advertising Cooperative Fund

You are not currently required to participate in a local or regional advertising cooperative or contribute to any local or regional cooperative fund, but we may require you to do so in the future.

We have the right, in our sole discretion, to designate a geographic area in which 2 or more Service Centers are located as an area for an advertising or marketing cooperative (a "Cooperative"). The Cooperative's members in any area are the owners of all of the Service Centers located and operating in that area (including us and our affiliates, if applicable) that we have the right to require to participate in the Cooperative. Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine. We may change, dissolve or merge Cooperatives. Each Cooperative's purpose is, with our approval, to develop, administer or implement advertising, marketing and promotional materials and programs for the area that the Cooperative covers. If a Cooperative has been established in your area prior to opening the Service Center, you must become a member of the Cooperative no later than 30 days after opening the Service Center. If a Cooperative is established subsequent to the opening of your Service Center, you must become a member of the Cooperative no later than 30 days after the date on which the Cooperative commences operation. If the Service Center is within a geographic area encompassing more than 1 Cooperative, you will not be required to be a member of more than 1 Cooperative. If a Cooperative is established, you will be required to contribute up to 1% of your Gross Revenues on a monthly basis to the Cooperative, which will be credited toward your Local Marketing Requirement (defined below). However, if you are not required to make contributions and the members of the Cooperative elect to make voluntary contributions, you will not be required to contribute to the Cooperative. Any voluntary contributions made to a Cooperative will not be automatically credited toward your Local Marketing Requirement. Instead, we in our sole discretion will determine whether to allow such contributions to be credited towards your Local Marketing Requirement. You must sign the documents that we require to become a member of a Cooperative and to participate in the Cooperative as those documents require. You agree to contribute to the Cooperative the amounts that the Cooperative determines, subject to our approval. All material decisions of the

Cooperative, including contribution levels (which also require our approval), will require the affirmative vote of more than 50% of all Service Centers that are required to participate in the Cooperative (including, if applicable, those operated by us or our affiliate), with each Service Center receiving 1 vote. You must send us and the Cooperative any reports that we or the Cooperative periodically requires. The Cooperative will operate solely to collect and spend Cooperative contributions for the purposes described above. The Cooperative and its members may not use any advertising, marketing or promotional programs or materials that we have not approved. (See Section 9.5 of the Franchise Agreement)

### Local Marketing Requirement

In addition to the required Brand Fund Contribution and your Grand Opening Advertising Fee, you must pay us, by the 15<sup>th</sup> of each month, 2.5% of Gross Revenues per month for local marketing, advertising and promotion (“Local Marketing Requirement”). We, or our authorized representative, will use such funds for local marketing, advertising and promotion of your Franchised Business within the Territory.

You may spend any amounts in addition to the Local Marketing Requirement. If you choose to spent additional amounts, you must obtain our written approval at least 10 days before making any financial commitment to use the materials. We will review your request and will respond in writing within 7 days from the date we receive all requested information. If we do not respond within the specified time frame your request will be deemed denied. If we approve the specified materials, we may later withdraw our approval.

You may have as many telephone numbers and telephone directory listings for the franchised business as you choose; however, you acknowledge and agree that we will own all rights and interest in each telephone number (regardless of whether such telephone number pre-existed any franchise agreement) and telephone directory listing, email address, domain name, social media platforms and/or accounts, and comparable electronic identify that is associated in any manner with your Franchise and/or with any Mark (“Listing”). You acknowledge and agree that you have no right to create or establish a Listing for the franchised business. You acknowledge and agree that all goodwill arising from or in connection with the use of each Listing will inure to our benefit. Promptly after expiration, termination, repurchase or transfer of the Franchise, you will notify each telephone or Internet Service Provider (“ISP”) with whom you have any Listing and direct them to transfer the Listing to us, or any persons we designate, at your expense; and you agree to execute all documents necessary to complete these transfers.

You must include in any significant display advertisements, and in marketing materials for your Franchised Business, a notice that your Franchised Business is individually owned and operated. Subject to any legal restrictions, you also are required to display or make available in your Franchised Business’s reception area, marketing materials that we may provide to you about the purchase of Strickland Brothers 10 Minute Oil Change franchises, but you have no responsibility or authority to act for us in franchise sales.

You may not solicit business outside your territory through the use of a toll-free number, direct mail, website, social media platform, or other advertising method without our prior written approval. You may not establish your own website or social media platforms or accounts. (See Section 9.3 of the Franchise Agreement)

### Grand Opening Advertising

You must spend at least \$20,000 on Grand Opening Advertising during the 30-days before you open for business and ending 60-days after you have opened for business. We will consult with you in planning and we will review and approve the materials you use in the Grand Opening Advertising. (See Section 9.1 of the Franchise Agreement)

### System Website

We, or one or more of our designees, may establish a website or series of websites for the System to among other things, advertise, market and promote Service Centers, the products and services they offer, and the Strickland Brothers franchise opportunity (“System Website”). The current System Website is [www.sboilchange.com](http://www.sboilchange.com). If we include information about your Franchised Business on the System Website, then you must give us the information and materials that we periodically request concerning your Franchised Business and otherwise participate in the System Website in the manner that we periodically specify. We have the final decision concerning all information and functionality that appears on the System Website and will update or modify the System Website according to a schedule that we determine. You must provide us with information and materials that are accurate and not misleading, and which do not infringe any third party’s rights. You must notify us whenever any information about you or your Franchised Business on the System Website changes or is not accurate. We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of “hits” by visitors, and any personal or business data that visitors (including you, your personnel and you customers) supply. We may use the Brand Fund’s assets to develop, maintain, support and update the System Website. We may implement and periodically modify System Standards relating to the System Website and, at our option, may discontinue all or any part of the System Website, or any services offered through the System Website, at any time. We will have the right to require that you not have any website other than the webpage(s), if any, made available on the System Website. All local marketing that you develop for your Franchised Business must contain notices of the System Website in the manner that we periodically designate.

Except for the System Website, you may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program. Furthermore, nothing in the Franchise Agreement will limit our right to maintain websites and technologies other than the System Website or to offer and sell products or services under the Marks from the System Website, another website or technology, or otherwise over the Internet (including to your Franchised Business’ customers and prospective customers) without payment or obligation of any kind to you. (See Section 9.6 of the Franchise Agreement)

We may provide a secure intranet for our franchisees, but do not currently have one.

### Social Media

You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We will own and control all blogs, common social networks

like Facebook, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites like Pinterest and Instagram, and other similar social networking or media sites or tools (collectively, “Social Media”) for your Franchised Business. You will not create or establish any Social Media accounts or users for your Franchised Business. You must comply with our System standards regarding the use of social media in your Franchised Business’s operation, including prohibitions on your and the Franchised Business’s employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). (See Section 9.10 of the Franchise Agreement)

### Computer System and Internet Access

You must purchase and use a particular POS System and certain other computer hardware and software we designate before opening for business. Currently, our POS System is Integrated Services Inc.; however, this POS System is subject to change at any time. Beyond the POS System, you are required to obtain other, necessary computer services including a minimum of 2 iPads, a minimum of 3 cash stations with 2 in bay podiums, and our approved financial management software. Currently, the approximate cost to purchase and install the POS System and other, required equipment, is \$12,000 to \$15,000. This cost is subject to increases by the vendors. Any maintenance, repair or updates due to the computer system are your responsibility. (See Section 4.4 of the Franchise Agreement).

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$500 depending on the level of support you require from our technology providers.

You must have broadband Internet access, which will permit you to use web-based technology, gather information, exchange ideas and transfer data. You may use any independent Internet Service Provider of your choosing that provides broad-band access. You must use an email address we issue so that we can communicate with you electronically.

We may upgrade our minimum computer system requirements at any time in order to keep pace with technology. There are no contractual limitations on the frequency or cost of this obligation, but we expect you will need to upgrade at least every 7 years. If we modify or impose a requirement, we will notify you in our Manual or other written communications, and will give you a reasonable time in which to comply at your expense.

We may assist you in obtaining the computer system and related services, but we are not obligated to do so. We may, in the future, designate an approved supplier for computer components.

We disclaim all implied warranties to the extent permitted by law. Neither we nor any affiliate is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system. You should determine for yourself whether or not any third-party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services.

We have the right to independently access any and all information on your POS System, at any time, without first notifying you. The information that we may access will include sales, customer data and reports. There is no contractual limitation on our right to access the information.

## Manuals

After you sign your franchise agreement, and prior to initial training, we will provide you with access to our Manual for use in operating your Franchised Business during the term of the Franchise Agreement. The Manual may include written or intangible materials and may be made available to you by various means. The Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for developing and/or operating a Service Center. It may also contain System Standards and information on your other obligations under the Franchise Agreement. Changes to the System Standards may necessitate the purchase of equipment, supplies furnishings or other goods, completion of additional training by your employees, refurbishing/remodeling of the Franchised Business, or other costs to you. You must conform to the modified System Standards and specifications consistent with the timing imposed by us, all at your own expense. We will revise the Manual periodically, at our discretion to reflect changes in the System Standards. You must keep your copy of the Manual current and communicate all updates to its employees in a timely manner. In addition, you must keep any paper copy of the Manual you maintain in a secure location at your Franchised Business. If there is a dispute over its contents, our master copy of the Manual controls. The contents of the Manual are confidential, and you must not disclose the Manual to any person other than your Service Center employees who need to know its contents. Alternatively, and in lieu of a hard copy of the Manual, we may make available to you a Manual in electronic form that is accessible to you. We will notify you of any updates to the Manual. You are responsible for immediately downloading and complying with the revised Manual. Except for those portions of the Manual that we designate, in writing, as appropriate for copying and use at the Franchised Business, you must 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 third party without our prior written consent. A copy of the Table of Contents for the Manual is attached to this Franchise Disclosure Document as Exhibit E. Our Manual currently has 104 pages. (See Section 6.5 of the Franchise Agreement)

Any materials, guidance or assistance that we provide concerning the terms and conditions of employment for your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Manual or otherwise, are solely for your optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to the Franchised Business' employees. We do not dictate or control labor or employment matters for franchisees and their employees and are not responsible for the safety and security of Franchised Business employees or patrons. You are solely responsible for determining the terms and conditions of employment for all Franchised Business employees, for all decisions concerning the hiring, firing and discipline of Franchised Business employees, and for all other aspects of the Franchised Business' labor relations and employment practices.

## Training

You will receive the following training before you open your Franchised Business:

### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours Classroom Training</b>	<b>Hours On-The-Job Training</b>	<b>Location</b>
Phase 1: Strickland Brothers University (must be completed prior to in-person training)	12 hours	0 hours	Remote
Phase 2: -Accounting Reports -Fleet Management -ISI Central -Scheduling -POS Training -Hood Tech position training -Pit Tech position training -Store Manager position training -Greeter position training	40+ hours	40+ hours	Winston-Salem, NC (typically conducted 30-60 days from scheduled opening date)
Totals	52+ hours	40+ hours	

Successful operation of a Strickland Brothers franchise requires satisfactorily attending and completing all segments of the Orientation Training course. You are required to attend and complete the Orientation Training course, approximately 30-60 days prior to opening. In addition, you and/or your staff will be required to complete Strickland Brother's University prior to arrival for training. We will expect your undivided attention while at training. We will allot time to make calls, emails, etc.

Our training program lasts approximately 1 week and is held in Winston-Salem/Thomasville, North Carolina. We will train up to 2 people. Prior to scheduling training, key pre-opening tasks must be completed such as hiring staff and obtaining any business-related licenses. We typically schedule training monthly.

Mark Agan, Melissa Thomerson, and David Correa will oversee initial training. Mark Agan has worked with our affiliates since 2012. Melissa Thomerson has served as our Director of Training since April 2021 and was the director of training for East Coast Wings corporation from November 2016 to January 2021. David Correa has served as our Vice President of Strategic Operations and Training since January 2023 and has been involved in the oil change industry since 2016. Trainees are expected to read and have reviewed the Manual prior to attending training. Supplemental training will be provided in a review of the material along with hands-on, observational and visual instruction on our daily procedures and best practices for operating the Business.

If you are an individual, you and your General Manager must attend and complete our initial training program to our satisfaction. If you are a legal entity, your Principal Owner (as defined



in Item 15), General Manager (as defined in Item 15), if different than the Principal Owner, and 1 additional person (i.e. assistant manager) must attend and successfully complete to our satisfaction, all components of our initial training. However, if the Principal Owner has attended and completed the initial training program to our satisfaction under another franchise agreement with us, we will not require the Principal Owner to attend the initial training program. There is no charge for the initial training program for the Principal Owner, General Manager, and 1 additional participant.

Additional persons may attend the initial training for the then-current fee (currently, \$2,500). If we determine that any of your personnel cannot complete the initial training program to our satisfaction, then in addition to its other rights and remedies, we may require such personnel to attend additional training programs at your expense (for which we may charge reasonable fees).

If you purchase a Strickland Brothers 10 Minute Oil Change franchise from an existing franchise owner, you must attend and successfully complete the Strickland Brothers 10 Minute Oil Change training program and all training and certification requirements as described herein before any assumption of the franchise agreement can occur.

We do not currently conduct, but may in the future, regional and/or national conferences. If and when we do, you (or your Principal Owner) and your General Manager must attend a regional or national conference, which shall not occur more than one time per year. At our option, we may charge you a conference fee or a proportionate share of our out-of-pocket costs for each annual conference.

Training for replacement managers or employees is required and provided on the same terms as the initial training provided to you, except that there may be a fee. Training for replacement managers will occur at a time we schedule on a space-available basis, and may not be available immediately after the replacement manager (or employee) is hired. You will be responsible for all expenses incurred by you and your employees in connection with attending all training programs, including the cost of transportation, lodging, meals and wages.

Training for transferees of your franchised business is required and provided on the same terms as the initial training provided to you, except that there may be a fee. Training for transferees will occur at a time we schedule on a space-available basis, but must be completed before the transfer takes place.

We do not currently require additional training programs or refresher courses, but we have the right to do so. (Operations may mandate refresher training based on standards and inspections.)

You must pay travel, lodging, and meal expenses for trainees and any compensation or benefits due trainees during initial training, or during any regional or national conferences, or any additional or refresher training.

*[Remainder of page intentionally left blank]*

## **ITEM 12** **TERRITORY**

We will define your “Territory” in an Exhibit to the Franchise Agreement once a site has been approved. You will have the license to operate a Service Center within your Territory.

The approved location of a single franchise will be at the center of the Territory, composed of a circle having a radius of 3 miles or up to a population of 80,000, whichever is less.

We grant you a franchise for a specific approved location within the Territory. The site may not be changed without our written approval and compliance with our relocation procedures, and you may not operate out of any site other than the approved site within the Territory without our written approval. If your lease expires or is terminated without your fault, or if the Franchised Business is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the Franchised Business to a new site acceptable to us. You will relocate at your expense and must comply with the Franchise Agreement’s provisions relating to development of the new location and de-identification of the old location. You must reimburse us for our reasonable costs incurred in the relocation.

All sales must be made from the approved site. You may not sell products or services associated with the Marks or the Franchised Business through any type of distribution method other than directly at your Franchised Business. You may not intentionally solicit business outside your Territory through other channels of distribution, such as the use of a toll-free number, direct mail, Internet website, social media platform or other advertising method. You cannot serve customers outside of your territory without prior written permission. We may withdraw permission at any time.

During the term of your franchise, your Territory may not be modified except by a written agreement between you and us. On renewal or transfer of your franchise, the Territory may be modified. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard Territory, we may require you or the transferee to accept a renewal Territory or a transfer Territory smaller than the Territory.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Your territorial rights restrict us from establishing or operating or granting any person other than you the right to establish or operate, a Franchised Business at any physical location in your Territory. However, we may:

- a. operate a Service Center concept at a trade show booth, or similar temporary location within your Territory for up to 15 consecutive days;
- b. establish and operate, and grant rights to others to establish and operate, on any terms and conditions we deem appropriate, Service Centers at any locations outside the Territory, even if in close proximity to your Franchised Business;
- c. establish and operate, and grant rights to others to establish and operate, on any terms

and conditions we deem appropriate, oil service centers or any similar or dissimilar businesses that either are not primarily identified by the Marks or do not use the System at any locations, whether within or outside the Territory;

- d. sell, rent and distribute any products or services, directly or indirectly, and/or license others to sell and distribute, any products or services bearing the Marks or other trademarks or commercial symbols, directly or indirectly, from any location to any purchaser (including sales made to purchasers in the Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, and on the Internet, and/or sales to delivery customers), except that we will not do so from a Service Center inside the Territory;
- e. develop, operate, and franchise others to operate, any business concept except a Franchised Business at any place, including within the Territory, and use the Marks or any other trademarks owned, licensed, or developed by us or our affiliates in connection with those concepts, even if such concepts sell products and services similar to, the same as or competitive with, the products and services sold at Service Centers;
- f. in our sole discretion, approve or disapprove other franchisees' requests to purchase local advertising that penetrates your Territory; and
- g. acquire the assets or ownership interests of, or be acquired (regardless of the form of transaction) by, one or more businesses providing products and services similar or dissimilar to those provided at Service Centers, and franchising, licensing or creating other arrangements with these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory. We are not required to pay you any compensation if we exercise any of these reserved rights.

Under the Franchise Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises within your Territory or contiguous territories. Continuation of territorial rights does not depend on you achieving a certain sales volume, market penetration, or other contingency.

Currently, we do not operate or franchise, and do not have any plans to operate or franchise, any other businesses under alternative proprietary marks.

As a single-unit Franchised Business franchisee, you do not receive the automatic right to acquire additional franchises.

### Area Development Rights


If you participate in the Area Development Program, we will designate a "Development Area" in which you must place each individual Franchised Business you agree to open under the Area Development Agreement. The Development Area will be designed to hold only an available territory for specifically the number of service centers you agree to open. Factors that influence the scope of the Development Area are the same as for Approved Territories. During the Development Schedule, that Development Area will be afforded the same protections as your

Designated Area. But, once you open each Franchised Business under the Development Addendum, the Development Schedule and the Development Area ceases to exist and your rights and protections are governed only by your Franchise Agreements as each relates to your Designated Area for each of your Service Centers. You will not receive an exclusive territory. You may face competition from other franchisees, from Service Centers we own, or from other channels of distribution or competitive brands that we may own or control.

**ITEM 13**  
**TRADEMARKS**

We grant you the right to operate a business using our System, which is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the “Marks”), as are designated by us in writing for use in connection with the System. We have the right to license the use of the registered trademark to you for the term of the Franchise Agreement, including any extensions or renewals.

The following trademark is registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Trademark	Registration Date	Registration Number
	February 25, 2020	5994974

The following trademarks are filed with the United States Patent and Trademark Office (“USPTO”):

Trademark	Application Date	Serial Number
STRICKLAND BROTHERS 10 MINUTE OIL CHANGE	August 8, 2022	97539699
GOOD-TO-GO CHECK	August 8, 2022	97539697
WE CARE ABOUT MORE THAN YOUR CAR	August 8, 2022	97539690
STRICKLAND BROTHERS	August 8, 2022	97539684

Because no federal registration is at least 6 years old, no affidavits are required at this time. The trademark has not yet been renewed.

You must follow our rules when you use the Marks. You cannot, under any circumstances, use any Mark with modifying words, designs or symbols, except for those which we license to you or have expressly approved in writing. You cannot modify a Mark in any way without our

express written consent. You may not use any Mark in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You may not, under any circumstances, use any of the Marks, including “Strickland Brothers 10 Minute Oil Change,” in any manner, in the name of your corporation, limited liability company, partnership, or other legal entity.

We operate a System Website for the promotion of the Marks and Strickland Brothers 10 Minute Oil Change Businesses. The System Website lists the location, operating hours, and other facts regarding our Service Centers. You may not register any domain name nor operate any website that includes the terms “Strickland Brothers 10 Minute Oil Change.”

The confidentiality provisions of the Franchise Agreement apply to all uses of electronic media.

### Determinations

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the above-described Marks which are relevant to your use of these Marks.

No currently effective material determinations or agreements limit our right to use or license the use of the trademarks listed in this section in a manner material to the franchise.

We do not know of any pending material state or federal court litigation regarding our use or ownership rights in the trademarks.

### Protection of Rights

You must notify us immediately of any actual or apparent infringement of or challenge to your use of any Mark, or of any person’s claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys and your attorneys, regarding any infringement, challenge or claim. We may take the action that we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding or other proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You must sign any documents and take any reasonable actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks. At our option, we may defend and control the defense of any litigation or proceeding relating to any Mark. While we are not required to defend you against a claim arising from your use of our Marks, we will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark in accordance with the Franchise Agreement and the Manual, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

### Modification of Trademarks

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Franchised Business' signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Because your telephone listings and email addresses will be associated with our trademarks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listings will inure to our benefit.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other Strickland Brothers 10 Minute Oil Change franchisees or make those trademarks available for use by other persons or entities. You may not directly or indirectly contest our rights in our trademarks. We may require you to use and display a notice in a form we approve that you are a franchisee under the System using the trademarks under a franchise agreement.

You may not directly or indirectly contest our rights to our trademarks, trade secrets or business techniques that are part of our business.

The Area Development Agreement does not grant you any rights to use the Marks. You derive the right to use the Marks only under a franchise agreement.

### Superior Prior Rights or Infringing Uses

We do not know of any superior rights of infringing uses that could materially affect your use of our principal trademarks.

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

### Patents

No patents or patent applications are material to the franchise.

### Copyrights

We have not registered any copyrights with the United States Copyright Office (Library of Congress), but various marketing, sales, training, management and other materials, including the Manual, that we have created are and will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your Franchised Business.

There are no currently effective determinations of the U.S. Copyright Office (Library of  
Strickland Brothers FDD – 2023

Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by our franchisees.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

### Proprietary Information and Protection of Rights

You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our Manual. We will take any and all action(s) (or refrain from same) that we determine, in our sole discretion, to be appropriate. We may control any action we choose to bring. We have no obligation to participate in or indemnify you for any infringement claims in regard to our copyrights. You must modify or discontinue use of the subject matter covered by any copyright if directed by us at your own expense.

We will disclose certain Confidential Information to you during the term of the Franchise Agreement. "Confidential Information" means development plans for Service Centers; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Service Centers; marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand related materials and programs for Service Centers; knowledge of the operating results and financial performance of Service Centers; customer communication and retention programs, along with data used or generated in connection with those programs, including Customer Data (defined below); and any other information we reasonably designate as confidential or proprietary. However, Confidential Information does not include information, knowledge or know-how that is or becomes generally known in the oil change industry (without violating an obligation to us or our affiliate) or that you knew from previous business experience before we provided it to you (directly or indirectly) or before you began training or operating the Franchised Business.

The Confidential Information is proprietary and includes our trade secrets. You and your owners (a) may not use any Confidential Information in any other business or capacity, whether during or after the term of the Franchise Agreement; (b) must keep the Confidential Information absolutely confidential, both during the term of the Franchise Agreement and after for as long as the information is not in the public domain; (c) may not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form; (d) must adopt and implement all reasonable procedures that we periodically designate to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Franchised Business personnel and others needing to know the Confidential Information to operate the Franchised Business, and using confidentiality agreements with those having access to Confidential Information. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights; and (e) may not sell, trade or otherwise profit in any way from the Confidential Information, except during the term of the Franchise Agreement using methods we approve.

You must comply with our System Standards, other directions from us, prevailing industry standards (including payment card industry data security standards), all contracts to which you are a party or otherwise bound, and all applicable laws and regulations regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Data on your Computer System or in your possession or control. You also must employ reasonable means to safeguard the confidentiality and security of Customer Data. “Customer Data” means names, contact information, financial information, ordering history and other personal information of or relating to the Franchised Business’ customers and prospective customers. If there is a suspected or actual breach of security or unauthorized access involving your Customer Data (“Data Security Incident”), you must notify us immediately after becoming aware of it and specify the extent to which Customer Data was compromised or disclosed. You must comply with our instructions in responding to any Data Security Incident. We have the right, but no obligation, to control the direction and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding at your expense.

We and our affiliates may, through the Computer System or other means, have access to Customer Data. During and after the term of the Franchise Agreement, we and our affiliates may make all disclosures and use the Customer Data in our and their business activities and in any manner that we or they deem necessary or appropriate. You must secure from your vendors, customers, prospective customers and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Data to us and our affiliates and for us and our affiliates to use that Customer Data in the manner that the Franchise Agreement contemplates.

You must promptly disclose to us all ideas, concepts, techniques or materials relating to a Service Center that you or your owners, employees or contractors create (collectively, “Innovations”). Innovations are our sole and exclusive property, part of the System, and works made-for-hire for us. If any Innovation does not qualify as a work made-for-hire for us, you assign ownership of that Innovation, and all related rights to that Innovation, to us and must sign (and cause your owners, employees and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person for any Innovations. You may not use any Innovation in operating the Franchised Business or in any other way without our prior approval.

The Area Development Agreement does not grant you any right to use our copyrighted materials or Confidential Information. You derive the right to use these items only under a franchise agreement with us.

Each Principal Owner, General Manager, assistant manager, supervisory employee, independent contractor, or other person attending initial training must sign an agreement in which he or she agrees to the confidentiality of the System, agrees not to use any information about the system for his or her own benefit, and agrees not to compete in certain respects with your business and other franchisees’ businesses. Each of these persons must sign the confidentiality agreement (see Exhibit 5 to the Franchise Agreement), before you grant him or her access to our Manuals or any other confidential information.



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

Only you are authorized to operate the Franchised Business. You must operate the Franchised Business for the Franchise Agreement's entire term and at all times faithfully, honestly and diligently perform your obligations and fully exploit the rights granted under the Franchise Agreement.

If you are a legal entity, an individual whom we approve (the "Principal Owner") must at all times during the term of the Franchise Agreement: (a) own (directly or indirectly) more than 50% of the ownership interests in you; (b) have the authority under your governing documents to authorize a merger, liquidation, dissolution or transfer of substantially all of the assets of you and otherwise to direct and control your management and policies without the vote or consent of any other person or entity; and (c) devote sufficient time and attention to the promotion and operation of the Franchised Business. The Franchise Agreement does not require the Principal Owner to participate personally in the direct, on-premises operation of the Franchised Business, but we recommend that he or she do so.

You must also designate an individual as your General Manager. The "General Manager" whom we approve will serve as the Franchised Business' general manager and devote all of his or her business time and attention to the on-premises management and operation of the Franchised Business. The General Manager need not have any ownership interest in the Franchised Business or in you, but must have the authority over all day-to-day business decisions for you and the Franchised Business. The Managing Owner and General Manager must complete the initial training program to our satisfaction. If the General Manager fails to serve in this capacity, you must designate a replacement, whom we approve, and ensure that he or she satisfactorily completes the training that we then require, within 60 days.

The Managing Owner and each owner who owns more than 25% of the ownership interests in you must sign a guaranty promising to be personally bound, jointly and severally, by all of the Franchise Agreement's provisions and any ancillary agreements between you and us. The General Manager and each owner who owns 25% or less of the ownership interests in you must sign a key personnel agreement promising to be bound, jointly and severally, by the confidentiality, non-compete and transfer restrictions in the Franchise Agreement. We do not require owners' spouses to sign guaranties.

The General Manager and all of the Franchised Business' employees having access to confidential information must sign agreements in a form we reasonably specify under which they agree to comply with the confidentiality restrictions in the Franchise Agreement (see Exhibit 5 to the Franchise Agreement), before you grant him or her access to our Manual or any other confidential information.

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

You must offer all of the products and services we designate as being mandatory and all products and services may not be offered or sold from any location other than the premises of the

Franchised Business. We have the right to periodically modify these mandatory items, at our sole discretion. You may not offer, sell, or otherwise provide at the Franchised Business, the premises or any other location any products or services that we have not authorized and you must discontinue offering, selling or otherwise providing any products or services that we at any time disapprove in writing. You may not offer or sell any other product or service without our prior written consent and you cannot offer products at wholesale without our prior written consent. You must use the proprietary and nonproprietary techniques, materials and supplies we designate in the Manual.

You must provide all services in accordance with the standards and specifications set forth in the Manual and you must, at all times, maintain sufficient staff, materials and supplies to meet reasonably anticipated customer demand.

You are not restricted in the customers to whom you may sell approved services or products. We may prohibit you from charging prices lower than our published prices for any service or item, to the maximum extent allowed by applicable law. We may also periodically suggest pricing to you. However, all sales must occur at or from your Franchised Business. You may not intentionally solicit business outside your site through the use of a toll-free number, direct mail, Internet website or other advertising method without our prior written approval.

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

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

**THE FRANCHISE RELATIONSHIP**

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	2.1	15 years
b. Renewal or extension of the term	5.2	1 renewal term of 15 years
c. Requirements for franchisee to renew or extend	5.2	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. If you are in good standing and meet the conditions in this row (c) you have the right to renew the Franchise Agreement for 1 successive 15-year term (or the length of your then-current lease term, whichever is shorter. You have complied with your obligations under the Franchise Agreement and other agreements; you give us written notice of your election to renew not less than 6 months nor more than 12 months

		<p>prior to the end of the then-current term; you and all other required signatories that have signed the Franchise Agreement must sign a copy of the then-current franchise agreement (which may contain materially different terms from the one offered in this FDD) not less than 30 days before the expiration of the then-current term, or 30 days after you receive a signature-ready copy of the then-current franchise agreement, whichever is later; you must have, before the beginning of the renewal term, at your own expense, modernized/refurbished the Franchised Business and replaced, refurbished and/or modernized the equipment, and the signs used in the Franchised Business as we may require, in order for the Franchised Business to meet the then-current standards of appearance and function at the time of renewal; you and your owners must execute a general release, in a form prescribed by us, of any and all claims against us and our affiliates, successors and assigns and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities, including claims arising under the Franchise Agreement, any other agreement between you and us or our affiliates, and federal, state, and local laws and rules; you must pay a Renewal Fee; and you must be able to maintain possession of the premises where the Franchised Business is located for the entire renewal term</p>
d. Termination by franchisee	Not Applicable	You may terminate the Franchise Agreement under any grounds permitted by law.
e. Termination by franchisor without cause	Not Applicable	We may not terminate the Franchise Agreement without cause
f. Termination by franchisor with cause	16.2	We may terminate the Franchise Agreement after written notice of a curable default if you fail to cure within the time permitted or such longer period as required by law, or immediately upon delivery of written notice of an incurable default unless a longer notice period is required by law.
g. "Cause" defined – curable defaults	16.2	Under the Franchise Agreement, you have 72 hours to fully cure violations of law, 5 days to cure payment defaults and 30 days to cure other defaults not listed in (h) below.
h. "Cause" defined – non-curable defaults	16.2	Non-curable defaults under the Franchise Agreement include any dishonest, unethical or illegal conduct that adversely impacts reputation

		<p>or goodwill; violation of any non-compete or confidentiality restrictions; unauthorized transfer; material misrepresentation or omission; failure to obtain our prior written approval, if our approval is required under the Franchise Agreement; abandonment or failure to actively operate; repeated failure to permanently correct a breach or meet the System Standards; bankruptcy-related events; conviction of or pleading no contest to felony or certain other crimes; maintaining false books or submitting false reports; offering a product or service without our consent or failing to offer a required product or service; failure to pay taxes; interference with our rights to inspect Franchised Business or audit books and records; and failure to maintain insurance.</p>
<p>i. Franchisee’s obligations on termination/ non-renewal</p>	<p>17</p>	<p>Cease using Marks or similar marks; give us a final accounting for the Franchised Business within 30 days after expiration or termination; pay amounts due; return the Manual and any other property in your possession to comply with confidentiality provisions; immediately cease operations of the Franchised Business; de-identify Service Center; refrain from any statement or action that might give others the impression that you are or ever were affiliated with the System; cancel or assign any assumed name rights or equivalent registrations; delete your listings from classified telephone directories, disconnect, or, at our option, assign us all telephone numbers that have been used in the Franchised Business; we, or our designee, has an option to purchase the business from you, including but not limited to any or all of the physical assets of the Franchised Business, including its equipment, supplies and inventory, during a period of 60 days following the effective date of termination; we (or our designee) has an option to replace you as lessee under any equipment lease or note for equipment that is used in connection with the Franchised Business; if we decline to exercise the option, purchase, or assume the lease on your equipment, you may sell it to either another Strickland Brothers 10 Minute Oil Change franchisee or, with our prior written approval, you may de-brand the equipment and sell it to a non-franchisee; you may not sell, or in any way divulge, the client list of your Franchised Business; if the premises are leased from a third-</p>

		party, and if we elect, you must immediately assign your interest in the lease to us or our designee and immediately surrender possession of the premises to us.
j. Assignment of contract by franchisor	15.1	We have the right to transfer or assign the Franchise Agreement to any person or legal entity, and any designated assignee of ours will become solely responsible for all of our obligations under the Franchise Agreement from the date of assignment.
k. "Transfer" by franchisee – definition	15.2	"Transfer" means any direct or indirect transfer, pledge, encumbrance, sale, gift, hypothecation, mortgage, sublicense, transfer through bequest or inheritance, transfer in trust, divorce or by operation of law or by any other means, or disposition of (i) any interest in the Franchise Agreement (ii) any part of the Franchise Agreement, (iii) any rights or privileges incidental to the Franchise Agreement, (iv) the Service Center or any interest in the Service Center, (v) any ownership interest in you; (vi) substantially all of the assets of the Service Center or all or part of the delay operation of the Franchised Business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee; or (vii) any arrangement whereby you sell or pledge accounts receivable or any other assets of the Franchised Business.
l. Franchisor approval transfer by franchisee	15.3	No Transfers under the Franchise Agreement without our approval.
m. Conditions for franchisor approval of transfer	15.6	Assignee meets our then-current standards; assignee assumes all of your obligations; you are not in default of the Franchise Agreement; you do not owe any amounts to us or our affiliates; sign general release; you remain liable for all obligations to us which arose prior to the Transfer; transferee must complete training; we approve the terms and conditions of the transfer agreement; you pay us a transfer fee of \$20,000; you, your Principal Owner and all guarantors agree to comply with the post-term non-compete covenant; and you and/or the assignee have complied with any other conditions that we may periodically require.

n. Franchisor's right of first refusal to acquire franchisee's business	15.8	We have the right to match offers under certain conditions.
o. Franchisor's option to purchase franchisee's business	17	We, or our designee, have an option to purchase the business from you, including but not limited to any or all of the physical assets of the Franchised Business, including its equipment, supplies and inventory, during a period of 60 days following the effective date of termination.
p. Death or disability of franchisee	15.7	In the event of your death or permanent disability, the Franchise Agreement will terminate within 6 months unless we give our written consent to the assignment of the Franchise Agreement to your lawful successor.
q. Non-competition covenants during the term of the franchise	13.1	No owning interest in, performing services for, or diverting Service Center business or customers to a competitive business. The term "Competitive Business" means any and all businesses that are competitive with Franchised Businesses, including any (a) local and national companies which provide oil change services, or (b) in any business or entity which franchises, licenses or otherwise grants to others the right to operate such businesses.
r. Non-competition covenants after the franchise is terminated or expires	13.2	For 2 years, no owning interest in or performing services for a competitive business at the premises of the Franchised Business, within a 15-mile radius of the premises of the Franchised Business, or within a 15-mile radius of any other Service Center then operating or under construction on the effective date of termination or expiration.
s. Modification of the agreement	18.10	Requires writing signed by both parties but we may change the Manual, System Standards and System.
t. Integration/merger clause	18.12	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	18.6	We and you must arbitrate all disputes within 10 miles of our then current principal business

		address (currently, Winston-Salem, North Carolina) (subject to state law).
v. Choice of forum	18.8	Subject to arbitration obligations, litigation is in the state and city of our then current principal business address (currently Winston-Salem, North Carolina) (subject to state law).
w. Choice of law	18.7	Except for Federal Arbitration Act and other federal law, North Carolina law applies to all claims (subject to state law).

<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
a. Length of the franchise term	4	The Area Development Agreement expires upon the earlier of (a) the last Site Selection Date specified in in the Development Schedule, (b) the actual selection of the last Site under the Development Schedule, or (c) if terminated due to your breach of this Agreement or any of your Franchise Agreements
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	6	You do not have the right to renew the Area Development Agreement.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	4	This Agreement terminates if you breach the Area Development Agreement or any of your Franchise Agreements. In addition, if you are unable to comply with the any Site Selection and/or Opening Date defined in the Development Schedule, we may, in our sole discretion, terminate this Agreement in its entirety, or in part.
g. "Cause" defined – curable defaults	Not Applicable	Not Applicable
h. "Cause" defined – non-curable defaults	4	An incurable default will occur if you fail to comply with the development schedule or if you fail to comply with the Site Selection requirements in the Franchise Agreement.

i. Franchisee's obligations on termination/ non-renewal	4	You must cease to select or develop any sites for a Franchised Business or hold yourself out as an area developer.
j. Assignment of contract by franchisor	5	We shall have the right to transfer or assign the Area Development Agreement to any person or legal entity, and any designated assignee of ours shall become solely responsible for all of our obligations under the Area Development Agreement from the date of assignment.
k. "Transfer" by franchisee – definition	Not Applicable	Not Applicable
l. Franchisor approval transfer by franchisee	Not Applicable	Not Applicable
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	9	Requires writing signed by both parties.
t. Integration/merger clause	Not Applicable	Not Applicable
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	Not Applicable	Not Applicable
w. Choice of law	Not Applicable	Not Applicable

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

We do not use any public figures to promote any Strickland Brothers 10 Minute Oil Change Business.



**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.

**Background**

Our Affiliate, Strickland’s Enterprises, LLC (our “Affiliate”), which is listed in Item 1 of this Franchise Disclosure Document, operates 58 businesses similar to the Strickland Brothers 10 Minute Oil Change business offered pursuant to this Franchise Disclosure Document. These businesses trade as “SB Oil Change”. Our Affiliate founded the SB Oil Change business in 2016, and operated the business from a location in Thomasville, North Carolina beginning in 2016. Since 2018, our Affiliate has opened additional SB Oil Change locations in Florida, Indiana, Kentucky, Massachusetts, North Carolina, Ohio, South Carolina Tennessee, Virginia and West Virginia.

**Bases**

There are 58 Affiliate owned Strickland Brothers 10 Minute Oil Change locations as of December 31, 2022, of which 39 were built or acquired by our Affiliate, have been operating under the Strickland Brothers 10 Minute Oil Change name for at least 12 full calendar months as of December 31, 2022 and operate in a manner that is reasonably similar to that of a franchisee-owned SB Oil Change business. These Affiliate owned Strickland Brothers 10 Minute Oil Change locations (the “Affiliate Representative Units”) are as follows:

<b>Unit</b>	<b>Address</b>	<b># of Bays</b>	<b>Year Opened</b>	<b>Traffic Volume</b>	<b>Households (5 mile)</b>
1	609 Randolph St Thomasville, NC 27360-5126	3	2016	13,890	20,270
2	110 Carmel Dr King, NC 27021-8512	3	2018	19,000	10,739
3	1910 N Bridge St Elkin, NC 28621-2106	3	2018	5,600	6,432
4	701 S State St Yadkinville, NC 27055-7756	3	2018	14,921	4,699
5	1565 Charlotte Hwy Lancaster, SC 29720-6500	3	2018	18,150	11,078
6	111 Hospital Ave Lenoir, NC 28645-4415	3	2019	31,500	26,497
7	2142 N Center St. Hickory, NC 28601-1332	3	2019	30,050	29,245
8	2201 MacCorkle Ave St Albans, WV 25177-2007	3	2019	19,678	25,175

9	3782 Teays Valley Rd Hurricane, WV 25526-9709	3	2019	19,184	11,754
10	3457 Old Halifax Road #A South Boston, VA 24592-4936	3	2019	15,363	5,890
11	20 Deegan Dr. Pittsboro, NC 27312-8317	3	2020	7,279	3,896
12	6061 University Pkwy Winston Salem, NC 27105-9789	3	2020	19,996	28,127
13	3 E Hundred Rd Chester, VA 23836-2608	3	2020	11,965	22,800
14	702 E Main St Havelock, NC 28532-	3	2020	29,987	7,947
15	4610 Williamsburg Station Rd Floyd's Knobs, IN 47119-9670	3	2020	25,997	19,278
16	7612 County Rd 311 Sellersburg, IN 47172	3	2020	12,396	23,323
17	3028 Poplar Level Rd Louisville, KY 40217-1301	3	2020	22,245	117,772
18	810 S Main St Graham, NC 27253-3735	3	2021	25,179	33,848
19	1301 N. Jackson St Tullahoma, TN 37388-2339	3	2020	23,395	10,322
20	725 Madison St Shelbyville, TN 37160-3518	3	2020	15,078	10,585
21	1819 N Locust Ave Lawrenceburg, TN 38464-2333	3	2020	16,800	7,127
22	5440 Wesleyan Dr Virginia Beach, VA 23455-6906	3	2021	19,333	97,635
23	400 Wythe Creek Rd Poquoson, VA 23662-1916	3	2021	12,591	30,287
24	6312 Iron Bridge Place North Chesterfield, VA 23234	3	2021	4,800	50,802
25	6416 Route 60 E Barboursville, WV 25504	3	2021	12,961	17,298
26	2030 Eastern Ave. Gallipolis, OH 45631-1821	3	2021	14,245	7,106
27	1687 S Brightleaf Blvd Smithfield, NC 27577-8374	3	2021	11,911	8,353
28	1385 South Patrick Dr Satellite Beach, FL 32937-4325	3	2021	18,980	39,250
29	337 W King St Cocoa, FL 32922-7619	3	2021	13,750	40,508
30	4664 South Saint Valvex Titusville, FL 32780	3	2021	23,437	21,951
31	360 West Cocoa Beach Causeway Cocoa Beach, FL 32931-3532	3	2021	22,000	19,137
32	419 Barton Boulevard Rockledge, FL 32955-2709	3	2021	15,722	39,253
33	380 Bedford St Abington, MA 02351-1981	3	2021	21,495	61,198
34	881 N. Montello St Brockton, MA 02301-1639	3	2021	13,067	68,344

35	316 Adams St Dorchester, MA 02122-1234	3	2021	23,955	283,733
36	1350 W. Main St. Livingston, TN 38570-2208	3	2021	19,962	3,591
37	2553 S17th St Wilmington, NC 28401-7765	3	2021	29,349	58,633
38	1036 S College Rd Wilmington, NC 28403-4301	3	2021	44,609	65,706
39	6940 Market St Wilmington, NC 28411-9726	3	2021	31,748	44,774

*[Remainder of page intentionally left blank]*

**Table 2**

The combined performance of the Affiliate Representative Units for the year ending December 31, 2022, is summarized in Table 2 below.

	Average	High	Low	Median	% of Affiliate-Owned businesses that achieved or exceeded the average
Total Income	\$708,369.59	\$1,801,354.48	\$309,089.56	\$673,442.34	44%
COGS	\$178,985.04	\$472,281.34	\$65,357.93	\$171,297.90	44%
Gross Profit	\$529,384.55	\$1,329,073.14	\$234,192.45	\$502,113.35	44%
Expenses					
Rent	\$62,273.93	\$178,200.00	\$20,438.71	\$55,611.96	38%
Utilities	\$4,085.82	\$10,104.26	\$227.01	\$3,941.29	41%
Repairs/Maintenance	\$4,596.62	\$22,765.80	\$582.81	\$3,222.92	31%
Payroll/Employee Expenses	\$192,603.65	\$415,861.21	\$118,223.71	\$178,980.99	36%
Uniform Expenses	\$4,685.30	\$10,010.41	\$2,055.37	\$3,641.20	33%
Damage Claims	\$2,413.35	\$9,556.55	\$0.00	\$1,931.05	38%
Small Tools & Equipment	\$1,703.72	\$3,913.82	\$322.63	\$1,478.26	38%
Insurance Expense	\$5,312.77	\$13,510.16	\$2,318.17	\$5,050.82	44%
Credit Card Fees	\$10,017.16	\$18,529.02	\$5,333.24	\$9,333.77	46%
Office Supplies	\$2,150.90	\$5,412.77	\$649.03	\$1,904.20	33%
Taxes	\$49,677.53	\$91,379.11	\$23,743.19	\$48,463.95	44%
Est. Tech Fees	\$4,740.00	\$4,740.00	\$4,740.00	\$4,740.00	100%
Est. Brand Fund Cont.	\$14,167.39	\$36,027.09	\$6,181.79	\$13,468.85	44%
Est. Local Ad	\$17,709.24	\$45,033.86	\$7,727.24	\$16,836.06	44%
Est. Royalty	\$42,502.18	\$108,081.27	\$18,545.37	\$40,406.54	44%
Total Expenses	\$418,639.56	\$920,910.93	\$247,635.68	\$398,913.63	36%
Est. Net Profit	\$110,745.00	\$408,162.21	\$(47,570.18)	\$104,190.91	46%
Avg. Mgr. Salary	\$51,922.00	\$51,922.00	\$51,922.00	\$51,922.00	100%
Owner occupied model	\$162,667.00	\$460,084.21	\$4,351.82	\$156,112.91	46%

Notes to Table 2:

1. "Total Income" means the total selling price of all services and products sold at or from the Affiliate Representative Units (not adjusted for credit card fees), and all income and revenue of every other kind and nature related to the Affiliate Representative Units, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, but excluding taxes collected from customers and paid to taxing

authority, and reduced by the actual amount of any documented refunds, credits, allowances, bad debts, and chargebacks the Affiliate Representative Units in good faith gives to customers.

2. “COGS” means the Cost of Goods Sold which is the total annual costs of automobile parts and other associated materials.
3. “Gross Profit” means the earnings of the Affiliate Representative Units before interest, taxes, depreciation, and amortization (i.e. Gross Revenue less the COGS, variable and fixed expenses, and estimated royalties and brand fund contributions).
4. The Affiliate Representative Units did not pay tech fund fees, royalties and brand fund contributions to us and are not required to spend a defined amount in their local areas for marketing.

**Table 3**

The combined key performance indicators of the Affiliate Representative Units for the fiscal year ending December 31, 2022, is summarized in Table 3 below.

	<b>Average</b>	<b>High</b>	<b>Low</b>	<b>Median</b>
<b>Average Daily Tickets</b>	25.2	84.8	10.0	24.1
<b>AVG Ticket (\$)</b>	\$78.75	\$109.79	\$67.70	\$78.58
<b>COGS %</b>	25%	47%	16%	25%
<b>Unit Level Labor (Excluding Manager)</b>	18%	21%	11%	18%
<b>Discount %</b>	8.6%	13.9%	4.4%	8%
<b>Premium Oil %</b>	72%	88%	50%	74%
<b>M5%</b>	23%	40%	10%	24%
<b>Google Review Score</b>	4.91	5.00	4.84	4.91

Notes to Table 3:

1. “Ticket” means the total sale price per customer.
2. “Unit Level Labor” means top line sales attributed to labor.
3. “Discounts %” includes discounts provided to customers as a result of promotions and other marketing initiatives.

**Table 4**

There were 21 Franchisee owned Strickland Brothers 10 Minute Oil Change locations as of December 31, 2022, of which 19 have been operating under the Strickland Brothers 10 Minute Oil Change name for at least 12 full calendar months as of December 31, 2022. These Franchisee owned Strickland Brothers 10 Minute Oil Change locations (the “Franchisee Representative Units”) are as follows:

<b>Unit</b>	<b>Address</b>	<b># of Bays</b>	<b>Year Opened</b>	<b>Traffic Volume</b>	<b>Households (5 mile)</b>
1	1121 S Austin Ave. Georgetown, TX 78626-6745	2	2021	16,776	29,891
2	19011 E Quincy Ave Aurora, CO 80015-2881	3	2020	20,319	101,418

3	3535 FM 2920 Spring, TX 77388-4119	3	2021	22,682	82,184
4	1563 Seaside Rd SW Ocean Isle Beach, NC 28469	2	2021	12,000	9,212
5	2321 S. Valley Parkway Lewisville, TX 75067	3	2021	10,168	83,744
6	418 S. Main St Elk City, OK 73644-6729	3	2021	7,700	5,065
7	2110 N Main St Altus, OK 73521	4	2021	8,000	7,604
8	116 W State Hwy 152 Mustang, OK 73064-3902	4	2021	13,227	22,201
9	2517 N Broadway Pittsburg, KS 66762-2620	3	2021	15,900	10,664
10	11133 US 70 Business Hwy West Clayton, NC 27520	3	2021	35,000	21,307
11	604 E Prospect Ave Ponca City, OK 74601-7401	3	2021	7,000	10,951
12	101 N 10th St Independence, KS 67301-3543	3	2021	8,234	4,691
13	906 W 7th St Joplin, MO 64801-2908	3	2021	13,902	30,125
14	1509 S National Ave Fort Scott, KS 66701-2642	3	2021	11,400	4,070
15	7015 Farm to Market Rd 1488 Magnolia, TX 77354	3	2021	31,665	37,081
16	10835 S. 48th Street Phoenix, AZ 85044-1716	3	2021	27,182	100,670
17	1910 Cotton Grove Rd Lexington, NC 27292-5722	2	2021	16,491	13,512
18	5083 Old National Hwy College Park, GA 30349	5	2021	35,282	60,304
19	602 W. Tremble Ave Berryville, AR	2	2022	46,000	3,235

**Table 5**

The combined performance of the Franchisee Representative Units for the year ending December 31, 2022, is summarized in Table 5 below.

	Average	High	Low	Median	% of Franchisee-Owned businesses that achieved or exceeded the average
Total Income	\$667,303.00	\$1,271,554	\$221,219	\$667,303.00	47%
COGS	\$186,345.89	\$332,763.53	\$58,372.22	\$183,146.72	47%
Gross Profit	\$480,957.11	\$938,791.00	\$162,847	\$465,509.00	47%
Expenses					
Rent	\$88,840.00	\$119,664.00	\$42,000.00	\$73,500.00	42%
Unit Level Labor	\$114,719.07	\$255,685.90	\$53,401.04	\$100,219.56	47%
Tech Fees	\$4,740.00	\$4,740.00	\$4,740.00	\$4,740.00	100%
Local Ad Fund	\$16,682.58	\$31,788.85	\$5,530.48	\$16,682.58	42%
Brand Fund	\$13,346.00	\$25,431.00	\$4,424.00	\$12,973.00	42%
Royalties	\$40,038.18	\$76,293.24	\$13,273.14	\$38,919.00	42%

Notes to Table 5:

1. "Total Income" means the total selling price of all services and products sold at or from the Franchisee Representative Units (not adjusted for credit card fees), and all income and revenue of every other kind and nature related to the Franchisee Representative Units, whether from cash, check, credit and debit card, barter, exchange, trade credit, or

other credit transactions, but excluding taxes collected from customers and paid to taxing authority, and reduced by the actual amount of any documented refunds, credits, allowances, bad debts, and chargebacks the Franchisee Representative Units in good faith gives to customers.

2. “COGS” means the Cost of Goods Sold which is the total annual costs of automobile parts and other associated materials.
3. “Gross Profit” means the earnings of the Franchisee Representative Units before interest, taxes, depreciation, and amortization (i.e. Gross Revenue less the COGS, variable and fixed expenses, and estimated royalties and brand fund contributions).
4. The above data is based upon the information actually provided to us by the Franchisee Representative Units.

**Table 6**

The combined key performance indicators of the Franchisee Representative Units for the fiscal year ending December 31, 2022, is summarized in Table 6 below.

	<b>Average</b>	<b>High</b>	<b>Low</b>	<b>Median</b>	<b>% of Franchisee-Owned businesses that achieved or exceeded the average</b>
<b>Cars per Day</b>	24.07	43.18	7.62	21.51	42%
<b>Ticket Avg.</b>	\$86.49	\$109.30	\$67.47	\$82.83	47%
<b>COGS %</b>	26%	30%	22%	26%	53%
<b>Labor %</b>	17%	30%	8%	15%	26%
<b>M5 %</b>	26%	44%	7%	24%	47%
<b>Discount %</b>	7%	15%	5%	8%	53%
<b>Prem. Oil %</b>	76%	95%	57%	76%	47%
<b>Google Score</b>	4.91	4.98	4.82	4.90	42%

Notes to Table 6:

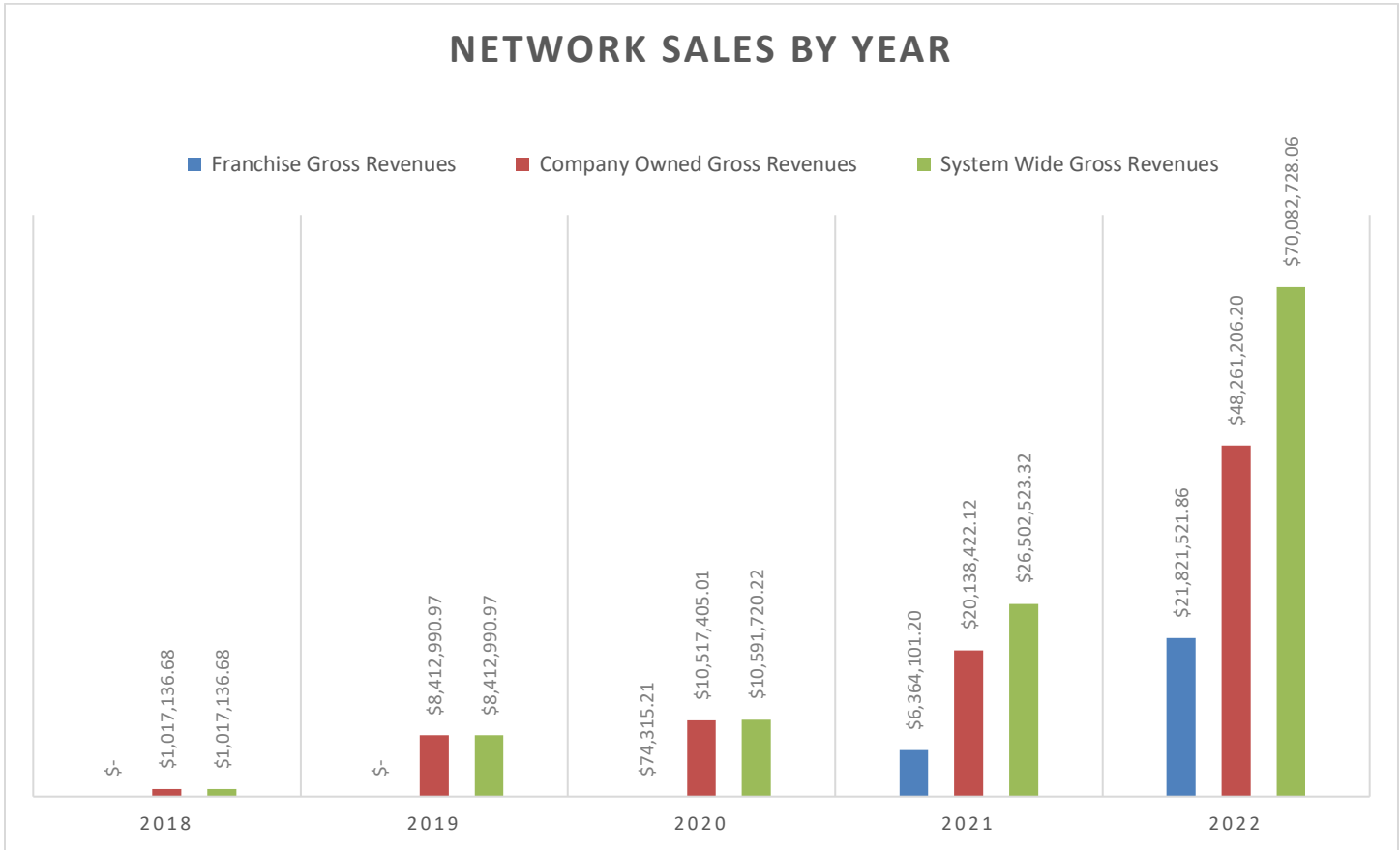
1. “Ticket” means the total sale price per customer.
2. “Unit Level Labor” means top line sales attributed to labor.
3. “Discounts %” includes discounts provided to customers as a result of promotions and other marketing initiatives.

**Table 7**

The combined performance of the Affiliate Representative Units and franchisee-owned locations for fiscal years 2018, 2019, 2020, 2021 and 2022, is summarized in Table 7 below.

<b>Year</b>	<b>Franchise Gross Revenue</b>	<b>Company Owned Gross Revenue</b>	<b>System Wide Gross Revenue</b>
2018	\$0	\$1,017,136.68	\$1,017,136.68
2019	\$0	\$8,412,990.97	\$8,412,990.97
2020	\$74,315.21	\$10,517,405.01	\$10,591,720.22
2021	\$6,364,101.20	\$20,138,422.12	\$26,502,523.32
2022	\$21,821,521.86	\$48,261,206.20	\$70,082,728.06

## NETWORK SALES BY YEAR



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## General Notes

1. The majority of our Affiliate owned locations contain 3 vehicle bays. Your Strickland Brothers 10 Minute Oil Change business may contain between 2 and 4 vehicle bays.
2. The above data assumes an owner/operator model without a designated manager. If you intend to hire a designated manager, we estimate an anticipated salary for your manager of \$43,500 per year depending on your market.
3. The above data is based on ground lease/acquisitions where our Affiliate either acquired an existing oil change facility or built the location. We anticipate that you will either build your location or acquire an existing oil change facility. Build to suit leases, in which the landlord agrees to construct the property according to the lessee's requirements, are expected to be higher than what is represented in this Item 19.
4. The Affiliate Representative Units are acquisitions and/or ground leases. This means that the lease expenses the Affiliate Representative Units incur are less than what would be incurred for a full development location.
5. These results are unaudited.
6. These results represent sales of products and services similar to those that will be available to the franchisee to sell.
7. Total Income and expenses may vary, and will be directly affected by many factors, such as: (a) geographic location; (b) competition from other similar facilities in your area; (c) advertising effectiveness based on market saturation; (d) your product and service pricing; (e) vendor prices on materials, supplies and inventory; (f) employee salaries and benefits (life and health insurance, etc.) and the employment market in your area; (g) insurance costs; (h) ability to generate customers; (i) customer loyalty; and (j) employment conditions in the market.
8. Written substantiation for these financial performance representations is available upon reasonable request.
9. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors before signing the Franchise Agreement.
- 10. Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.**

Other than the preceding information, SB Oil Change Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Justin Strickland, 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101, and 833-787-2767, ext. 122, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**Table 1**  
**Systemwide Businesses Summary for Years 2020 to 2022**

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2020	0	1	+1
	2021	1	21	+20
	2022	21	47	+26
Company-Owned	2020	11	20	+9
	2021	20	58	+38
	2022	58	82	+24
Total	2020	11	21	+10
	2021	21	79	+58
	2022	79	129	+50

**Table 2**  
**Transfers of Businesses From Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years 2020 to 2022**

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	3

**Table 3**  
**Status of Franchised Businesses 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
Arizona	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Colorado	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

	2022	0	4	0	0	0	0	4
Georgia	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	3	0	0	0	0	4
Illinois	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
Indiana	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	0	0	0	3	0	0
Kansas	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Missouri	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	3	0	0	0	0	3
	2022	3	2	0	0	0	0	5
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Ohio	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Oklahoma	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Pennsylvania	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
	2022	4	6	0	0	0	0	10
Total	2020	0	1	0	0	0	0	1
	2021	1	20	0	0	0	0	21
	2022	21	29	0	0	3	0	47

*[Remainder of page intentionally left blank]*

**Table 4**  
**Status of Company-Owned Businesses for Years 2020 to 2022**

<b>State</b>	<b>Year</b>	<b>Businesses at Start of Year</b>	<b>Businesses Opened</b>	<b>Businesses Re-Acquired from Franchisees</b>	<b>Businesses Closed</b>	<b>Businesses Sold to Franchisees</b>	<b>Businesses at End of Year</b>
Florida	2020	0	0	0	0	0	0
	2021	0	5	0	0	0	5
	2022	5	4	0	0	0	9
Illinois	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	6	0	0	0	6
Indiana	2020	0	2	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	3	0	0	5
Kentucky	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	3	0	0	0	4
Massachusetts	2020	0	0	0	0	0	0
	2021	0	3	0	0	0	3
	2022	3	0	0	0	0	3
North Carolina	2020	7	3	0	1	0	9
	2021	9	19	0	0	0	28
	2022	28	0	0	0	0	28
Ohio	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
South Carolina	2020	1	0	0	0	0	1
	2021	1	4	0	0	0	5
	2022	5	2	0	0	0	7
Tennessee	2020	0	3	0	0	0	3
	2021	3	1	0	0	0	4
	2022	4	2	0	0	0	6
Virginia	2020	1	1	0	0	0	2
	2021	2	4	0	0	0	6
	2022	6	0	0	0	0	6
West Virginia	2020	2	0	0	0	0	2
	2021	2	1	0	0	0	3
	2022	3	3	0	0	0	6
Total	2020	11	10	0	1	0	20
	2021	20	38	0	0	0	58
	2022	58	21	3	0	0	82

**Table 5**  
**Projected Openings as of December 31, 2022**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlet In The Next Fiscal Year</b>	<b>Projected New Company-Owned Outlet In The Next Fiscal Year</b>
Alabama	0	0	5
Arizona	5	1	0
Arkansas	0	1	0
Colorado	11	2	0
Florida	28	3	3
Georgia	18	7	0
Illinois	2	3	5
Indiana	1	1	5
Kansas	0	0	0
Kentucky	0	0	5
Louisiana	4	3	0
Massachusetts	3	0	5
Missouri	6	2	0
Nevada	3	0	0
New Hampshire	2	1	0
New Jersey	5	1	0
North Carolina	14	6	20
Ohio	7	2	0
Oklahoma	1	2	2
Pennsylvania	9	1	4
South Carolina	10	4	6
Tennessee	6	4	2
Texas	29	7	3
Utah	3	1	0
Virginia	3	1	2
West Virginia	0	0	2
<b>Total</b>	<b>170</b>	<b>53</b>	<b>69</b>

Note: the above table includes those franchises yet to be opened under an area development agreement.

Attached as Exhibit D to this Franchise Disclosure Document is a list of the names, addresses and telephone numbers of our current franchised businesses. Also attached as Exhibit D to this Franchise Disclosure Document is a list of the names and city, state and last known business telephone number, of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the previous fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document . If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Please note that Exhibit D is current as of the issuance date of this Franchise Disclosure

Document, while the tables above reflect the status of our outlets at the end of our prior fiscal year. Any discrepancies between Exhibit D and the Item 20 tables are due to events that have occurred in the intervening period.

If you buy a franchise from us, your contact information may be disclosed to other buyers when you leave the system.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses with us that would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with our franchise system.

## **ITEM 21** **FINANCIAL STATEMENTS**

Exhibit C to this Franchise Disclosure Document includes our audited financial statements for our fiscal years ending December 31, 2022, 2021, and 2020. Our fiscal year end is December 31 of each calendar year.

## **ITEM 22** **CONTRACTS**

A copy of all the SB Oil Change Franchising, LLC Franchise Agreement is included as Exhibit A to this Franchise Disclosure Document, and includes the following exhibits:

- The Franchise Agreement and the following exhibits:
- Exhibit 1 – Franchise Data Sheet
  - Exhibit 2 – Statement of Ownership
  - Exhibit 3 – Principal Owner’s Guaranty
  - Exhibit 4 – Release Agreement, Waiver and Release of Claims
  - Exhibit 5 – Nondisclosure, Nonsolicitation and Noncompetition Agreement
  - Exhibit 6 – Confidentiality Agreement
  - Exhibit 7 – Lease Addendum
  - Exhibit 8 – ACH Payment Agreement
  - Exhibit 9 – SBA Addendum
  - Exhibit 10 – Software License Agreement

A copy of the SB Oil Change Franchising, LLC Area Development Agreement is included as Exhibit B to this Franchise Disclosure Document.

## **ITEM 23** **RECEIPTS**

Exhibit I contains detachable documents acknowledging your receipt of this Franchise Disclosure Document.

**EXHIBIT A TO SB OIL CHANGE FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**



**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

Franchise Owner: \_\_\_\_\_

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

Franchise Location: \_\_\_\_\_

Initial Franchise Fee: \$ \_\_\_\_\_

Franchise Unit # under  
Area Development Agreement (if applicable): # \_\_\_\_\_

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into as of \_\_\_\_\_ (the “**Effective Date**”), regardless of the date of the parties’ signatures, by and between SB Oil Change Franchising, LLC, a North Carolina limited liability company, with its principal place of business at 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101 (“**Franchisor**,” “**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Franchisee**” or “**you**”).

## **1. Recitals**

Franchisor, and its affiliates, have developed a method of developing and operating quick oil change businesses featuring services which are primarily identified by the Marks (defined below) and use of the Franchise System (defined below) (collectively, “**Strickland Brothers Service Center**”). The Strickland Brothers Service Center you will operate under this Franchise Agreement shall be referred to as the “**Service Center**”.

Franchisor and its affiliates have developed and Franchisor uses, promotes and sublicenses, and may in the future develop and license or sublicense, certain trademarks, service marks, stylized letters, colors, and other commercial symbols in operating Strickland Brothers Service Centers, all of which Franchisor may modify from time to time (collectively, the “**Marks**”).

Franchisor offers franchises to own and operate a Strickland Brothers Service Center using Franchisor’s business system, business formats, System Standards (as defined below), service offerings, operating specifications, standards, service techniques and processes, methods, procedures, signs, designs, layouts, trade dress, copyrighted materials, marketing concepts, business strategies, and Marks, all of which Franchisor may improve, further develop and otherwise modify from time to time (collectively, the “**Franchise System**” of “**System**”).

Franchisee has applied for a franchise to own and operate a Strickland Brothers Service Center, and Franchisor has approved Franchisee’s application relying on all of Franchisee’s representations, warranties and acknowledgments contained in Franchisee’s franchise application and this Agreement.

## **2. Franchise Rights**

2.1 Grant. Franchisee has applied for a franchise to own and operate a Service Center at the location specified on Exhibit 1 (the “**Site**”). Subject to the terms of this Agreement, Franchisor grants Franchisee the right and Franchisee assumes the obligation to develop and operate a single Service Center at the Site, and to use the Franchise System in its operation, for a term as set forth in Section 5.1. Franchisor may amend Exhibit 1 after the date hereof to include the Opening Date.

2.2 Best Efforts. Only Franchisee is authorized to operate the Service Center at the Site. Franchisee must operate the Service Center for the entire Term and at all times faithfully, honestly and diligently perform its obligations and fully exploit the rights granted under this Agreement.

2.3 Business Entity Franchisee. If Franchisee is at any time a corporation, a limited liability company, a general, limited, or limited liability partnership, or another form of business entity (collectively, an “**Entity**”), Franchisee agrees and represents that:

1. Franchisee’s organizational documents, operating agreement, and/or partnership agreement (as applicable) will recite that this Agreement restricts the issuance and transfer of any Ownership Interests (defined below) in Franchisee, and all certificates and other documents representing Ownership Interests in Franchisee will bear a legend referring to this Agreement’s restrictions. In this Agreement, “**Ownership Interests**” means (a) in relation to a corporation, shares of capital stock (whether common stock, preferred stock or any other designation) or other equity interests; (b) in relation to a limited liability company, membership interests or other equity interests; (c) in relation to a partnership, a general



or limited partnership interest; (d) in relation to a trust, a beneficial interest in the trust; and (e) in relation to any Entity (including those described in (a) through (d) above), any other interest in that Entity or its business that allows the holder of that interest (whether directly or indirectly) to direct or control the direction of the management of the Entity or its business (including a managing partner interest in a partnership, a manager or managing member interest in a limited liability company, and a trustee of a trust), or to share in the revenue, profits or losses of, or any capital appreciation relating to, the Service Center, that Entity or its business.

2. Exhibit 2 to this Agreement completely and accurately describes all of Franchisee's Owners (defined below) and their Ownership Interests in Franchisee. In this Agreement, "**Owner**" means any individual or Entity holding a direct or indirect Ownership Interest (whether of record, beneficially, or otherwise) in Franchisee. The Managing Owner (defined below) and each Owner (if any) who owns (directly or indirectly) more than twenty-five percent (25%) of the Ownership Interests in Franchisee at any time during the Term must sign an agreement in the form Franchisor designates undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor (a "**Guaranty**"), the current version of which is Exhibit 3 to this Agreement. The General Manager (defined below) and any Owner who does not sign a Guaranty must sign an agreement in the form Franchisee designates undertaking personally to be bound, jointly and severally, by the confidentiality, non-compete and transfer restrictions in this Agreement (a "**Key Personnel Agreement**"), the current version of which is Exhibit 5 to this Agreement. Subject to Franchisor's rights and Franchisee's obligations under Section 12, Franchisee and its Owners agree to sign and deliver to Franchisor a revised Exhibit 2 to reflect any changes in the information that Exhibit 2 now contains.

3. an individual whom we approve (the "**Principal Owner**") must at all times during the Term: (a) own (directly or indirectly) more than fifty percent (50%) of the Ownership Interests in Franchisee; (b) have the authority under Franchisee's governing documents to authorize a merger, liquidation, dissolution, or transfer of substantially all of the assets of Franchisee and otherwise to direct and control Franchisee's management and policies without the vote or consent of any other person or Entity; and (c) devote sufficient time and attention to the promotion and operation of the Service Center. The Principal Owner as of the Effective Date is listed on Exhibit 2.

4. Franchisee shall designate an individual whom Franchisor approves (the "**General Manager**") to serve as the Service Center's general manager who will devote all of his or her business time and attention to the on-premises management and operation of the Service Center. The General Manager need not have any direct or indirect Ownership Interest in Franchisee but must have the authority over all day-to-day business decisions for Franchisee and the Service Center. The General Manager as of the Effective Date is listed on Exhibit 2. If the General Manager no longer serves in that capacity for any reason, then Franchisee must designate a replacement General Manager whom Franchisor approves, and ensure that such new General Manager satisfactorily completes the training that Franchisor then requires, within 60 days thereafter.

5. the Service Center (s), if applicable, will be the only businesses Franchisee owns or operates (although its Owners and affiliates may have other business interests, subject to Section 13.1).

### 3. **Territorial Rights**

3.1 Territorial Rights. The "**Territory**" is the geographic area specified in Exhibit 1. If Franchisee is complying with this Agreement, then neither Franchisor nor its affiliates will operate, or authorize any other party to operate, a Strickland Brothers Service Center, the physical premises of which are located within the Territory. Franchisee acknowledges and agrees that it does not have the right to sell

products or services associated with the Marks or the Service Center through any type of distribution method other than direct at the Service Center.

3.2 Rights Maintained by Franchisor. Franchisor (and any affiliates that Franchisor might have from time to time) shall at all times have the right during the Term to engage in any activities Franchisor or they deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever Franchisor or they desire including:

1. Operating a Strickland Brothers 10 Minute Oil Change concept at a trade show booth, or similar temporary location, within your Territory for up to 15 consecutive days;

2. Establishing and operating, and granting rights to others to establish and operate, on any terms and conditions Franchisor deems appropriate, Strickland Brothers Service Centers at any locations outside the Territory, even if in close proximity to your Service Center;

3. Establishing and operating, and granting rights to others to establish and operate, on any terms and conditions Franchisor deems appropriate, oil service centers or any similar or dissimilar businesses that either are not primarily identified by the Marks or do not use the Franchise System at any locations, whether within or outside the Territory;

4. Selling, renting and distributing any products or services, directly or indirectly, and/or license others to sell and distribute, any products or services bearing the Marks or other trademarks or commercial symbols, directly or indirectly, from any location to any purchaser (including, but not limited to, sales made to purchasers in the Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, and on the Internet, and/or sales to delivery customers), except that Franchisor shall not do so from a Service Center inside the Territory;

5. Developing, operating, and franchising others to operate, any business concept except a Service Center at any place, including within the Territory, and use the Marks or any other trademarks owned, licensed, or developed by Franchisor or its affiliates in connection with those concepts, even if such concepts sell products and services similar to, the same as or competitive with, the products and services sold at Service Centers;

6. In its sole discretion, approve or disprove other franchisees' requests to purchase local advertising that penetrates your Territory; and

7. Acquiring the assets or Ownership Interests of, or being acquired (regardless of the form of transaction) by, a one or more businesses providing products and services similar or dissimilar to those provided at Strickland Brothers Service Centers, and franchising, licensing or creating other arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory.

#### **4. Site Acceptance and Opening of the Service Center**

4.1 Site Acceptance. Franchisee has selected, and Franchisor has accepted, the Site for the Service Center before the Effective Date. (If this Agreement is signed pursuant to an Area Development Agreement and the Site is not determined as of the Effective Date, the Site will be determined in the same manner as was your initial Site for your first Service Center).

4.2 Lease. Franchisee must obtain Franchisor's prior written acceptance of the terms of any lease or sublease for the Site (the "**Lease**") before Franchisee signs it. The Lease must contain the terms

and provisions that are reasonably acceptable to Franchisee, including provisions to protect its rights as franchisor and additionally, the landlord and Franchisee must sign the Lease Addendum, attached hereto as Exhibit 7 and otherwise ensure that the terms of the Addendum will take precedence over any contradictory terms in the landlord's lease. Franchisor's acceptance of the Lease indicates only that Franchisor believes that the Lease's terms meet, or that Franchisee has waived, its then acceptable criteria. Franchisee must give Franchisee a copy of the fully signed Lease within 10 days after Franchisee and the landlord have signed it. Franchisee may not sign any renewal or amendment of the Lease that Franchisee has not accepted. Franchisee must sign a Lease that Franchisee has accepted within 90 days after the Effective Date.

4.3 Developing and Equipping the Service Center. Franchisor will provide Franchisee mandatory and suggested specifications and layouts for Franchisee's Service Center, which will include requirements for dimensions, design, image, interior layout (including equipment placement), decor, Operating Assets, and color scheme. "**Operating Assets**" means all required furniture, fixtures, tools, vehicles, Computer System (defined below) components, equipment, furnishings, signs that Franchisor periodically requires for the Service Center. The Service Center must contain all of the Operating Assets, and only the Operating Assets, that Franchisee periodically specifies. At Franchisor's option, Franchisee must use only the development company and/or other contractor(s) that Franchisor periodically designates or approves to design and/or develop the Service Center.

It is Franchisee's responsibility to prepare all required construction plans and specifications to suit the Site and to make sure that they comply with the Americans with Disabilities Act (the "**ADA**") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions. At Franchisor's option, Franchisee must submit construction plans and specifications to Franchisor for approval before Franchisee begins constructing the Service Center and all revised or "as built" plans and specifications during construction. Franchisor's review is limited to ensuring Franchisee's compliance with Franchisor's design requirements and this Agreement's other requirements. Franchisor's review is not designed to assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with those laws and regulations is Franchisee's responsibility. Franchisee must remedy, at its expense, any noncompliance or alleged noncompliance with those laws and regulations. Franchisor may periodically inspect the Site while Franchisee is developing the Service Center.

At Franchisee's expense, Franchisee must construct, install trade dress and furnish all Operating Assets in, and otherwise develop the Service Center at the Site according to Franchisor's standards, specifications and directions. If Franchisor requires, Franchisee must purchase or lease only approved brands, types and/or models of Operating Assets and/or purchase or lease them only from suppliers Franchisor designates or approves (which may include or be limited to Franchisor or its affiliates).

4.4 Computer System. Franchisee agrees to obtain and use in connection with the operation of the Service Center the computer-based, web-based, application-based and/or other technological systems and services that Franchisor periodically specifies, including hardware components, software, dedicated communication and power systems, printers, payment devices, and other computer-related accessories and peripheral equipment (the "**Computer System**"). Franchisor may periodically modify specifications for and components of and/or the technologies and functions for, the Computer System, and these modifications and/or other technological developments or events, may require Franchisee to purchase, lease and/or license new or modified

computer hardware, software and other components and technologies and to obtain service and support for the Computer System. Within 60 days after Franchisor delivers notice to Franchisee, Franchisee agrees to obtain the Computer System components that Franchisor designates and ensure that Franchisee's Computer System, as modified, is functioning properly. Franchisor and its affiliates may charge Franchisee up-front and ongoing fees for any required or recommended proprietary software or technology that Franchisor or its affiliates license to Franchisee and for other Computer System maintenance and support services provided during the term of this Agreement.

With respect to the point-of-sale system (the "**POS System**") required by Franchisor to be used at the Service Center, Franchisee shall comply with the following provisions relating to the POS System:

1. You shall update and upgrade the POS System as designed by Franchisor. Franchisor may require you to enter into a separate maintenance and/or support agreement for your POS System, at any time, at your sole cost and expense;

2. You shall record all sales at or from the Service Center at the time of sale, in accordance with Franchisor's procedures, on the POS System;

3. You shall comply with such requirements determined by Franchisor, from time-to-time, regarding maintenance, training, storage and safeguarding of data, records, reports, and other matters relative to the POS System; and

4. Franchisor has the right to independently access any and all information on your POS System, at any time, without first notifying you. Without limiting the generality of the foregoing, you shall, at your sole cost and expense, permit Franchisor immediate access to your POS System, electronically or otherwise, at all times, without prior notice to you. Franchisor shall have the right to use the information accessed on the POS System in any manner Franchisor determines, including the right to use any and all such information in Franchisor's Franchise Disclosure Document, and to share financial statements, including profit and loss statements, with other System franchisees.

FRANCHISOR MAKES NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH REGARD TO ANY THIRD-PARTY MATERIALS. FRANCHISOR DISCLAIMS ANY AND ALL WARRANTIES RELATED TO THE COMPUTER SYSTEM, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, INTEROPERABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON- INFRINGEMENT, QUIET ENJOYMENT, OR THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING. FRANCHISOR DOES NOT WARRANT THAT THE COMPUTER SYSTEM WILL BE FREE FROM DEFECTS OR THAT THE USE OF THE COMPUTER SYSTEM WILL BE UNINTERRUPTED OR ERROR FREE.

4.5 Opening. Franchisee must open the Service Center for business on or before the Opening Deadline defined and listed on Exhibit 1. Franchisee agrees not to open the Service Center until: (1) Franchisee has properly developed and equipped the Service Center according to Franchisor's standards and specifications and in compliance with all applicable laws and regulations; (2) all pre-opening training for the Service Center's personnel has been completed to Franchisor's satisfaction; (3) all amounts Franchisee then owes to Franchisor and its affiliates have been paid; (4) Franchisee has given Franchisor evidence of required insurance coverage and payment of premiums; (5) Franchisee has given Franchisor a copy of the fully-signed Lease; and (6) if Franchisor (at its sole option) requires, Franchisor has conducted a pre-opening inspection and/or has certified the Service Center for opening. Franchisor's determination

that Franchisee has met all of Franchisor's pre-opening requirements will not constitute a waiver of Franchisee's non-compliance or of Franchisor's right to demand full compliance with those requirements.

4.6 **Relocation.** If the Lease expires or is terminated without Franchisee's fault, if the Service Center is destroyed, condemned, or otherwise rendered unusable (collectively, "**Unavoidable Relocations**"), Franchisor will allow Franchisee to relocate the Service Center to a new site acceptable to Franchisor. Relocation will be at Franchisee's sole expense, and Franchisee must comply with this Agreement's provisions relating to the development of the Service Center at the new site and de-identification of the old site. Franchisor may charge Franchisee for the reasonable costs that Franchisor incurs in connection with any proposed Service Center relocation. Additionally, in a situation other than an Unavoidable Relocation, Franchisee may request to relocate its Service Center and with Franchisor's prior written consent, which consent will not be unreasonably withheld, Franchisee may relocate to another Site if all of the following conditions are met:

1. You are in full compliance with the terms of this Agreement and any other agreement between Franchisor and you, and you and your Related Parties are in compliance with all provisions of the Operations Manual ("**Manual**");

2. You have secured a site that is not located in another Strickland Brothers 10 Minute Oil Change franchisee's approved Territory, and which site meets our then-current specifications, standards, and other requirements sufficient to be a site for a Service Center and, if you are leasing the space, you have submitted the proposed lease agreement for our review and paid a Lease Review Fee;

3. Franchisee must comply with this Agreement's provisions relating to the development of the Service Center at the new site including the standards of appearance and function applicable to new Service Centers;

4. You and your Owners shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor including, without limitation, claims arising under this Agreement, any other agreement between you and Franchisor and its affiliates;

5. You may cease to operate the Service Center for no more than seven (7) days, or for such time as is mutually agreed to by you and Franchisor, only for the purposes of moving all equipment from the old Service Center to the new Service Center at the new approved Site for the Service Center; and

6. You have not voluntarily relocated your Service Center previously. If you have previously relocated your Service Center, then we reserve the right to charge a relocation fee of \$2,500 for the second and each additional permitted relocation.

## **5. Term and Renewal**

5.1 **Initial Term.** Except as otherwise provided herein the initial term of this Agreement shall commence on the Effective Date and ending on the date which is 15 years after the date upon which the Service Center first opens for business (the "**Opening Date**"), unless sooner terminated (the "**Initial Term**"). Franchisor may amend Exhibit 1 after the date hereof to include the Opening Date.

5.2 **Renewal.** Franchisee shall have the option to renew this Agreement for one renewal term of 15 years following the end of the Initial Term or for the remainder of your then-current lease term (the "**Renewal Term**" and along with the Initial Term, collectively, the "**Term**"), whichever is shorter, subject to all of the following conditions having been satisfied prior to the Term Expiration Date:

1. Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or any of its affiliates, and has substantially complied with all the terms and conditions of such agreements during the terms thereof, including the payment of all amounts due to Franchisor and its Affiliates;

2. You shall give Franchisor written notice of your election to renew not less than six months nor more than 12 months prior to the end of the Initial Term;

3. You and all other required signatories that have signed this Agreement shall have signed a copy of the then-current Franchise Agreement and required related agreements (except with respect to the renewal provisions thereof, which shall not supersede this Section 5 not less than 30 days before the expiration of the Initial Term, or 30 days after you receive a signature-ready copy of the then-current Franchise Agreement and required related agreements from Franchisor, whichever is later);

4. You shall have, before the beginning of the Renewal Term, at your own expense, modernized/refurbished the Service Center and replaced, refurbished and/or modernized the equipment, fixtures, furniture and signage used at the Service Center as Franchisor may require, in order for the Service Center to meet the then-current standards of appearance and function at the time of renewal;

5. Subject to Applicable Laws, Franchisee and its Owners agree to execute a general release, in a form then prescribed by Franchisor, of any claims arising out of this Agreement against Franchisor and its Affiliates, and their respective officers, directors, managers, agents, representatives and employees.;

6. You shall have paid a Renewal Fee equal to fifteen thousand dollars (\$15,000) or twenty-five percent (25%) of our then-current initial franchise fee, whichever is greater; and

7. You are able to maintain possession of the premises where the Service Center is located for the entire Renewal Term.

The provisions of the standard franchise agreement in use by Franchisor at the time of renewal may be materially different than those contained in this Agreement including, but not limited to, increased royalties, advertising, and other fees. You acknowledge and agree that your right to renew this Agreement shall be contingent upon your execution of the then-current form of franchise agreement and acceptance of the new provisions.

## **6. Services to Franchisee**

Franchisor agrees to perform the following services for you if you are, at the time when service is to be rendered, in compliance with the terms of this Agreement.

6.1 **Initial Training.** Before the opening of your Service Center, the Principal Owner, the General Manager (if different than the Principal Owner), and one additional person (i.e. assistant manager) must attend and complete to Franchisor's satisfaction all components of Franchisor's initial training program concerning the operation of the Service Center under the System. However, if the Principal Owner has attended and completed the initial training program to Franchisor's satisfaction under another franchise agreement, Franchisor will not require the Principal Owner to attend the initial training program. There is no charge for the initial training program for the Principal Owner, General Manager, and one additional participant. Additional persons may attend the initial training program for the then current fee (currently, \$2,500). The General Manager must complete the initial training program to Franchisor's satisfaction before the Service Center opens for business. If Franchisor determines that any of Franchisee's personnel cannot complete the initial training program to Franchisor's satisfaction, then in addition to its other rights

and remedies, Franchisor may require such personnel to attend additional training programs at Franchisee's expense (for which Franchisor may charge reasonable fees).

6.2 Continuing Training. In an effort to maintain brand standards and to protect and enhance the goodwill associated with the System and the Marks, Franchisor may offer ongoing training or education programs on matters related to the operation or promotion of the Service Center on an optional or mandatory basis, as it deems appropriate, in its sole discretion. You shall attend and complete all such continuing education programs Franchisor requires. You shall be responsible for your own expenses and those of your employees who attend any such training or education programs. Franchisor may also require you to pay a fee for continuing training and education programs of its costs to provide the training, plus an administrative fee. You must complete to Franchisor's satisfaction all education and training programs Franchisor requires. Franchisee acknowledges that some of Franchisor's ongoing training programs may require that Franchisee acquire certain equipment and technology to participate. Franchisee also will be responsible for its and its personnel's travel, living, and other expenses (including local transportation expenses) and compensation incurred in connection with attendance at any training courses and programs. Franchisee shall also pay for the cost of transportation, lodging, meals, and other incidental expenses incurred by Franchisor in connection with any training conducted at your site.

6.3 Annual Conference. Franchisor requires that you attend a mandatory franchisee conference once per calendar year during the Term. You are responsible for your own expenses and those of your employees who attend any such conferences. Franchisor may require you to pay a reasonable fee to attend each conference; however, such fee shall not exceed five hundred dollars (\$500) per person, unless otherwise specified in the Manual.

6.4 Periodic Advisory Assistance. Franchisor will, as it deems advisable, provide periodic advisory assistance to you concerning the operation and promotion of the Service Center. Franchisor shall not charge Franchisee for any fees, costs, charges, or per-diems directly or indirectly associated with periodic advisory assistance unless the assistance is provided (i) as a result of Franchisee's repeated failures to comply with the terms of the Franchise Agreement, (ii) provided upon request by Franchisee, or (iii) uniformly imposed on all franchisees. Advisory assistance could be provided by Franchisor, among other ways, through bulletins, electronic media, and written directives. If Franchisee will be charged for such ongoing training, Franchisee must pay Franchisor's then applicable charges, including per diem charges and any travel and living expenses for Franchisor's personnel.

6.5 Operations Manual. Franchisor will provide Franchisee with access to the Franchisor's Manual for use in operating the Service Center during the Term. The Manual may include written or intangible materials and may be made available to Franchisee by various means. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules that Franchisor periodically specifies for developing and/or operating a Service Center. It may also contain sample business forms, information on marketing, management, and administration methods developed by Franchisor for use in the Service Center, names of approved suppliers, and other information that Franchisor believes may be necessary or helpful to you in your operation of the Service Center ("**System Standards**") and information on Franchisee's other obligations under this Agreement. Changes to the System Standards may necessitate the purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees, refurbishing/remodeling of the Service Center, or other costs to you. You shall conform to the modified System Standards and specifications consistent with the timing imposed by Franchisor, all at your own expense. Franchisor may revise the Manual periodically, at its discretion to reflect changes in the System Standards. Franchisee agrees to keep its copy of the Manual current and communicate all updates to its employees in a timely manner. In addition, Franchisee agrees to keep any paper copy of the Manual it maintains in a secure location at the Service Center. If there is a dispute over its contents, Franchisor's master copy of the Manual controls. Franchisee agrees that the contents of the

Manual are confidential, and that Franchisee will not disclose the Manual to any person other than Service Center employees who need to know its contents. Alternatively, and in lieu of a hard copy of the Manual, Franchisor may make available to you a Manual in electronic form that is accessible to you. Franchisor will notify you of any updates to the Manual. Franchisor is responsible for immediately downloading and complying with the revised Manual. Except for those portions of the Manual that Franchisor designates, in writing, as appropriate for copying and use at the Service Center, you 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 third party without our prior written consent.

6.6 Delegation of Performance. Franchisor may delegate the performance of any portion or all of its obligations under this Agreement to its affiliates or other third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor contracts to perform these obligations.

## 7. Payments by Franchisee

7.1 Initial Franchise Fee. On the Effective Date, Franchisee agrees to pay Franchisor an initial franchise fee of \$54,900 (the "**Initial Franchise Fee**"). The Initial Franchise Fee is fully earned by Franchisor when Franchisee signs this Agreement and is not refundable under any circumstances.

7.2 Royalties. During the Term, Franchisee agrees to pay Franchisor a continuing royalty fee in the amount of six percent (6%) of Gross Revenues (as defined below) of the Service Center for the preceding month, payable on or before the 15th day of every month in the manner described in Section 7.5 of this Agreement (the "**Royalty Fee**"). If Franchisee fails to pay the monthly royalty fee in a timely fashion, Franchisor shall have the right to require you to pay the Royalty Fee on a weekly basis during the remainder of the Term.

7.3 Definition of Gross Revenues. In this Agreement, "**Gross Revenues**" means the total selling price of all services and products sold at or from your Service Center (not adjusted for credit card fees), and all income and revenue of every other kind and nature related to the operation of the Service Center, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, but excluding taxes collected from customers and paid to taxing authority, and reduced by the actual amount of any documented refunds, credits, allowances, bad debts, and chargebacks the Service Center in good faith gives to customers. For purposes of this Section 7.3, to reduce Gross Revenue for bad debts, Franchisee must provide Franchisor with written verification of all bad debts which shall be limited to no more than six hundred dollars (\$600) per year. Each charge or sale upon credit shall be treated as a sale for the full price on the day during which such charge or sale is made, irrespective of when Franchisee receives payment (whether full or partial, or at all) on that sale. Amounts paid by gift certificate, gift card, stored value card or similar program are included in Gross Revenue when the gift certificate, other instrument or applicable credit is redeemed.

7.4 Technology Fee. During the Term, Franchisee agrees to pay Franchisor a continuing technology fee, payable on or before the 15th day of every month in the manner described in Section 7.5 of this Agreement (the "**Technology Fee**"). As of the date of this Franchise Agreement, the Technology Fee is three hundred ninety-five dollars (\$395) per month. Franchisor reserves the right to increase the Technology Fee as needed, in its sole discretion, upon 30-days written notice to Franchisee.

7.5 Method and Application of Payments. Franchisee agrees to pay its continuing monthly Royalty Fee, advertising fees (described in Section 9, Technology Fee, and all other fees it is required to pay to Franchisor hereunder, in accordance with the procedures designated by Franchisor, which procedures Franchisor has the discretion to change at any time upon written notice to Franchisee. Payment of Royalty



Fees, Technology Fees, advertising fees, and other amounts due shall be made by electronic funds transfer or direct deposit. Franchisee must sign and deliver to Franchisor the documents Franchisor periodically requires authorizing Franchisor to debit Franchisee's bank account automatically for all amounts due under this Agreement or any related agreement between Franchisor (or its affiliates) and Franchisee. Franchisee agrees to make the funds available for withdrawal by electronic transfer before each due date.

At no time will Franchisor sell, encumber, or assign any of your revenue stream, which includes, but is not limited to, current or future customer charges, to any other party without the prior written consent of Franchisor. Additionally, Franchisee may not subordinate to any other obligation its obligation to pay Royalty Fees or any other fee or charge due under this Agreement. Furthermore, Franchisor has the right to apply any payment it receives from Franchisee to any past due amount Franchisee owes to Franchisor regardless of how Franchisee indicates the payment is to be applied.

7.6 When Payments Begin. Your obligation to pay continuing monthly royalties and other fees begins on the date your Service Center opens for business, or on the first day of the 13th month from the Effective Date of this Agreement, whichever is sooner.

7.7 Audit. Franchisor has the right during normal working hours to audit your books and records, including your tax returns with respect to the Service Center. If an audit discloses an underpayment of any fees payable under this Agreement, you shall immediately pay these amounts to Franchisor, together with accrued interest on the amount underpaid in accordance with Section 7.11 of this Agreement. In addition, if the underpayment exceeds two percent (2%) of the total fees payable for any period covered under the audit, you shall reimburse Franchisor for all reasonable costs and expenses actually incurred by Franchisor in connection with the audit, including reasonable attorneys' and accountants' fees.

7.8 Consulting Fees and Costs. In addition to the periodic advisory assistance described in Section 6.4, optional consulting services may be made available to you by Franchisor on a per hour fee basis, at a rate determined by Franchisor, plus reimbursement of direct costs. You shall promptly pay such consulting fees and reimburse Franchisor for all incidental expenses incurred by Franchisor in rendering such consulting services, including, but not limited to, the cost of business class transportation, lodging, meals, and telephone, fax, and courier charges.

7.9 Transfer Fee. You shall pay to Franchisor a transfer fee of twenty thousand dollars (\$20,000.00) as a condition of, and prior to, any transfer contemplated under Section 15. This transfer fee shall not apply if a transfer is being made between existing Owners of the Service Center or if an existing Owner of the Service Center is transferring his/her Ownership Interest for purposes of business restructuring or in connection with the estate planning of said Owner.

7.10 Interest on Late Payments. Any payment not received by Franchisor when due will bear interest at one- and one-half percent (1.5%) per month or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. Interest charges on late payments are intended to partially compensate Franchisor for loss of use of the funds and for internal administrative costs resulting from late payment which would otherwise be difficult to measure precisely. The fact that such charges are imposed shall not be construed as a waiver of Franchisor right to timely payment.

7.11 Supplier and Product Evaluation Fee. If you would like to use alternative supplier for a product or service to be used in or sold at your Service Center (except in instances where we have designated a sole supplier of any product, item, good, equipment service or supplies), you must submit a Supplier and Product Evaluation Form provided to you by Franchisor and pay a Supplier and Product Evaluation Fee equal to one thousand dollars (\$1,000). We may grant or deny any such request in our sole and absolute discretion.

7.12 Insufficient Funds Fee. If any payment you attempt to make is returned for insufficient funds, you shall pay to us an Insufficient Funds Fee of \$100 for each such failed payment.

7.13 Priority of Payments. All fees paid in accordance with this Section 7, inclusive, shall be paid on a preferred priority basis, before the payment of operating and capital expenditures, including, but not limited to, rent, vendors, suppliers, distributors, advertisers, and in advance of all distributions and remunerations by you to any of your Owners.

7.14 Non-Compliance Fee. If, in our sole discretion, we determine that you are not in compliance with this Agreement, our System standards and specifications, or the Manual, we may charge a five hundred dollar (\$500) per week non-compliance fee until you correct or cease such non-compliance. This fee is a reasonable estimate of our internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from your non-compliance. This non-compliance fee is in addition to all of our other rights and remedies.

## **8. Marks**

8.1 Ownership and Goodwill of Marks. Franchisee's non-exclusive right to use the Marks is derived only from this Agreement and is limited to Franchisee's operating the Service Center according to this Agreement and all System Standards Franchisor implements during the Term. Franchisee's unauthorized use of the Marks is a breach of this Agreement and infringes Franchisor's and its licensor's rights in the Marks. Franchisee's use of the Marks and any goodwill established by that use are for Franchisor's and its licensor's exclusive benefit, and this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Service Center under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks that Franchisor periodically authorizes Franchisee to use. Franchisee may not at any time during or after the Term contest or assist any other person or Entity in contesting the validity, or Franchisor's and its licensor's ownership, of the Marks. Franchisee acknowledges and agrees that it has no right to sublicense its rights with respect to the Marks.

8.2 Notification of Infringements and Claims. Franchisee agrees to notify Franchisor immediately of any actual or apparent infringement of or challenge to Franchisee's use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than Franchisor, its licensor, and its licensor's attorneys, and Franchisee's attorneys, regarding any infringement, challenge or claim. Franchisor or its licensor may take the action that Franchisor or it deems appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any reasonable actions that, in the opinion of Franchisor's attorneys, are necessary or advisable to protect and maintain Franchisor's and its licensor's interests in any litigation or U.S. Patent and Trademark Office or other proceeding or otherwise to protect and maintain Franchisor's and its licensor's interests in the Marks. At its option, Franchisor or its licensor may defend and control the defense of any litigation or proceeding relating to any Mark.

8.3 Limitations on Franchisee's Use of Marks. Franchisee agrees to use the Marks as the Service Center's sole identification, subject to the notices of independent ownership that Franchisor periodically designates. Franchisee may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos Franchisor has licensed to Franchisee), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, or otherwise in connection with any Social Media, website, or other electronic medium, or (v) in any other manner Franchisor has not expressly authorized in writing. Franchisee may not use any Mark in advertising the transfer, sale or other disposition of the Service Center

or any direct or indirect Ownership Interest in Franchisee without Franchisor's prior written consent, which Franchisor will not unreasonably withhold. Franchisee may not manufacture, use, sell, or distribute, or contract with any party other than Franchisor's or its affiliate's authorized licensees to manufacture, use, sell, or distribute, any products bearing any of the Marks. Franchisee agrees to display the Marks prominently as Franchisor periodically specifies at the Service Center and on forms, advertising, supplies, vehicles, employee uniforms, and other materials Franchisor periodically designates. Franchisee agrees to give the notices of trademark and service mark registrations that Franchisor periodically specifies and to obtain any fictitious or assumed name registrations required under applicable law.

8.4 Discontinuance of Use of Marks. If Franchisor believes at any time that it is advisable for Franchisor and/or Franchisee to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply with Franchisor's directions within a reasonable time after receiving notice. Franchisor need not reimburse Franchisee for its expenses in complying with these directions (such as costs Franchisee incurs in changing the Service Center's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for Franchisee's expenses of promoting a modified or substitute trademark or service mark.

## 9. Marketing and Advertisement

9.1 Grand Opening Marketing Program. You must, at your sole expense, develop and implement a grand opening program approved by us beginning 30 days prior to your scheduled Opening Date and concluding 60 days after your scheduled Opening Date (the "Grand Opening Period"). You must spend at least twenty thousand dollars (\$20,000) for the grand opening marketing program during the Grand Opening Period. To the extent we have developed or approved marketing or advertising materials for the grand opening, you must use such materials. We will consult with you in planning your grand opening marketing program.

### 9.2 Brand Fund.

9.2.1 Contribution. Franchisor has established an advertising and marketing fund (the "**Brand Fund**") for the advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of Strickland Brothers Service Centers that Franchisor periodically deems appropriate. Franchisee is required to contribute two percent (2%) of its Gross Revenue per month in the manner we prescribe in Section 7.5 of this Agreement. Brand Fund contributions must be paid together with each payment of Royalty Fees. We have the right to designate and direct all programs that the Brand Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. The foregoing includes the right to use the Brand Fund to develop, produce, and distribute national, regional, and/or local advertising, website design and management, and to create advertising and public relations materials which promote, in our judgment, the products and services offered by System franchisees. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing and producing advertising and marketing materials, as well as for producing and placing video, audio and written materials, electronic media, and social media; developing, maintaining and administering one or more System websites, customer retention programs, mobile applications, and other technologies used to reach customers and potential customers. The foregoing is also intended to include utilizing Brand Fund contributions to fund advertising, promotion, and marketing agencies and other advisors to provide assistance and supporting public and customer relations, market research, and other advertising, promotion, marketing, and brand-related activities. The Brand Fund also may reimburse franchisees (including Franchisor and/or its affiliates) for expenditures consistent with the Brand Fund's purposes that Franchisor or its affiliates periodically specifies. Franchisor also may implement programs that could be financed by the Brand Fund, but choose to have them financed through other means, such as

direct payments by Franchisee and other participating franchisees. We are not obligated to expend monies from the Brand Fund in any particular franchisee's market in proportion to the payments to the Brand Fund made by the franchisee in that market. We do not represent that we will spend any particular amount of Brand Funds locally, regionally, or nationally. We use Brand Fund Contributions to develop and prepare advertising which we distribute to System franchisees for their placement in the local media. The advertising is prepared by us and by outside sources.

9.2.2 If we do not spend all Brand Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the Brand Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Brand Fund expenditures.

9.2.3 We will not use the Brand Fund to pay any of our general operating expenses, except to compensate Franchisor and its affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs Franchisor and they incur in connection with activities performed for the Brand Fund and its programs, including conducting market research, preparing advertising and marketing materials, maintaining and administering the System website and/or social media, developing technologies to be used by the Brand Fund or its programs, collecting and accounting for Brand Fund contributions, and paying taxes on contributions. The Brand Fund is not a trust, and Franchisor does not owe Franchisee fiduciary obligations because of Franchisor's maintaining, directing, or administering the Brand Fund or any other reason.

9.2.4 The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. Franchisor may have the Brand Fund audited periodically at the Brand Fund's expense by an independent accountant Franchisor selects. Franchisor may incorporate the Brand Fund or operate it through a separate entity whenever Franchisor deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9.2.

9.2.5 Although Franchisor will try to use the Brand Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with this Section 9.2) that will benefit all or certain contributing Service Centers, we have the sole right to determine how to spend the Brand Fund contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs Franchisor need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund contributions from Strickland Brothers Service Centers operating in that geographic area, or that any Service Center benefits directly or in proportion to the Brand Fund contributions that it makes. Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect Brand Fund contributions. Franchisor also may forgive, waive, settle and compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 9.2, Franchisor assumes no direct or indirect liability or obligation to Franchisee for maintaining, directing or administering the Brand Fund, provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We have the right to reimbursement from the Brand Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs.

9.2.6 Franchisor may at any time defer or reduce a franchisee's contributions to the Brand Fund and, upon at least 30 days' written notice to Franchisee, reduce or suspend Brand Fund

contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If Franchisor terminates the Brand Fund, Franchisor will (at its option) either spend the remaining Brand Fund assets in accordance with this Section 9.2 or distribute the unspent assets to System franchisees (including Franchisor and its affiliates, if applicable) then contributing to the Brand Fund in proportion to their contributions during the preceding 12-month period.

9.3 Local Marketing. In addition to required contributions to the Brand Fund, on or before the fifteenth (15<sup>th</sup>) day of each month, Franchisee must pay to Franchisor two and one half percent (2.5%) of Franchisee's monthly Gross Revenue ("Local Marketing Requirement"). Franchisor, or its authorized representative, will use such funds for local marketing, advertising and promotion of the Franchised Business within the Territory. Franchisee is required to pay the Local Marketing Requirement in the manner Franchisor prescribes in Section 7.5.

Franchisee shall have the right, but not the obligation, to spend any amounts in addition to the Local Marketing Requirement that is paid to Franchisor. Franchisee must obtain Franchisor's prior written approval at least ten (10) days before making any financial commitment to use the materials. Franchisor will review Franchisee's request and Franchisor will respond in writing within seven (7) days from the date Franchisor receives all requested information. Franchisor's failure to notify Franchisee of its approval or denial in the specified time frame will be deemed a denial of Franchisee's request. If Franchisor approves the specified materials, Franchisor may later withdraw its approval in Franchisor's sole and absolute discretion, including if Franchisor reasonably believes it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentation in the advertising material.

9.4 Advertising Cooperative. Franchisor shall have the right, in its sole discretion, to designate geographic area in which two or more Service Centers are located as an area for an advertising or marketing cooperative (a "**Cooperative**"). The Cooperative's members in any area are the owners of all of the service Centers located and operating in that area (including Franchisor and its affiliates, if applicable) that Franchisor has the right to require to participate in the Cooperative. Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that Franchisor determines. Franchisor may change, dissolve or merge Cooperatives. Each Cooperative's purpose is, with Franchisor's approval, to develop, administer or implement advertising, marketing and promotional materials and programs for the area that the Cooperative covers. If a Cooperative has been established in your area prior to opening the Service Center, you shall become a member of the Cooperative no later than 30 days after opening the Service Center. If a Cooperative is established subsequent to the opening of your Service Center, you shall become a member of the Cooperative no later than 30 days after the date on which the Cooperative commences operation. If the Service Center is within a geographic area encompassing more than one Cooperative, you shall not be required to be a member of more than one Cooperative. If a Cooperative is established, you will be required to contribute up to one percent (1%) of your Gross Revenues on a monthly basis to the Cooperative, which shall be credited toward your Local Advertising Requirement as set forth above. However, if you are not required to make contributions and the members of the Cooperative elect to make voluntary contributions, you will not be required to contribute to the Cooperative. As such, any voluntary contributions made to a Cooperative will not be automatically credited toward your Local Advertising Requirement. Instead, Franchisor in its sole discretion, will determine whether to allow such contributions to be credited towards your Local Marketing Requirement. Franchisee agrees to sign the documents that Franchisor requires to become a member of a Cooperative and to participate in the Cooperative as those documents require. Franchisee agrees to contribute to the Cooperative the amounts that the Cooperative determines, subject to Franchisor's approval. All material decisions of the Cooperative, including contribution levels (which also require Franchisor's approval), will require the affirmative vote of more than 50% of all Strickland Brothers Service Centers that are required to participate in the Cooperative (including, if applicable, those operated by Franchisor or its affiliate), with each Service Center

receiving one vote. Franchisee agrees to send Franchisor and the Cooperative any reports that Franchisor or the Cooperative periodically requires. The Cooperative will operate solely to collect and spend Cooperative contributions for the purposes described above. The Cooperative and its members may not use any advertising, marketing or promotional programs or materials that Franchisor has not approved

## 9.5 Websites

9.5.1 Franchisor or one or more of its designees may establish a website or series of websites for the Strickland Brothers network to among other things, advertise, market and promote Service Centers, the products and services they offer, and the Strickland Brothers franchise opportunity (“**System Website**”). The current System Website is [www.sboilchange.com](http://www.sboilchange.com). If Franchisor includes information about the Service Center on the System Website, then Franchisee agrees to give Franchisor the information and materials that Franchisor periodically requests concerning the Service Center and otherwise participate in the System Website in the manner that Franchisor periodically specifies. Franchisor has the final decision concerning all information and functionality that appears on the System Website and will update or modify the System Website according to a schedule that Franchisor determines. By posting or submitting to Franchisor information or materials for the System Website, Franchisee is representing to Franchisor that the information and materials are accurate and not misleading and do not infringe any third party’s rights. Franchisee must notify Franchisor whenever any information about Franchisee or the Service Center on the System Website changes or is not accurate. Franchisor owns all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of “hits” by visitors, and any personal or business data that visitors (including Franchisee, its personnel and its customers) supply. Franchisor may use the Brand Fund’s assets to develop, maintain, support and update the System Website. Franchisor may implement and periodically modify System Standards relating to the System Website and, at Franchisor’s option, may discontinue all or any part of the System Website, or any services offered through the System Website, at any time. You shall not have any website other than the webpage(s) made available on the System Website.

9.5.2 Except for the System Website, Franchisee may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program. Furthermore, nothing in this Section 9.5 shall limit Franchisor’s right to maintain websites and technologies other than the System Website or to offer and sell products or services under the Marks from the System Website, another website or technology, or otherwise over the Internet (including to the Service Center’s customers and prospective customers) without payment or obligation of any kind to Franchisee.

9.5.3 Franchisor may approve a separate website for you (which Franchisor is not obligated to approve; and which approval, if granted, may later be revoked by Franchisor) subject to the conditions established by Franchisor, now or in the future.

9.5.4 Changes to Technology. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for the inevitable but unpredictable changes to technological needs and opportunities, you agree that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose.

9.5.5 Signs. You shall conspicuously display a sign that states that “THIS STRICKLAND BROTHERS 10 MINUTE OIL CHANGE BUSINESS IS AN INDEPENDENTLY OWNED AND OPERATED STRICKLAND BROTHERS SERVICE CENTER” within each Service Center, business cards, client/customer agreements, stationery, purchase order forms, invoices, other

documents that you use in your business dealings with suppliers, government agencies, employees and customers and wherever Franchisor has designated in the Manual or otherwise in writing so as to clearly identify you as an independent legal entity. You shall permanently display, at your own expense, in your Service Center, Strickland Brothers 10 Minute Oil Change signs of any nature, form, color, number, location and size. If you have a vehicle for use in the operation of the Service Center, Franchisor reserves the right to require that you display, at your own expense, Strickland Brothers 10 Minute Oil Change signs in compliance with this Section 9.5.5. Franchisor has the right to require you to change, modify, update upgrade and/or change any and all signs used in connection with the operation of your Service Center at any time upon written notice to you.

9.5.6 Marketing Materials. All marketing and promotion by you shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as Franchisor may specify. You shall not use any advertising or promotional plans or materials unless and until you have received written approval from Franchisor. Franchisor may make available to you, from time-to-time, at your expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional matters.

9.6 Promotions. You acknowledge that periodic rebates, give-a-ways, and other promotions and programs are an integral part of the System. Accordingly, you, at your sole cost and expense, shall, from time-to-time, issue and offer such rebates, give-a-ways, and promotions, in accordance with any reasonable advertising programs established by Franchisor, and shall further honor such rebates, give-a-ways, and promotions, issued by Franchisor, as long as all of the above does not contravene regulations and laws of appropriate government agencies.

9.7 Telephone Directories. You may, at your sole expense, obtain listings in the white and yellow pages of local telephone directories.

9.8 Franchise Advisory Council. Franchisor shall have the right, in its discretion, to require the establishment of a franchise advisory council for the System (the “**Advisory Council**”). The purpose of the Advisory Council shall include, but not be limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for system-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time-to-time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by Franchisor. Franchisor shall have the right to form, change, or dissolve an Advisory Council at any time in its sole discretion. The Advisory Council shall provide advice and counsel to the Franchisor only, and will not, under any circumstances have the right or power to require the Franchisor to take, or not take, any action.

9.9 Social Media. Franchisee is not permitted to promote the Service Center or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without Franchisor’s prior written consent. Franchisor will own and control all blogs, common social networks like Facebook, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites like Pinterest and Instagram, and other similar social networking or media sites or tools (collectively, “Social Media”) for the Service Center. Franchisee shall not create, own or operate, any blogs, common social networks like Facebook, professional networks like Linked-In, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites like Pinterest and Instagram, and other similar social networking or media sites or tools (collectively, “**Social Media**”) that in any way reference the Marks or involve the Service Center. Franchisee acknowledges that Franchisor shall be the sole and exclusive owner of all Social Media in connection with the Marks or the Service Center. If Franchisee establishes any Social Media in connection with the Marks or the Service Center,

Franchisee agrees to immediately transfer and assign ownership of the Social Media to Franchisor at no cost to Franchisor.

## **10. Operation and System Standards**

10.1 Insurance. During the Term, Franchisee must maintain in force at Franchisee's sole expense the insurance coverage for the Service Center in the amounts, covering the risks, and containing only the exceptions and exclusions that Franchisor periodically specifies for similarly situated Service Centers as well as coverage required by your lease agreement. All of Franchisee's insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as Franchisor periodically specifies). These insurance policies must be in effect on or before the deadlines Franchisor specifies. All coverage must be on an "occurrence" basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that Franchisor or its affiliates maintain. All coverage must provide for waiver of subrogation in favor of Franchisor and its affiliates. Franchisor may, upon at least 60 days' notice to Franchisee, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name Franchisor and any affiliates it designates as an additional insured and provide for 30 days' prior written notice to Franchisor of a policy's material modification or cancellation. Prior to the commencement of any operations under this Agreement, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than 30 days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation of the coverages evidenced by such Certificates. If Franchisee fails to obtain or maintain (or to prove that it has obtained or maintained) the insurance Franchisor specifies, in addition to its other remedies, Franchisor may (but need not) obtain such insurance for Franchisee and the Service Center on Franchisee's behalf, in which event Franchisee shall cooperate with Franchisor and reimburse Franchisor for all premiums, costs and expenses it incurs in obtaining and maintaining the insurance. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement, or at law or in equity.

10.2 Required Products and Services. Unless Franchisor otherwise approves, Franchisee must offer all of the products and services we designate as being mandatory and all products and services may not be offered or sold from any location other than the Site. We have the right to modify these mandatory items from time-to-time, at our sole discretion. Franchisee may not offer, sell, or otherwise provide at the Service Center, the Site or any other location any products or services that Franchisor has not authorized and you must discontinue offering, selling or otherwise providing any products or services that Franchisor at any time disapproves in writing. Franchisee may not offer or sell any other product or service without our prior written consent and you cannot offer products at wholesale without our prior written consent. Franchisee must use the proprietary and nonproprietary techniques, materials and supplies we designate in the Manual. Franchisee must provide all services in accordance with the standards and specifications set forth in the Manual and Franchisee must, at all times, maintain sufficient staff, materials and supplies to meet reasonably anticipated customer demand.

10.3 Approved Suppliers. Franchisor reserves the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and other products and services that Franchisor periodically authorizes for use at or sale by the Service Center. During the Term, Franchisee must purchase or lease all Operating Assets and other products and services for the Service Center only according to the System Standards and, if Franchisor requires, only from suppliers or distributors that Franchisor designates or approves (which may include or be limited to Franchisor or its affiliates). We have the right to designate one supplier for any given item or service. We may provide you with a list of suppliers, which list may change over time. While the suppliers included on this list may be



mandated, approved and/or recommended, we reserve the right to change this list, from time-to-time, in our sole discretion. Notifications of changes to the approved suppliers list will be communicated to you through changes to the Manual or other written communications, including via electronic mail. We may revoke approval of suppliers in our sole and absolute discretion, at any time, upon written notice. Franchisor may, from time-to-time, revoke its approval of particular items, services, products or suppliers. Upon receipt of notice of such revocation, you shall cease to offer, sell or use any disapproved item, products or services and you shall immediately cease to purchase from any disapproved supplier, but may dispose of previously ordered stock unless said stock poses a danger to customers or their vehicles. Franchisee agrees to look solely to the manufacturer or the supplier of the Operating Assets or services you purchased for the remedy for any defect in the goods or services. IN ADVISING YOU OF SUPPLIERS WHO MEET OUR STANDARDS AND SPECIFICATIONS, WE EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF THE GOODS OR SERVICES SOLD BY THE SUPPLIERS, INCLUDING, WITHOUT LIMITATION, EXPRESSED OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE.

10.4 Revenue from Suppliers. Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases, including from charging Franchisee for products and services that Franchisor or its affiliates provide to Franchisee and from promotional allowances, volume discounts, credits, rebates and other payments made to Franchisor by suppliers and/or distributors that it designates or approves for some or all of its franchisees (collectively, "**Allowances**"). Franchisor and its affiliates may use all amounts received from suppliers and/or distributors, whether or not based on Franchisee's or other franchisees' actual or prospective dealings with them, without restriction for any purposes Franchisor or its affiliates deem appropriate. You assign to Franchisor or its designee all of your right, title and interest in, and to any and all such Allowances and authorize Franchisor or its designee to collect and retain any or all such Allowances without restriction. We may use these benefits for any purpose we deem appropriate. We are not obligated to remit any benefits to you and reserve the right to retain all such benefits.

10.5 Alternative Suppliers. If you want to purchase any Operating Assets or other products or services for use at the Service Center that Franchisor has not yet evaluated, or purchase or lease any Operating Assets or other products or services from a supplier or distributor who is not on our approved list (for Operating Assets or other products and services that Franchisor requires Franchisee to purchase only from designated or approved suppliers or distributors) Franchisee first must submit sufficient information, specifications and samples for Franchisor to determine whether the product or service complies with Franchisor's standards and specifications and/or the supplier or distributor meets Franchisor's criteria. At a minimum, the proposed supplier's or distributor's product or service, as applicable, must conform in every respect to our standards and specifications, and the supplier or distributor must have a good business reputation and be able and willing to provide sufficient quantities of the product and adequate service to Franchisee. The supplier or distributor must also provide us with any information we request in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product to our standards. This evaluation may include a review of the product at either the supplier's/distributor's business or at our place of business as we may designate. Where appropriate, we may require the supplier or distributor to provide us with product liability insurance. All suppliers and distributors must agree to provide us with reports concerning all purchases by you or other franchisees. For each supplier, distributor or product Franchisee submits for Franchisor's review, Franchisee must pay Franchisor a Supplier and Product Evaluation Fee set by Franchisor which is subject to increase at any time as determined by Franchisor in its sole discretion. We cannot predict with any certainty how long any evaluation will take; however, we will attempt to complete our evaluation within 30 days. Upon the completion of our evaluation, we will inform you of our approval or disapproval of your request. If we approve the supplier or distributor, the supplier or distributor will be added to our approved list, however, our approval of a supplier or distributor relates only to the Operating Asset or product line evaluated and specifically approved by us. Franchisor may condition its approval of a supplier or distributor on requirements relating to product quality, prices,

consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. Franchisor has the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product or other samples, at its option, either directly to Franchisor or to any independent laboratory that Franchisor designates for testing. Notwithstanding the foregoing, Franchisee agrees that Franchisor may limit the number of approved suppliers or distributors with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of Franchisee's requests for any reason, including if Franchisor has already designated an exclusive source (which might be its affiliate) for the applicable product or service or if Franchisor believes that doing so is in the best interests of the franchise network. For the avoidance of any doubt, our standards, specifications and other criteria, for supplier or distributor approval have been developed by us, our affiliates, and/or our principals through the expenditure of extensive work and time and are considered confidential information. Therefore, we do not make our standards and specifications or our other criteria for supplier or distributor approval available to you or suppliers.

**NEITHER FRANCHISOR, ITS PARENT COMPANIES NOR ANY AFFILIATES, MAKE ANY EXPRESS OR IMPLIED WARRANTIES REGARDING ANY OPERATING ASSET, PRODUCT OR SERVICE, AND FRANCHISOR AND ITS AFFILIATES EXCLUDE (AND EXPRESSLY DISCLAIM) ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS SET FORTH IN A PARTICULAR WRITTEN WARRANTY, IF ANY, PROVIDED IN CONNECTION WITH A PARTICULAR OPERATING ASSET, PRODUCT OR SERVICE.**

10.6 Purchasing Programs, Promotional Programs. We may establish national or regional purchasing programs for the purpose of negotiating purchases of certain products and/or services from approved or designated suppliers. The purchasing programs may (but are not required to) benefit you by reducing prices, increasing reliability in supply, improving distribution, and establishing consistent pricing for reasonable periods to avoid market fluctuations. If a national and/or regional purchasing program is established for the region where your Service Center is located, you must participate in the program.

10.7 Pricing. Franchisor reserves the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices that you may charge for products and services at the Service Center.

10.8 Compliance with Laws. Franchisee shall operate the Service Center in full compliance with all applicable federal, state and local laws and regulations pertaining directly or indirectly to the Service Center. Franchisee must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the Service Center's operation. Franchisee shall comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and any other applicable federal, state, or local law, ordinance, regulation, policy, list or other requirement of any governmental authority addressing or in any way relating to terrorist acts or acts of war ("**Anti-Terrorism Laws**"). Without limiting the foregoing, Franchisee represents and warrants to Franchisor that none of Franchisee's (or its Owners') property or interests is subject to being blocked under, and Franchisee and its Owners otherwise are not in violation of, any Anti-Terrorism Law. The Service Center must in all dealings with its customers, prospective customers, suppliers, Franchisor and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which might injure Franchisor's business or reputation, or the goodwill associated with the Marks or other Service Centers. Franchisee must notify Franchisor in writing within five days of: (1) the commencement of any action, suit or proceeding relating to the Service Center; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which might adversely affect Franchisee's operation or financial condition or that of the Service Center; and

(3) any notice of violation or alleged violation of any law, ordinance or regulation relating to the Service Center.

10.9 Compliance with System Standards. Franchisee acknowledges and agrees that operating and maintaining the Service Center according to System Standards, as Franchisor may periodically modify and supplement them, are essential to preserve the goodwill of the Marks and all Strickland Brothers Service Centers. Therefore, Franchisee agrees at all times to operate and maintain the Service Center according to each and every System Standard, as Franchisor periodically modifies and supplements them. Franchisee acknowledges that Franchisor's periodic modification of Franchisor's System Standards may obligate Franchisee to invest additional capital in the Service Center and incur higher operating costs, and Franchisee agrees to comply with those obligations within the time period Franchisor specifies. Notwithstanding the foregoing, Franchisee retains the responsibility for the day-to-day management and operation of the Service Center and implementing and maintaining System Standards at the Service Center.

10.10 Service Center Employees. Franchisor and Franchisee agree that any materials, guidance or assistance that Franchisor provides with respect to the terms and conditions of employment for Franchisee's employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Manual or otherwise, are solely for Franchisee's optional use and they do not form part of the mandatory System Standards. Franchisee (and not Franchisor) will determine to what extent, if any, these materials, guidance or assistance should apply to the Service Center's employees. Franchisee acknowledges that Franchisor does not dictate or control employment matters for franchisees and their employees and will not be responsible for the safety and security of Service Center employees or patrons. Franchisee is solely responsible for determining the terms and conditions of employment for all Service Center employees, for all decisions concerning the hiring, firing and discipline of Service Center employees, and for all other aspects of the Service Center's labor relations and employment practices.

10.11 Remodeling and Upgrading. You agree to renovate, refurbish or replace, at your own expense, the décor, layout, Operating Assets, intellectual property and other items used in the operation of the Service Center, when reasonably required by Franchisor in order to comply with the image, standards of operation and performance capability established by Franchisor from time to time. If Franchisor changes its image or standards of operation, you will be given a reasonable period of time within which to comply with such changes. Franchisor agrees that you will not be required to complete a remodel or upgrade, as described in this Section 10.11, which affects the overall Service Center and costs in excess of the greater of \$50,000 or two percent (2%) of your average adjusted Gross Revenue during the previous five-year period ("**Remodel/Upgrade Limit**") during the first five years of the term of this Agreement or more than one time in each five-year period thereafter.

10.12 Inspections. In an effort to advance the protection and enhancement of the Strickland Brothers 10 Minute Oil Change brand and the Marks, Franchisor and/or its designated agents or representatives may conduct periodic quality control and records inspections of the Service Center at any time during the Term. Inspections may be made with or without prior notice. Without limiting the foregoing, you grant Franchisor and its agents the right to: (i) enter upon the Service Center premises for the purpose of conducting inspections, and you shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; (ii) photograph your Service Center and observe and record video of your Service Center's operation for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview customers at the Service Center; and (iv) inspect and copy any books records and documents related to your Service Center's operation. You shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. If any inspection reveals that you are not in compliance with any provision of this Agreement, the Manual, or any of System Standard, you shall be deemed in default of your obligations under this Agreement and Franchisor shall have the right to take such action as permitted under this Agreement, which may include issuing a default

notice and terminating this Agreement if you fail to cure the breach before the expiration of all applicable notice and cure periods. You further agree that you will reimburse Franchisor for its representative's time and travel expenses if an additional inspection at the Service Center is required as a result of a default hereunder which has not been cured, if possible.

#### 10.13 Customer Satisfaction

10.13.1 You must present customers with such evaluation cards or forms as Franchisor may periodically prescribe, for return by the customers to Franchisor. If your scores from the customer response forms do not meet Franchisor's then-current standards, as may be described in the Manual, Franchisor may suggest ways in which you can improve your scores. Depending upon the extent of your failure to meet such then-current standards, if you do not take prompt, effective steps to bring the operation of your Service Center into conformity with Franchisor's standards, your failure may constitute a material breach of this Agreement entitling Franchisor to take appropriate actions hereunder as a result.

10.13.2 You shall respond to all customer complaints, suggestions and the like via e-mail, telephone, or regular mail within 48 hours of submission by the customer or prospective customer. If Franchisor chooses to, or is required to, intervene, you agree to reimburse any costs incurred by Franchisor and to comply with any decision made by Franchisor in regard to such customer complaint, including, but not limited to, the issuance of refunds and/or offering of free services to customers.

10.13.3 You shall install a video and/or security system, in a manner consistent with our System Standards, and shall provide Franchisor with access to view the video at any time.

10.13.4 We may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program. You agree that the Service Center will participate in such mystery shopper program, as prescribed and required by us. You further agree to reimburse us our actual expenses incurred for such mystery shopper that we send to your Service Center.

10.14 Notification of Complaints. You shall notify Franchisor promptly if you are served with a complaint or demand in any legal proceeding that is in any way related to the Service Center or if you become aware that you are the subject of any complaint or investigation by a governmental agency, governmental licensing authority, or consumer protection agency. You shall notify Franchisor immediately upon receipt of any notice of a breach of the lease agreement for the premises of the Service Center. You must notify Franchisor of any claim arising from or affecting the financial condition of your Service Center.

10.15 Management and Personnel. The Principal Owner is not required to devote a minimum number of hours to the management and operation of your Service Center. However, another employee (i.e. General Manager and assistant managers) who has successfully completed Franchisor's initial training program shall be present at the Service Center whenever the Service Center is open for business. You shall maintain, at all times, a staff of competent conscientious and trained employees sufficient to operate the Service Center in compliance with the System Standards and other requirements associated with a Strickland Brothers Service Center.

10.16 Service Center Operations. You shall use the Service Center solely for the operation of the business franchised hereunder; shall keep the Service Center open and in normal operation for such minimum hours and days as Franchisor may specify in the Manual or otherwise directs from time-to-time; shall refrain from using or permitting the use of the Service Center for any other purpose or activity at any time without first obtaining the written consent of Franchisor.

10.17 Payment of Indebtedness. You shall pay promptly when due all taxes and debts that you incur in the conduct of the Service Center. Except in connection with the financing of the initial development of the Service Center, including any SBA financing, the Service Center and all assets and equipment used in connection with the operation of the Service Center shall remain free and clear of any pledge, mortgage, hypothecation, lien, charge, encumbrance, security interest or purchase right or options unless approved by Franchisor in writing. The Service Center revenues, including Gross Revenues and if you are a partnership, corporation, or limited liability company, each of your Owners' interest in the franchisee entity, shall be and remain free and clear of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options, unless approved by Franchisor in writing.

## **11. Financial Information**

11.1 Records. You shall record all sales and all receipts of revenue on individual serial-numbered receipts. Bank Deposits must validate all receipts. You shall retain daily sales reporting forms and accompanying records for at least three years after the date of sale (or for a longer period if required by state or local law). You shall retain all other records and receipts used in the ordinary course of business. You shall furnish all records to Franchisor upon request.

11.2 Reports. You shall submit to Franchisor, on or before the 15th day following the end of each month, financial reports on the income and expenses of the Service Center in the format specified in the Manual. You shall also submit to Franchisor, at the time of filing, copies of all federal state and local income, sales, and property tax returns. Franchisor will use this data to confirm that you are complying with your obligations under this Agreement, and to formulate earnings and expense information for Possible disclosure to prospective franchisees. In addition to the foregoing, on or before the 15th day following the end of each month, you shall submit proof of payment for any leasehold rental obligations, sales tax, and payroll taxes.

## **12. Confidential Information, Customer Data, and Innovation**

12.1 Confidential Information. Franchisor and its affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of Service Centers (the "**Confidential Information**"), including: (i) development plans for Strickland Brothers Service Centers, (ii) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Strickland Brothers Service Centers, (iii) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Strickland Brothers Service Centers, (iv) knowledge of the operating results and financial performance of Strickland Brothers Service Centers, (v) customer communication and retention programs, along with data used or generated in connection with those programs, including Customer Data and (vii) any other information Franchisor reasonably designates from time to time as confidential or proprietary. Franchisee acknowledges and agrees that by entering into this Agreement and/or acquiring the Service Center, Franchisee will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information that Franchisor periodically designates in operating the Service Center during the Term and according to the System Standards and this Agreement's other terms and conditions, and that Franchisee's use of any Confidential Information in any other business would constitute an unfair method of competition with Franchisor and its franchisees. Franchisor and its affiliates own all right, title and interest in and to the Confidential Information. Franchisee further acknowledges and agrees that the Confidential Information is proprietary, includes Franchisor's trade secrets, and is disclosed to Franchisee only on the condition that Franchisee and its Owners agree, and Franchisee and they do agree, that Franchisee and its Owners: (a) will not use any Confidential Information in any other business or capacity, whether during or after the Term,

(b) will keep the Confidential Information absolutely confidential, both during the Term and thereafter for as long as the information is not in the public domain, (c) will not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form, (d) will adopt and implement all reasonable procedures that Franchisor periodically designates to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Service Center personnel and others needing to know such Confidential Information to operate the Service Center, and using confidentiality agreements with those having access to Confidential Information. Franchisor has the right to regulate the form of agreement that Franchisee uses and to be a third-party beneficiary of that agreement, and (e) will not profit in any way from the Confidential Information, except during the Term using methods Franchisor approves. “Confidential Information” does not include information, knowledge or know-how that is or becomes generally known in the oil change industry (without violating an obligation to Franchisor or its affiliate) or that Franchisee knew from previous business experience before Franchisor provided it to Franchisee (directly or indirectly) or before Franchisee began training or operating the Service Center. If Franchisor includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

12.2 Customer Data. Franchisee must comply with Franchisor’s System Standards, other directions from Franchisor, prevailing industry standards (including payment card industry data security standards), all contracts to which Franchisee is a party or otherwise bound, and all applicable laws and regulations, as any of them may be modified from time to time, regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Data on Franchisee’s Computer System or otherwise in Franchisee’s possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Data. “**Customer Data**” means names, contact information, financial information, ordering history and other personal information of or relating to the Service Center’s customers and prospective customers. You shall use your best efforts to protect your customers against any and all data breaches and cyber-events, including, without limitation, identity theft or theft of personal information. If there is a suspected or actual breach of security or unauthorized access involving Franchisee’s Customer Data (a “**Data Security Incident**”), Franchisee must notify Franchisor immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Data was compromised or disclosed. Franchisee must comply with Franchisor’s instructions in responding to any Data Security Incident. Franchisor, at Franchisee’s expense, has the right, but no obligation, to control the direction and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding including all communications with the franchise system, vendors and suppliers, customers, law enforcement agencies, regulatory authorities and the general public. You hereby acknowledge and agree that neither Franchisor nor any of its parents, affiliates, subsidiaries, owners, officers, directors, or employees shall be liable to you for any damages arising out of or resulting from any Data Security Breach or any action or inaction in response to a Data Security Incident. You hereby acknowledge and agree that if Franchisor engages or designates a third-party service provider to administer a data security program, you will be required to comply with the requirements of such service provider. It is your responsibility to ensure that you operate the Service Center at all times in compliance with all aforementioned laws, rules, regulations and requirements and you are strongly encouraged to engage legal, and data security professionals, including insurance providers to ensure your full compliance and adequate protection. Franchisor and its affiliates may, through the Computer System or otherwise, have access to Customer Data. During and after the Term, Franchisor and its affiliates may make any and all disclosures and use the Customer Data in its and their business activities and in any manner that Franchisor or they deem necessary or appropriate. Franchisee must secure from its vendors, customers, prospective customers and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Data to Franchisor and its affiliates and for Franchisor and its affiliates to use that Customer Data in the manner that this Agreement contemplates.

12.3 Innovations. All ideas, concepts, techniques or materials relating to the Service Center (collectively, “**Innovations**”), whether or not protectable intellectual property and whether created by or for Franchisee or its Owners, employees or contractors, must be promptly disclosed to Franchisor and will be deemed to be Franchisor’s sole and exclusive property, part of the Franchise System, and works made-for-hire for Franchisor. To the extent any Innovation does not qualify as a work made-for-hire for Franchisor, by this paragraph Franchisee assigns ownership of that Innovation, and all related rights to that Innovation, to Franchisor and agrees to sign (and to cause its Owners, employees and contractors to sign) whatever assignment or other documents Franchisor requests to evidence its ownership or to help Franchisor obtain intellectual property rights in the Innovation. Franchisor and its affiliates have no obligation to make any payments to Franchisee or any other person with respect to any Innovations. Franchisee may not use any Innovation in operating its Service Center or otherwise without Franchisor’s prior approval.

### **13. Exclusive Relationship and Non-compete Covenants**

13.1 In-Term. Franchisee acknowledges that Franchisor has granted Franchisee the rights under this Agreement in consideration of and reliance upon Franchisee’s and its Owners’ agreement to deal exclusively with Franchisor in connection with the operation of an oil change business. Franchisee therefore agrees that, during the Term, none of Franchisee and its affiliates and their respective owners, directors, officers, and agents, as well as each Owner’s spouse and all minor children will:

1. have any direct or indirect, controlling or non-controlling Ownership Interest – whether of record, beneficial or otherwise – in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not apply to the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;
2. perform services as a director, officer, manager, teacher, employee, consultant, representative or agent for a Competitive Business, wherever located or operating; or
3. divert or attempt to divert any business, client, or potential client of the Service Center to any competitor, by direct or indirect inducement or otherwise, or to do or perform, directly or indirectly, any other act, injurious or prejudicial, to the goodwill associated with the Marks or the System.

The term “Competitive Business” shall mean any and all businesses that are competitive with Strickland Brothers 10 Minute Oil Change businesses, including, without limitation, any (a) local and national companies which provide oil change services, or (b) in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses described in subpart (a) of this Section.

13.2 Post-term. Upon expiration or termination of this Agreement for any reason except pursuant to Section 17.1, and except with respect to other franchise agreements with Franchisor then in effect, Franchisee and its Owners agree that, for two years beginning on the effective date of termination or expiration (subject to extension as provided below), neither Franchisee nor any of its Owners, nor any members of Franchisee’s or their spouse and all minor children, will:

1. have any direct or indirect, ownership interest in any Competitive Business which is located or providing products or services to customers at any location: (a) at the Site; (b) within a fifteen radius of the Site; or (c) within a fifteen mile radius of any Strickland Brothers Service Center then operating or under construction on the effective date of the termination or expiration, provided that this restriction will not apply to the ownership of shares of a class of securities which are publicly traded on a United States

stock exchange representing less than three percent (2%) of the number of shares of that class of securities issued and outstanding; or

2. perform services as a director, officer, manager, employee, consultant, representative or agent for a Competitive Business which is located or providing products or services to customers at any location (a) at the Site; (b) within a 15-mile radius of the Site; or (c) within a 15-mile radius of any Strickland Brothers Service Center then operating or under construction on the effective date of the termination or expiration.

The time period during which these restrictions apply will be automatically extended, with respect to all persons covered by this Section 13.2, for each day during which any person covered by this Section 13.2 is not complying fully with this Section 13.2. These restrictions also apply after transfers and other events, as provided in Section 16, and are in addition to the restrictions in Section 16.6. Franchisee (and each of its Owners) acknowledge that Franchisee (and they) possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, Franchisor's enforcing the covenants made in this Section 13.2 will not deprive Franchisee or them of personal goodwill or the ability to earn a living.

#### **14. Relationship of the Parties and Indemnification**

14.1 Independent Status. Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between them. It is expressly agreed that the parties intend by this Agreement to establish a relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in Franchisor's name or on Franchisor's behalf any obligation express or implied or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither you nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venturer, of or with the other. Franchisee is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Service Center and its business, including any personal property, equipment, fixtures or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Service Center. All employees and agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not, for any purpose be deemed employees or agents of Franchisor nor subject to Franchisor's control. Franchisor has no authority to exercise control over the hiring or termination of your employees, independent contractors, agents or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent such indirect control is related to Franchisor's legitimate interest in protecting the quality of the products and services associated with the Marks. You shall file your own tax, regulatory and payroll reports with respect to your employees, agents and contractors, and you shall save, indemnify and hold Franchisor and its parents, affiliates, owners, officers, directors and subsidiaries harmless from any and all liability, costs and expenses, of any nature, that any such party incurs related to these obligations. Without limiting the foregoing, you are an independent legal entity and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, customers and others. No act or assistance by either party to the other pursuant to this Agreement may be construed to alter this relationship. You are solely responsible for complying with Franchisor policies, practices, and decisions relating to the operation of the Service Center. You shall rely on your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not expressly or implicitly hold yourself out as an employee, partner, shareholder, member, joint-venturer or representative of Franchisor, nor may you expressly or implicitly state or suggest that you have the right or power to bind Franchisor, or to incur any liability on Franchisor's behalf.

14.2 No Liability for Acts of Other Party. Franchisor and Franchisee agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or



on behalf of the other or represent that their relationship is other than franchisor and franchisee. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Service Center's operation or the business Franchisee conducts under this Agreement.

14.3 Taxes. Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee or the Service Center, due to the business Franchisee conducts (except any taxes Franchisor is required by law to collect from Franchisee for purchases from Franchisor and Franchisor's income taxes). Franchisee is responsible for paying these taxes.

## **15. Indemnification and Defense of Claims**

15.1 Franchisee agrees to indemnify and hold harmless Franchisor, its affiliates, and its and their respective owners, directors, officers, employees, agents, representatives, successors and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (a) the Service Center's development or operation; (b) the business Franchisee conducts under this Agreement; (c) Franchisee's breach of this Agreement; (d) Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Service Center's construction, design or operation, and including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees; or (e) claims alleging either intentional or negligent conduct, acts or omissions by Franchisee (or its contractors or any of its or their employees, agents or representatives), or by Franchisor or its affiliates (or its or their contractors or any of its or their employees, agents or representatives), subject to Section 14.2. "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs, including accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

15.2 Franchisee agrees to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Subsection 15.1(a) through (e) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at Franchisee's expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 15 (instead of having Franchisee defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses Franchisee is solely responsible, subject to Section 15.3. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee, and Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section 15. Franchisee's obligations under this Section 15 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

15.3 Franchisee shall notify Franchisor immediately when it learns about an infringement or challenge to Franchisee's use of any Mark, including the Strickland Brothers 10 Minute Oil Change mark. Franchisor will take the action it deems appropriate in any such situation. Franchisor has exclusive control over any proceeding or settlement concerning any of the Marks. Franchisee must take all actions that, in the opinion of Franchisor's counsel, may be advisable to protect and maintain Franchisor's interests in any

proceeding or to otherwise protect and maintain Franchisor's interests in the Mark. While Franchisor is not required to defend Franchisee against a claim arising from its use of any of the Marks, Franchisor will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing Franchisee's authorized use of any Mark provided that (a) Franchisee's use is and has been in accordance with the terms of this Agreement and such other terms as may be specified by Franchisor; and (b) Franchisee notifies Franchisor of the proceeding or alleged infringement in a timely manner and (c) Franchisee has complied with Franchisor's reasonable directions regarding the proceeding. Franchisor has the right to control the defense and settlement of any proceeding. Franchisor will not reimburse Franchisee for its expenses and legal fees for separate, independent legal counsel, or for expenses in removing signage or discontinuing Franchisee's use of any Mark. Franchisor will not reimburse Franchisee for disputes where Franchisor and/or any of its parents, affiliates, successors or assigns challenges Franchisee's use of a Mark.

## **16. Transfer of Franchise**

16.1 Franchisor's Right to Transfer. Franchisor shall have the right to sell, transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

16.2 Transfer by Franchisee – Definition. In this Agreement, "Transfer" means any direct or indirect transfer, pledge, encumbrance, sale, gift, hypothecation, mortgage, sublicense, transfer through bequest or inheritance, transfer in trust, divorce or by operation of law or by any other means, or disposition of: (i) any interest in this Agreement (ii) any part of this Agreement, (in) any rights or privileges incidental to this Agreement, (iv) the Service Center or any interest therein, (v) any ownership interest in Franchisee, (vi) substantially all of the assets of the Service Center or all or part of the daily operation of the Service Center to a person or entity who shares in the losses or profits of the business in a manner other than as an employee, or (vi) including, without limitation, any arrangement whereby you sell or pledge accounts receivable or any other assets of the Service Center (each a "**Transfer**").

16.3 Franchisee's Condition Right to Transfer. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that Franchisor has granted this franchise in reliance of your (or, if you are a corporation, partnership, or limited liability company, your principals) business skill, financial capacity and personal character. Accordingly, neither you nor any Owners undertake any transfer or permit any transfer to occur without first tendering to us the right of first refusal in accordance with Section 16.8 and, if we do not exercise such right, obtaining our prior written consent, and complying with the transfer conditions described in Section 16.6. You must notify us immediately of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be null and void.

16.4 Insolvency. In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in Section 15.8, and if we do not exercise such right, must apply for and obtain our consent to the transfer and satisfy the transfer conditions described in Section 15.6. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

16.5 No Publicity of Transfer. Franchisee may not place in, on or upon the location of your Service Center, within the Territory, or in any communication media or any form of advertising, any

information relating to the sale of your Service Center or the rights under this Agreement, without our prior written consent.

16.6 Conditions of Transfer. Application for Franchisor's consent to a transfer and tender of the right of first refusal must be made by submission of Franchisor's form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other information that we require. Any agreement used in connection with a transfer will be subject to our prior written approval. Franchisor's conditions its consent to any proposed transfer upon the following:

1. the transferee must meet all of Franchisor's then-current requirements for new System franchisees, including, but not limited to, authorizing all background and credit checks, possessing sufficient net worth and sources of capital and being qualified to provide active supervision over the operation of the Service Center;

2. transferee must assume all of Franchisee's obligations in connection with the Service Center;

3. all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;

4. Franchisee is not in default of any provision of this Agreement;

5. transferee executes our then-current form of franchise agreement and all other agreements, instruments and legal documents then customarily used by us with respect to new System franchisees for a term agreed to by Franchisor, which agreement may vary materially from the agreements, legal instruments and documents currently in use by us, including the payment of higher fee and the payment of the then-current initial franchise fee. The transferee's owners guarantee the performance of all obligations in the franchise agreement in a writing satisfactory to Franchisor;

6. Franchisee and Principal Owner and each guarantor shall have executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees;

7. That Franchisee remain liable for all of the obligations to Franchisor in connection with the Service Center which arose prior to the effective date of the transfer and execute any and all instruments reasonable requested by Franchisor to evidence such liability;

8. That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Franchisor) and the transferee's manager (if transferee or transferee's principal will not manage the Service Center), at the transferee's expense, have successfully completed any training programs then in effect upon such terms and conditions as Franchisor may reasonably require and pay Franchisor the then-current training fee;

9. Franchisor approves the terms and conditions of the transfer agreement between the transferor and transferee;

10. Franchisee pays to Franchisor a transfer fee of \$20,000;

11. Franchisee and Principal Owner and all guarantors agree to comply with post-term non-compete covenant set forth in this Agreement; and

12. Franchisee and/or the transferee must have complied with any other conditions that Franchisor reasonably requires from time to time as part of its transfer policies.

16.7 Death or Mental Incapacity. Upon the death, physical or mental incapacity of any person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Service Center, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 16, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may either (i) terminate this Agreement, pursuant to Section 16 hereof or (ii) assume management of the Service Center (or appoint a third-party to assume its management) and charge you our then-current management fee as stated in the Manual plus all of our reasonable costs and expenses (the "**Management Fee**"). If Franchisor chooses to assume (or appoint a third-party to assume) management of the Service Center, Franchisee agrees to pay us the Management Fee in addition to the Royalty Fees, Brand Fund contributions, and other amounts due to Franchisor or its affiliates, for up to 60 days after Franchisor assumes management or such longer time as agreed upon between Franchisee and Franchisor. All funds from the Service Center's operation while it is under Franchisor's (or the third-party's) management will be kept in a separate account, and all expenses will be charged to this account. If Franchisor (or a third party) assume management of your Service Center, Franchisee acknowledges that Franchisor (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations the Service Center incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Service Center purchases, while Franchisor (or the third party) manage it. Franchisor's decision to assume management of Franchisee's Service Center (or to appoint a third party to assume management of the Service Center) will not affect Franchisor's right to terminate this Agreement under Section 17.

16.8 Franchisor's Right of First Refusal. Franchisor has the right, exercisable within 30 days after receipt of Franchisee's notice of its intent to transfer and such documentation and information that Franchisor requires, to send written notice to Franchisee that we intend to purchase the interest proposed to be transferred. We may assign our right of first refusal to a third party either before or after we exercise it. If the transfer is proposed to be made pursuant to a sale, we or our assignee may purchase the interest proposed to be transferred on the same economic terms and conditions offered by the third-party. Closing on the purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest (or, if the parties cannot agree on the cash equivalent as provided in the following sentence, within 60 days after the appraisers' determination). If we cannot reasonably be expected to provide the same consideration as the third-party, we may substitute the reasonable equivalent in cash. If you and we cannot agree on the reasonable equivalent in cash within a reasonable time, the fair market value of the interest proposed to be transferred will be determined by two independent appraisers, one of whom will be chosen by us and the other of whom will be chosen by you. If such appraisers cannot agree on such fair market value, they will jointly choose a third independent appraiser, whose decision will be final and binding. Each party will bear the cost for its chosen appraiser, and the cost of the third appraiser, if applicable, will be shared equally between the parties. We may purchase the interest at the fair market value determined by the appraisers or may elect at that time to not exercise our rights. Any material change in the terms of the third party offer after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If we and/or our designee decline to exercise the right of first refusal granted under this Section

16.8 that decision will not constitute our consent to the proposed transfer or waiver of any other provision of this Section 16.8 with respect to the proposed transfer.

## **17. Termination of Franchise Agreement**

17.1 Termination by Consent of the Parties. This Agreement may be terminated upon the mutual consent of the parties.

17.2 Termination by Franchisor. Franchisor may, at its option, terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if:

(i) Franchisee or any of its Owners engages in any dishonest, unethical or illegal conduct which, in Franchisor's opinion, adversely affects the Service Center's reputation, the reputation of other Strickland Brothers Service Centers or the goodwill associated with the Mark;

(ii) Franchisee or any of its Owners have any direct or indirect interest in the ownership or operation of any business other than the Service Center that is confusingly similar to the Service Center or uses the System or Marks, or if Franchisee fails to give Franchisor a signed copy of the Nondisclosure, Nonsolicitation and Noncompetition Agreement, a form of which is attached hereto as Exhibit 5 for you (or if you are a corporation, all officers and shareholders, or, if you are a partnership, all your general partners, or, if you are a limited liability company, all your members) within ten (10) days after Franchisor requests it;

(iii) Franchisee or any of its Owners makes an unauthorized transfer in breach of this Agreement;

(iv) Franchisee or any of its Owners have made any material misrepresentations or omission in connection with the acquisition of a Service Center or to induce Franchisor to enter into this Agreement or in the operation of the Service Center;

(v) Franchisee acts without Franchisor's prior written approval or consent in regard to any matter for which Franchisor's prior written approval or consent is expressly required by this Agreement;

(vi) Franchisee abandons or fails actively to operate the Service Center during the required hours of operation for two or more consecutive calendar days, or for three (3) or more calendar days during any month, unless Franchisee closes the Service Center for a purpose Franchisor approves or because of fire or other casualty;

(vii) Franchisee fails to permanently correct a breach of this Agreement, or to meet the System Standards stated in the Manual, after being twice requested in writing by Franchisor to correct a similar breach or meet a similar standard in any 12- month period;

(viii) Franchisee violates any law, ordinance or regulation relating to the ownership or operation of the Service Center, or operates the Service Center in an unsafe manner, and (if the violation can be corrected) Franchisee does not begin to correct the violation immediately, and correct the violation fully within 72 hours, after Franchisee receives notice of the violation from Franchisor or any other party;

(ix) Franchisee or any of its Owners, directors or officers breaches Section 12 of this Agreement or knowingly makes any unauthorized use or disclosure of any part of the Manual or any other Confidential Information;

(x) Franchisee or any Owner makes an assignment for the benefit of creditors or admits in writing Franchisee's or its insolvency or inability to pay Franchisee's or its debts generally as they become due; Franchisee or any Owner consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of Franchisee's or its property; the Service Center or any of the Operating Assets is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of Franchisee, any Owner or the Service Center is not vacated within 30 days following the order's entry;

(xi) Franchisee or any of its Owners plead guilty to, plead no contest to, or are convicted of, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System or Marks, the goodwill associated therewith, or Franchisor's interest therein;

(xii) Franchisee maintains false books or records, or submits any false reports to Franchisor;

(xiii) Franchisee offers a product or service without Franchisor's consent, or fails to offer any product or service designated by Franchisor;

(xiv) Franchisee fails to pay when due any federal, state or local income, sales or other taxes due, or repeatedly fails to make or delays making payments to its suppliers or lenders, unless Franchisee is in good faith contesting its liability for these taxes or payments;

(xv) effective five days after written notice is given to Franchisee, Franchisee fails to make any payment when due under this Agreement or any other agreement between Franchisee and Franchisor;

(xvi) Franchisee interferes with Franchisor's right to inspect the Service Center or observe its operation or Franchisor's right to audit Franchisee's books and records;

(xvii) Franchisee or any of its Owners fails on three or more separate occasions within any 12 consecutive month period to comply with any one or more obligations under this Agreement, whether or not any of these failures are corrected after Franchisor delivers written notice to Franchisee and whether these failures involve the same or different obligations under this Agreement;

(xviii) Franchisee fails to maintain the insurance Franchisor requires from time to time and/or Franchisee fails to provide Franchisor with proof of such insurance as this Agreement requires; or

(xix) Franchisee fails to comply with any other provision of this Agreement or any mandatory System Standard and does not correct the failure within 30 days after Franchisor delivers written notice of the failure to Franchisee; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the 30-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 you effective immediately upon the expiration of the 30-day period or such longer period as applicable law may require.

## **18. Rights and Obligations After Termination or Expiration**

18.1 Payment of Amounts Owed. Franchisee agrees to pay within 10 days after this Agreement expires or is terminated, or on any later date that the amounts due are determined, all amounts owed to Franchisor or its affiliates under this Agreement or any related agreement which then are unpaid.

18.2 De-Identification. When this Agreement expires or is terminated for any reason:

1. Franchisee must take any actions that are required to cancel all fictitious or assumed name or equivalent registrations relating to its use of any of the Marks and otherwise cease all uses of domain names and electronic addresses which directly or indirectly associate Franchisee of the Service Center with Franchisor, the Marks, the Franchise System or network of Strickland Brothers Service Centers;

2. Franchisee and its Owners shall not directly or indirectly at any time thereafter or in any manner (except in connection with other Service Centers they own and operate): (a) identify itself or themselves or any business as a current or former franchisee of Franchisor or as one of Franchisor's current or former franchisees or licensees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or any other indicia of a Service Center in any manner or for any purpose, including in or on any advertising or marketing materials, forms, or Social Media or other electronic media; or (c) use for any purpose any trade dress, trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with Franchisor or the network of Strickland Brothers Service Centers;

3. Immediately remove and deliver to Franchisor (or, at its option, destroy) all exterior and interior signs, Local Marketing and other advertising, marketing and promotional materials, forms and other documents containing any of the Marks or otherwise identifying or relating to a Strickland Brothers Service Center; and

4. Immediately make such alterations as Franchisor reasonably specifies to distinguish the Service Center and its assets clearly from their former appearance as a Strickland Brothers Service Center and from other such Service Centers so as to prevent a likelihood of confusion by the public and otherwise take the steps that Franchisor specifies to de-identify the Service Center, including permanently removing all Marks and trade dress from the Service Center's walls and altering the Service Center's color scheme, layout and other aspects of the trade dress associated with the Franchise System.

Franchisee must provide Franchisor written evidence (including pictures, as applicable) of its compliance with this Section 18.2 upon Franchisor's request. If Franchisee fails to comply with any of its obligations under this Section 18.2, then, without limiting Franchisor's other rights and remedies under this Agreement or applicable law, Franchisor or its designee may take any action that this Section 18.2 requires on Franchisee's behalf and at Franchisee's expense, including by entering the Service Center and adjacent areas, without prior notice or liability, to remove the items and/or make the alterations that this Section 18.2 requires.

18.3 Confidential Information. Franchisee agrees that, when this Agreement expires or is terminated, Franchisee and its Owners will immediately cease using any Customer Data and other Confidential Information, whether directly or indirectly through one or more intermediaries, in any business or otherwise and return to Franchisor all copies of the Manual and any other confidential materials that Franchisor has loaned Franchisee.

18.4 Post-term Covenant Not to Compete. Franchisee acknowledges and agrees that upon the expiration or termination of this Agreement, Franchisee and others discussed in Section 13.2 shall be obligated to immediately comply with the terms and conditions of Section 13.2.

18.5 Franchisor's Right to Purchase Service Center Assets.

1. Exercise of Option. Upon termination of this Agreement for any reason or expiration of this Agreement without a renewal agreement being signed, Franchisor has the option, exercisable by giving Franchisee written notice within 15 days after the date of termination or expiration (the "**Exercise Notice**"), to purchase those Operating Assets and other assets used in the operation of the Service Center that Franchisor designates (the "**Purchased Assets**"). Franchisor has the unrestricted right to exclude any assets it specifies relating to the Service Center from the Purchased Assets and not acquire them. Franchisee agrees to provide Franchisor the financial statements and other information Franchisor reasonably requires, and to allow Franchisor to inspect the Service Center and its assets, to determine whether to exercise Franchisor's option under this Section 18.5. If Franchisee or one of its affiliates owns the Site, Franchisor may elect to include a fee simple interest in the Site as part of the Purchased Assets or, at Franchisor's option, lease the Site from Franchisee or that affiliate for an initial five (5)-year term with one (1) renewal term of five (5) years (at Franchisor's option) on commercially reasonable terms. Franchisee (and its Owners) agree to cause Franchisee's affiliate to comply with these requirements. If Franchisee leases the Site from an unaffiliated lessor, Franchisee agrees (at Franchisor's option) to assign the Lease to Franchisor or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

2. Operations Pending Purchase. While Franchisor is deciding whether to exercise its option under this Section 18.5, and, if Franchisor does exercise that option, during the period beginning with its delivery of the Exercise Notice and continuing through the closing of the purchase, Franchisee must continue to operate the Service Center according to this Agreement and all System Standards. However, Franchisor may, at any time during that period, enter the Service Center's premises and assume the management of the Service Center itself or appoint a third party (who may be its affiliate) to manage the Service Center. All funds from the operation of the Service Center while Franchisor or its appointee assumes the Service Center's management will be kept in a separate account, and all of the expenses of the Service Center will be charged to that account. Franchisor or its appointee may charge Franchisee (in addition to the amounts due under this Agreement) a management fee equal to three percent (3%) of the Service Center's Gross Revenue during the period of management, plus any direct costs and expenses associated with the management. Franchisor or its appointee has a duty to utilize only reasonable efforts and will not be liable to Franchisee for any debts, losses or obligations the Service Center incurs, or to any of Franchisee's creditors for any products or services the Service Center purchases, while managing it. Franchisee shall not take any action or fail to take any action that would interfere with Franchisor's or its appointee's exclusive right to manage the Service Center.

3. Purchase Price. The purchase price for the Purchased Assets (the "**Purchase Price**") will be their fair market value for use in the operation of a Competitive Business at a location other than the Site, but not a Service Center as a going concern, except that the Purchase Price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, Franchisor's brand image, any Confidential Information or Franchisor's other intellectual property rights, or participation in the network of Strickland Brothers Service Centers.

4. Appraisal. If Franchisor and Franchisee cannot agree on the Purchase Price for the Purchased Assets, it will be determined by three (3) independent appraisers, each of whom in doing so will be bound by the criteria specified in subparagraph (3) above. Franchisor will appoint one appraiser, Franchisee will appoint one appraiser, and these two appraisers will appoint the third appraiser. Franchisee



and Franchisor agree to appoint their respective appraisers within 15 days after Franchisor delivers the Exercise Notice (if Franchisee and Franchisor have not agreed on the Purchase Price before then), and the two appraisers so chosen must appoint the third appraiser within 10 days after the last of them is appointed. If either Franchisor or Franchisee does not appoint their respective appraiser by that deadline, then the other party's appointed appraiser shall be the sole appraiser to determine the Purchase Price under this subparagraph (4). Franchisor and Franchisee each will bear the costs of its own appointed appraiser and share equally the fees and expenses of the third appraiser. Within 30 days after Franchisor delivers the Exercise Notice, each party shall submit its respective calculation of the Purchase Price to the appraisers in such detail as the appraisers request and according to the criteria specified in subparagraph (3). Within 10 days after receiving both calculations, the appraisers shall determine, by a majority vote, and notify Franchisee and Franchisor which of the calculations is the most correct. The appraisers must choose either Franchisee's or Franchisor's calculation and may not develop their own fair market value calculation. The appraisers' choice shall be the Purchase Price.

5. Franchisor will pay the Purchase Price at the closing, which will take place within 60 days after the Purchase Price is determined or, if later, on the date upon which Franchisor obtains licenses and permits to operate the Service Center. Franchisor may set off against the Purchase Price, and reduce the Purchase Price by, any and all amounts Franchisee owes Franchisor or its affiliates. Franchisor is entitled to all customary representations, warranties and indemnities in its asset purchase, including representations and warranties as to ownership and condition of, and title to, assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise, and indemnities for all actions, events and conditions that existed or occurred in connection with the Service Center or Franchisee's business prior to the closing of the purchase. At the closing, Franchisee agrees to deliver instruments transferring to Franchisor: (a) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and transfer taxes paid by Franchisee; and (b) all of the Service Center's licenses and permits which may be assigned or transferred. If Franchisee cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. Franchisee and its Owners further agree to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and its and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

6. Assignment. Franchisor may assign its rights under this Section 18.5 to any Entity (who may be Franchisor's affiliate), and that Entity will have all of the rights and obligations under this Section 18.5.

18.6 Restriction on Sale of Location. During the Term and for two (2) years beginning on the effective date of expiration (without the grant of a successor franchise) or termination of this Agreement for any reason, and unless the Purchased Assets are acquired under Section 18.5, Franchisee agrees that neither Franchisee nor any of its Owners, nor any of Franchisee's affiliates, will engage in any transfer, lease/sublease or other transaction the result of which is that a Competitive Business (other than the Service Center contemplated by this Agreement) is operated at the Site, including by any unaffiliated third party. Franchisee agrees to obtain (and/or to cause its Owners or affiliates to obtain) an agreement from any subtenant, transferee or other party occupying the Site pursuant to or as a result of any arrangement with Franchisee (or its Owner or affiliate) that the Site will not be operated as a Competitive Business during such period.

18.7 Continuing Obligation. All of Franchisor's and Franchisee's (and its Owners') obligations under this Agreement which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire.

## **19. Enforcement**

19.1 Severability and Substitution of Valid Provisions. Except as expressly provided to the contrary in this Agreement (including in Section 19.6), each Section, Subsection, paragraph, term and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or arbitrator with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, Franchisee and Franchisor agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of termination or of Franchisor's refusal to enter into a successor franchise agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and Franchisor may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

19.2 Waiver of Obligations and Force Majeure. Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. But, no interpretation, change, termination or waiver of any of this Agreement's provisions shall be binding upon Franchisor unless in writing and signed by one of Franchisor's officers, and which is specifically identified as an amendment, termination or waiver under this Agreement. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any party hereto to enforce any claim or right hereunder, whether or not liquidated, which occurred prior to the date of such modification, waiver, termination, rescission, discharge or cancellation. Any waiver Franchisor grants will be without prejudice to any other rights Franchisor has, will be subject to its continuing review, and may be revoked at any time and for any reason, effective upon delivery to Franchisee of 10 days' prior written notice.

Franchisor and Franchisee will not be deemed to waive or impair any right, power or option this Agreement reserves (including Franchisor's right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice at variance with its terms; Franchisor's or Franchisee's failure, refusal or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including Franchisee's compliance with any System Standard; Franchisor's waiver of or failure to exercise any right, power or option, whether of the same, similar or different nature, with other Strickland Brothers Service Centers; the existence of franchise or license agreements for other Strickland Brothers Service Centers which contain provisions different from those contained in this Agreement; or Franchisor's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to Franchisor will be a waiver, compromise, settlement or accord and satisfaction. Franchisor is authorized to remove any legend or endorsement, and they shall have no effect.

Neither Franchisor nor Franchisee will be liable for loss or damage or be in breach of this Agreement if its failure to perform obligations results from: (i) compliance with the orders, requests,

regulations, or recommendations of any federal, state, or municipal government which do not arise from a violation or alleged violation of any law, rule, regulation or ordinance; (ii) acts of God; (iii) fires, tornadoes, snow storms, material or labor shortage, pandemic, strikes, embargoes, war, acts of terrorism or similar events, insurrection, or riot; or (iv) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalties, Brand Fund contributions and other amounts due afterward.

19.3 Costs and Attorneys' Fees. If either Franchisor or Franchisee initiates a legal proceeding in connection with this Agreement or the relationship of the parties hereto, the non-prevailing party in such proceeding shall reimburse the prevailing party for any costs and expenses that the prevailing party incurs, including reasonable accounting, attorneys', arbitrators' and related fees.

19.4 Applying and Withholding Payments. Despite any designation Franchisee makes, Franchisor may apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor (or its affiliates). Franchisor may set-off any amounts Franchisee, or its Owners owe Franchisor or its affiliates against any amounts Franchisor or its affiliates might owe Franchisee or its Owners, whether in connection with this Agreement or otherwise. Franchisee may not withhold payment of any amounts owed to Franchisor or its affiliates on the grounds of Franchisor's or their alleged nonperformance of any of its or their obligations under this Agreement or any other agreement.

19.5 Rights of Parties are Cumulative. Franchisor's and Franchisee's rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by law to enforce. Nothing herein shall be construed to deprive Franchisor of the right to recover damages as compensation for lost future profits. Termination of this Agreement will not end any obligation of either party that has come into existence before termination. All obligations of the parties which, by their terms, or by reasonable implication are to be performed in whole or in part after termination, shall survive termination.

19.6 Arbitration. All controversies, disputes or claims between Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) arising out of or related to: (i) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including this Section 19.6); (ii) the relationship between Franchisor and Franchisee; (iii) the scope and validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this Section 19.6, which Franchisee and Franchisor acknowledge is to be determined by an arbitrator and not a court); (iv) any System Standard; (v) any loan or other finance arrangement between Franchisee (or its affiliates) and Franchisor (or its affiliates) will be submitted for arbitration to the office of the American Arbitration Association closest to Franchisor's then current principal business address. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall be an attorney with substantial experience in franchise law. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within 10 miles of Franchisor's principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed

to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear.

The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (x) the arbitrator shall not have authority to declare any Mark generic or otherwise invalid; and (y) except for punitive, exemplary, treble and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification under Section 15.1, Franchisor and Franchisee waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, treble or other forms of multiple damages against the other and agree that, in the event of a dispute between them, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Franchisor and Franchisee further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs in accordance with Section 19.3.

Franchisor and Franchisee agree that arbitration shall be conducted on an individual, not a class wide, basis, that only Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this Section 19.6, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other person or Entity. Notwithstanding the foregoing or anything to the contrary in this Section 19.6 or Section 19.1, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 19.6, then Franchisor and Franchisee agrees that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 19 (excluding this Section 19.6).

Other than as may be required by law, the entire arbitration proceedings (including but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

The provisions of this Section 19.6 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Notwithstanding anything to the contrary contained in this Section 19.6, Franchisor and Franchisee each have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, Franchisor and Franchisee must contemporaneously submit the dispute for arbitration on the merits according to this Section 19.6.

19.7 Governing Law. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, all controversies, disputes or claims arising from or relating to: (i) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates); (ii) the relationship between Franchisor and Franchisee; (iii) the validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates); or (iv) any System Standard will be governed by the laws of the State of North Carolina, without regard to its conflict of laws rules, except that any law regulating the sale of franchises, licenses, or business opportunities, governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, or involving unfair or deceptive acts or practices will not apply unless its jurisdictional requirements are met independently without reference to this Section 19.7

19.8 Consent to Jurisdiction. Subject to the arbitration obligations in Section 15.1, Franchisee and its Owners agree that all judicial actions brought by Franchisor against Franchisee or its Owners, or by Franchisee or its Owners against Franchisor, its affiliates or its or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor maintains its principal business address at the time that the action is brought. Franchisee and each of its Owners irrevocably submits to the jurisdiction of such courts and waives any objection that any of them may have to either jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which Franchisee or any of its Owners resides or the Service Center is located.

19.9 Waiver of Special, Incidental and Punitive Damages and Jury Trial. **EXCEPT FOR PUNITIVE, EXEMPLARY, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR SPECIAL (INCLUDING WITHOUT LIMITATION, ANY DAMAGES ASSOCIATED WITH LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 15.1, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, SPECIAL, INCIDENTAL, EXEMPLARY, TREBLE OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (OR FRANCHISEE'S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

**FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE (OR FRANCHISEE'S OWNERS).**

19.10 Binding Effect and Amendment. This Agreement is binding upon Franchisor and Franchisee and their respective executors, administrators, heirs, beneficiaries, permitted assigns and successors in interest. subject to Franchisor's rights to modify the Operations Manual, System Standards and Franchise System, this Agreement may not be amended or modified except by a written agreement signed by both Franchisee and Franchisor.

19.11 Limitations of Claims. EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS IT OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP

BETWEEN FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING IS COMMENCED IN THE PROPER FORUM WITHIN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

19.12 Construction. The preambles and exhibits are a part of this Agreement which, together with any riders or addenda signed at the same time as this Agreement, constitutes Franchisor's and Franchisee's entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between them relating to the subject matter of this Agreement. There are no other oral or written representations, warranties, understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative. Any policies that Franchisor adopts and implements from time to time to guide Franchisor in its decision-making are subject to change, are not a part of this Agreement and are not binding on Franchisor. Except as provided in Sections 19.4 and 19.6, nothing in this Agreement is intended nor deemed to confer any rights or remedies upon any person or Entity not a party to this Agreement. References in this Agreement to Franchisor, with respect to all of Franchisor's rights and all of Franchisee's obligations to Franchisor under this Agreement, include any of Franchisor's affiliates with whom Franchisee deals in connection with the Service Center. The term "**affiliate**" means any individual or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling the party indicated. "**Control**" means the power to direct or cause the direction of management and policies. If two or more persons are at any time the owners of the rights under this Agreement and the Service Center, whether as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several. "**Person**" (whether or not capitalized) means any individual or Entity. The term "**Service Center**" shall also include all of the assets of the Service Center Franchisee operates under this Agreement, including its revenue and income. The headings of the Sections, Subsections and paragraphs are for convenience only and do not define, limit or construe their contents. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter. This Agreement may be executed by electronic signature and/or in multiple copies, each of which will be deemed an original.

19.13 The Exercise of Franchisor's Judgment. Franchisor has the right to operate, develop and change the Franchise System and System Standards in any manner that is not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to Franchisor and its judgment of what is in the best interests of Franchisor or its affiliates, the Strickland Brothers Service Center network generally, or the Franchise System at the time its decision is made, without regard to whether it could have made other reasonable or even arguably preferable alternative decisions or whether its decision promotes Franchisor's or its affiliates' financial or other individual interest. Except where this Agreement expressly obligates Franchisor reasonably to approve or not unreasonably to withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed, initiated or completed actions that require its approval.

## **20. Notices**

All written notices, reports and payments permitted or required under this Agreement will be deemed delivered at the time of delivery by express courier or messenger service, one (1) business day after sending by facsimile or e-mail transmission and three (3) business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice, payment or report which Franchisor does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent. Franchisee agrees to provide Franchisor with its e-mail address and facsimile number and any changes thereto. Franchisee agrees and acknowledges that Franchisor may determine the method of document delivery and execution, including without limitation, use of electronic signature programs.

## **21. Acknowledgements**

To induce Franchisor to sign this Agreement and grant Franchisee the rights under this Agreement, Franchisee (on behalf of itself and its Owners) represents, warrants and acknowledges to Franchisor that:

1. Franchisee is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and Franchisee's execution and delivery of this Agreement and performance of its obligations hereunder (i) have been duly authorized by all necessary company action, (ii) do not and will not violate or result in a breach or default under any applicable law or any agreement to which Franchisee is a party or by which it is bound, and (iii) do not require the consent of any third party that has not been obtained;

2. None of Franchisee's (or its Owners') property or interests is subject to being blocked under, and Franchisee and its Owners otherwise are not in violation of, Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, or any other federal, state, or local law, ordinance, regulation, policy, list or other requirement of any governmental authority addressing or in any way relating to terrorist acts or acts of war;

3. All statements Franchisee has made, and all materials Franchisee has given Franchisor in acquiring the rights under this Agreement are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining the rights under this Agreement; and

4. Franchisor makes no representations or warranties that all other agreements with franchisees of the Franchise System entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee recognizes, acknowledges and agrees that Franchisor may waive or modify comparable provisions of other franchise agreements granted to other Franchisee System franchisees in a non-uniform manner.

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS TO THE PROVISIONS OF THIS FRANCHISE AGREEMENT, the undersigned have signed this Agreement on the date set forth in Section 1 hereof.

FRANCHISOR:

FRANCHISEE:

SB OIL CHANGE FRANCHISING, LLC

By: \_\_\_\_\_

Name: Justin Strickland

Title: Chief Executive Officer

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

Delivery Addresses for Notices:

By: \_\_\_\_\_

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

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

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

Delivery Address for Notices:

SB Oil Change Franchising, LLC  
301 North Main Street, Suite 2030  
Winston-Salem, North Carolina 27101

Franchise.Law  
3540 Toringdon Way, Suite 200  
Charlotte, NC 28277



**EXHIBIT 1 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**FRANCHISE DATA SHEET**

1. The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is:\_\_\_\_\_.

2. The Franchise Owner set forth in the introductory Paragraph of the Franchise Agreement is:\_\_\_\_\_.

3. The address for notice and payments to Franchise Owner is:

\_\_\_\_\_  
\_\_\_\_\_

4. Deadline to commence operation: \_\_\_\_\_

5. Is Franchisee, or its Principal Owner, a veteran of the United States armed forces.

\_\_\_\_\_ YES            \_\_\_\_\_ NO

6. Your site is located at:

7. Your Protected Territory is the following geographic area.

If map is attached, check here: \_\_\_\_\_

**EXHIBIT 2 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**STATEMENT OF OWNERSHIP**

Franchise: \_\_\_\_\_

Trade Name (if different than above): \_\_\_\_\_

Form of Ownership  
(Check One)

\_\_\_ Individual \_\_\_ Partnership \_\_\_ Corporation \_\_\_ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage Owned

**Principal Manager.** The following individual is hereby designated the “Principal” of the Franchise business. SB Oil Change Franchising, LLC, and all of its vendors, suppliers, and associates may rely entirely on instructions from said Principal on behalf of the aforesaid franchise, to the exclusion of, and overriding, instructions from anyone else purporting to represent the

franchise. The only accepted method to change the identification of the Principal is to produce a signed statement to that effect, signed by 100% of the owners of the Franchise.

Name of Principal: \_\_\_\_\_

Franchisee acknowledges that this Statement of Ownership applies to the Service Center authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

**FRANCHISEE:**

Business Entity Name (if any):

By: \_\_\_\_\_

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

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

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

**EXHIBIT 3 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**PRINCIPAL OWNER'S GUARANTY**

This Guaranty must be signed by each of the principal owners, and their spouses, (referred to as “you” or “your” for purposes of this Guaranty only) of \_\_\_\_\_ (the “Business Entity”) under the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”) with SB Oil Change Franchising, LLC, a North Carolina limited liability company (“we,” “us,” or “our”).

1. **Incorporation of Terms.** Each term of the Agreement is incorporated into this Guaranty.

2. **Guaranty.** In consideration of and as an inducement to us signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: guarantee to us and our successors and assigns that (a) the Business Entity will punctually pay and perform every obligation and obey every restriction and covenant set forth in the Agreement and (b) each of you agrees to be personally bound by, and personally liable for the breach of, each and every obligation, restriction and covenant in the Agreement.

3. **Payment.** If the Business Entity fails to make any payment when due or otherwise defaults under any of the terms of the Agreement, immediately upon demand, you will pay to us the full amount owed, plus any interest or penalty allowed under the Agreement. All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of you, except the defense that the Business Entity has paid all obligations in full.

4. **Waivers.** Each of you waives: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

5. **Consents and Agreements.** Each of you consents and agrees that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may periodically grant to the Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will

continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

6. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

7. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by North Carolina law and we may enforce our rights regarding it in the courts of Forsyth County, North Carolina. Each of you irrevocably submits to the jurisdiction and venue of such courts.

Each of you now signs and delivers this Guaranty effective as of the date of the Agreement regardless of the actual date of signature. Each of the undersigned Guarantors represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is not married.

<b>Signature of Each Guarantor</b>	<b>Percentage of Ownership in Franchisee</b>
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%

**EXHIBIT 4 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**GENERAL RELEASE AGREEMENT WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims (“Release”) is made as of \_\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of SB Oil Change Franchising, LLC, a North Carolina limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate a Strickland Brothers 10 Minute Oil Change Business (as defined in the Agreement);

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, (enter into a successor franchise agreement) and Franchisor has consented to such transfer (agreed to enter into a successor franchise agreement); and

WHEREAS, as a condition to Franchisor’s consent to the transfer (Franchisee’s ability to enter into a successor franchise agreement), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent to the transfer (Franchisor entering into a successor franchise agreement), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, renewals and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, renewals and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent,

suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of North Carolina.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorney fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, renewals, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

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

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

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

FRANCHISEE'S OWNERS:

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name



**EXHIBIT 5 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**NONDISCLOSURE, NONSOLICITATION AND NONCOMPETITION AGREEMENT**

This Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of SB Oil Change Franchising, LLC, a North Carolina limited liability company, and its renewals and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.**

“*Competitive Business*” shall mean any and all businesses that are competitive with Strickland Brothers 10 Minute Oil Change Businesses, including, without limitation, any (a) local and national companies which provide oil change services, or (b) in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses described in subpart (a) of this Section. Furthermore, the Restricted Parties shall not divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Strickland Brothers 10 Minute Oil Change Business, whether now in existence or created in the future.

“*Franchisee*” means the Strickland Brothers 10 Minute Oil Change franchisee for whom you are an officer, director, employee or independent contractor.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Strickland Brothers 10 Minute Oil Change Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Strickland Brothers 10 Minute Oil Change Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Strickland Brothers 10 Minute Oil Change Business, including “Strickland Brothers 10 Minute Oil Change”, and any other trademarks, service marks or trade names that we designate for use by a Strickland Brothers 10 Minute Oil Change Business. The term “Marks” also includes any distinctive trade dress used to identify a Strickland Brothers 10 Minute Oil Change Business, whether now in existence or hereafter created.

*“Prohibited Activities”* means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their Position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

*“Restricted Period”* means the two (2) year period after you cease to be a manager of Franchisee’s Strickland Brothers 10 Minute Oil Change Business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one (1) year period after you cease to be a manager or officer of Franchisee’s Strickland Brothers 10 Minute Oil Change Business.

*“Restricted Territory”* means the geographic area within: (i) a 25 mile radius from Franchisee’s Strickland Brothers 10 Minute Oil Change Business (and including the address of primary operation); and (ii) a 25 mile radius from all other Strickland Brothers 10 Minute Oil Change Business that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 15 mile radius from Franchisee’s Strickland Brothers 10 Minute Oil Change Business (and including the premises of the store).

*“System”* means our system for the establishment, development, operation and management of a Strickland Brothers 10 Minute Oil Change Business, including Know-how, proprietary programs and products, confidential operations manuals and operating system.

2. **Background.** You are an officer, director, or manager of Franchisee. As a result of this relationship, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. **Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than Strickland Brothers 10 Minute Oil Change Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time-to-time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager of Franchisee’s Strickland Brothers 10 Minute Oil Change Business. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager of Franchisee's Strickland Brothers 10 Minute Oil Change Business by engaging in any Prohibited Activities.

5. **Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply regarding a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. **Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (*i.e.*, spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member

7. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. **Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Strickland Brothers 10 Minute Oil Change franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. **Miscellaneous.**

a. If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

b. This Agreement will be governed by, construed and enforced under the laws of North Carolina and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**EXHIBIT 6 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**CONFIDENTIALITY AGREEMENT**

This Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of SB Oil Change Franchising, LLC, a North Carolina limited liability company, and its renewals and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Strickland Brothers 10 Minute Oil Change Business*” means a business that operates a Service Center offering quick and convenient drive-through oil changes, inspections, visual preventative maintenance services and other similar or ancillary products and services.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Strickland Brothers 10 Minute Oil Change Business, whether now in existence or created in the future.

“*Franchisee*” means the Strickland Brothers 10 Minute Oil Change franchisee for whom you are an officer, director, employee or independent contractor.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Strickland Brothers 10 Minute Oil Change Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a Strickland Brothers 10 Minute Oil Change Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Strickland Brothers 10 Minute Oil Change Business, including “Strickland Brothers 10 Minute Oil Change”, and any other trademarks, service marks or trade names that we designate for use by a Strickland Brothers 10 Minute Oil Change Business. The term “Marks” also includes any distinctive trade dress used to identify a Strickland Brothers 10 Minute Oil Change Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation and management of a Strickland Brothers 10 Minute Oil Change Business, including Know-How, proprietary programs and products, confidential operations manuals and operating system.

2. **Background.** You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. **Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than Strickland Brothers 10 Minute Oil Change Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time-to-time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. **Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (*i.e.*, spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

5. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

6. **Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Strickland Brothers 10 Minute Oil Change franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. **Miscellaneous.**

- a. If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.
- b. This Agreement will be governed by, construed and enforced under the laws of North Carolina and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- c. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**EXHIBIT 7 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**LEASE ADDENDUM**

This Addendum to Lease, dated \_\_\_\_\_, is entered into by and between \_\_\_\_\_  
\_\_\_\_\_ (“Lessor”), and \_\_\_\_\_ (“Lessee”).

A. The parties hereto have entered into a certain Lease Agreement, dated \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“Lease”).

B. Lessor acknowledges that Lessee intends to operate a Strickland Brothers 10 Minute Oil Change franchise from the leased premises (“Premises”), pursuant to a Franchise Agreement (“Franchise Agreement”) with SB Oil Change Franchising, LLC (“Franchisor”) under the name “Strickland Brothers 10 Minute Oil Change” or other name designated by Franchisor (hereinafter referred to as the “Service Center”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. **Assignment.** Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, or affiliate (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1. However, no assignment shall be effective until the time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord’s consent in accordance with Section 3(a).

2. **Default and Notice.**

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee’s interest as provided in Paragraph 4(a). Franchisor will have an additional 15 days from the expiration of Lessee’s cure period in



which it may exercise the option, but it is not obligated, to cure the default or violation.

b. All notices to Franchisor shall be sent via registered or certified mail, postage prepaid, to the following addresses:

SB Oil Change Franchising, LLC  
301 North Main Street, Suite 2030  
Winston-Salem, North Carolina 27101

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c. Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same, during the Term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

### **3. Termination or Expiration.**

a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Service Center and to make other modifications (such as repainting) as are reasonably necessary to protect the Strickland Brothers 10 Minute Oil Change or Strickland Brothers 10 Minute Oil Change trademarks and system, and to distinguish the Premises from a Service Center. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

### **4. Consideration; No Liability.**

a. Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Service Center and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

5. **Amendments.** No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

6. **Reaffirmation of Lease.** Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

7. **Beneficiary.** Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and first year written above.

LESSOR:

LESSEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ATTACHMENT 1 TO LEASE ADDENDUM  
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of \_\_\_\_\_ (“Effective Date”), the undersigned, \_\_\_\_\_, (“Assignor”) hereby assigns, transfers and sets over unto SB Oil Change Franchising, LLC (“Assignee”) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (“Lease”) regarding the premises located at \_\_\_\_\_.

This Collateral Assignment of Lease (“Assignment”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under that certain franchise agreement for a Strickland Brothers 10 Minute Oil Change franchise between Assignee and Assignor (“Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options

**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first written above.

**[SIGNATURE PAGES TO FOLLOW]**

ASSIGNOR:

\_\_\_\_\_

By: \_\_\_\_\_

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

ASSIGNEE:

SB OIL CHANGE FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

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

**EXHIBIT 8 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**ACH PAYMENT AGREEMENT**

ACCOUNT NAME: \_\_\_\_\_  
CUSTOMER NUMBER: \_\_\_\_\_  
FRANCHISE NAME: \_\_\_\_\_

**AUTHORIZATION AGREEMENT FOR ACH Payments:**

(I/we) do hereby authorize SB Oil Change Franchising, LLC, hereinafter named the “Franchisor”, to initiate (debit or credit) entries to (my/our) (Checking Account / Savings Account) as indicated and named below as the depository financial institution, hereafter named FINANCIAL INSTITUTION pursuant to the terms of the Franchise Agreement by and between us and the Franchisor.

(I/we) acknowledge that the origination of ACH transactions to my (my/our) account must comply with the provisions of U.S. law. Furthermore, if any such debit(s) should be returned NSF, (I/we) authorize the Franchisor to collect such debit(s) by electronic debit and subsequently collect a returned debit NSF fee of \$75 per item by electronic debit from my account identified below. In the event all funds and interests are not received by Franchisor within 15 days from presentment and intended withdrawal from our account by Franchisor, then we will be deemed in default of the Franchise Agreement. We further agree to pay all reasonable costs of collection including but not limited to reasonable attorney’s fees and court costs incurred by Franchisor. I am a duly authorized check signer on the financial institution account identified below, and authorize all of the above as evidenced by my signature below.

**CHECK (ACH) INFORMATION ROUTING NUMBER:**

ACCOUNT NUMBER: \_\_\_\_\_  
DEPOSITORY NAME: \_\_\_\_\_  
BRANCH: \_\_\_\_\_  
CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

COMPANY NAME: \_\_\_\_\_  
FIRST NAME/LAST NAME: \_\_\_\_\_  
BILLING ADDRESS: \_\_\_\_\_  
CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_  
PHONE NUMBER: \_\_\_\_\_  
CUSTOMER NUMBER: \_\_\_\_\_  
SIGNATURE ON FILE: \_\_\_\_\_  
PHONE OR EMAIL APPROVAL AUTHORIZATION NUMBER: \_\_\_\_\_

FRANCHISEE: \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 9 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**SBA ADDENDUM**



## ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

Effective Date: January 1, 2018

395

renewals) for fair market value.

**COVENANTS**

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee’s real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

**Authorized Representative of FRANCHISOR:**

By: \_\_\_\_\_

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

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

**Authorized Representative of FRANCHISEE:**

By: \_\_\_\_\_

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

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

**Note to Parties:** This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Effective Date: January 1, 2018



**EXHIBIT 10 TO**  
**STRICKLAND BROTHERS 10 MINUTE OIL CHANGE FRANCHISE AGREEMENT**

**SOFTWARE LICENSE AGREEMENT**

## ACKNOWLEDGMENT TO BE SIGNED BY SUBLICENSEES

This Acknowledgment and Agreement (this “Acknowledgment”) is made as of this \_\_\_\_\_ (the “Effective Date”) by and among (i) SB Oil Change Franchising, LLC a limited liability company organized under the laws of the state of North Carolina having an office at 301 N. Main St. Suite 2030, Winston-Salem, North Carolina 27101 (“Master Licensee”), (ii) Integrated Services, Inc., an Oregon corporation having an office located at 15115 SW Sequoia Parkway, Suite 110, Portland, Oregon 97224 (“ISI”), and (iii) the undersigned counterparty (“Sublicensee”).

WHEREAS, Master Licensee has executed that certain Master Software License and Warranty Agreement, dated June 1, 2020 the “License Agreement”), with ISI, pursuant to which ISI is licensing the LubeSoft® software and certain related products (collectively, the “Software”) to Master Licensee;

WHEREAS, Master Licensee and ISI have also executed that certain Master Software Support Agreement, dated June 1, 2020 pursuant to which ISI will provide support services with respect to the Software (the “Software Support Agreement”);

WHEREAS, the License Agreement explicitly authorizes Master Licensee to sublicense the Software to Sublicensee for use at Sublicensee’s quick lube location(s) upon Sublicensee’s acknowledgment of the terms and conditions of the License Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Master Licensee and Sublicensee agree as follows:

1. Terms and Conditions of the License Agreement. Sublicensee hereby acknowledges and agrees that it (i) has reviewed the terms, conditions and restrictions of the License Agreement as set forth on Appendix 1 hereto and (ii) understands that it will be bound by such terms, conditions and restrictions as applicable to Sublicensees of the Master Licensee.
2. Reimbursement of Master Licensee for Fees Paid under Software Support Agreement. Sublicensee acknowledges and agrees that (i) Master Licensee is paying software support fees to ISI in connection with ISI’s support of the Software utilized by Sublicensee at its quick lube facility and (ii) Sublicensee will reimburse Master Licensee for such software support fees upon Master Licensee’s demand for such reimbursement.
3. Authorization to Share Data. Sublicensee hereby authorizes ISI to permit Master Licensee to access all data available within Sublicensee’s point of sale system that utilizes the Software.
4. Term. The term of this Acknowledgment shall begin on the Effective Date and continue until the earlier of (i) the termination or expiration of the License Agreement and (ii) the termination of this Acknowledgment by Sublicensee upon written notice of at least ninety (90) days to Master Licensee and ISI. In the event of a termination under clause (ii), Sublicensee acknowledges and agrees that it shall

have no rights to use the Software as of the effective date of such termination.

- 5. Miscellaneous. This Agreement and any and all matters, disputes, or claims between the parties arising out of, relating to, or in accordance with its subject matter or formation (including any contractual disputes or claims), and whether purporting to be found in contract or tort or at law or in equity, shall be governed by, enforced, and construed in accordance with the laws of the state of Oregon without giving effect to any choice or conflict of law provision or rule. This Agreement constitutes the entire understanding between the parties concerning the subject matter hereof and supersedes any and all previous agreements between the parties relating thereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Acknowledgment as of the Effective Date.

MASTER LICENSEE:

SB OIL CHANGE FRANCHISING

By: \_\_\_\_\_  
Name: Justin Strickland  
Title: CEO/President

SUBLICENSEE:

Company Name: \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Appendix 1 to Acknowledgment  
Master Software License and Warranty Agreement

This MASTER SOFTWARE LICENSE AND WARRANTY AGREEMENT (this “Agreement”) is made effective as of June 1, 2020 by and between Integrated Services, Inc., an Oregon Corporation having an office located at 15115 SW Sequoia Parkway, Suite 110, Portland, Oregon 97224 (“ISI”) and SB Oil Change Franchising, LLC a limited liability company organized under the laws of the state of North Carolina, having an office at 301 N. Main St. Suite 2030, Winston-Salem, North Carolina 27101 (“Master Licensee”).

In consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ISI and Master Licensee agree as follows:

1. **TERM**: The initial term of this Agreement shall begin on the Effective Date and end on the one-year anniversary of the Effective Date (the “Initial Term”). Upon such anniversary and each such anniversary thereafter, this Agreement shall renew for additional terms of one (1) year (each, a “Subsequent Term”) unless either party provides written notice of non-renewal to the other party at least ninety (90) days in advance of the expiration of the then-current Subsequent Term. After the Initial Term, either party may terminate this Agreement for any reason or no reason by providing ninety (90) days advance written notice to the other party.
2. **LICENSE GRANT**: ISI hereby grants Master Licensee a non-exclusive license to use the software (as further described on Exhibit A, the “Software”) for its own business purposes and as further described in Section 3. It is understood and agreed that this license shall explicitly permit Master Licensee, subject to the conditions set forth in Section 5 below and without any further action on the part of Master Licensee, to sublicense the Software to each authorized sublicensee (each, a “Sublicensee”) for use at the store locations set forth on Exhibit B hereto (as updated from time to time by the parties, the “Sublicensee Locations”). Title to and ownership of the Software shall remain with ISI and shall not be transferred to Master Licensee or any authorized sublicensee by virtue of this license grant.
3. **USE**: Master Licensee and each Sublicensee may operate the Software on one single or multi-user central processing unit (“SERVER”). If such SERVER is part of a network, each individual SERVER must have its own Software License. If such SERVER has one or more Thin Client workstations deployed therewith at a Sublicensee Location, such SERVER must have only one Software License. Except as otherwise provided in this Agreement, no other use of the Software by Master Licensee or Sublicensee shall be permitted.
4. **COPYING RESTRICTIONS**: Master Licensee may copy the Software, in whole or in part, only for backup and archive purposes. No more than one (1) copy may be in existence at any one time. Each copy shall include, in readable format, any and all confidential, proprietary and copyright notices or markings contained on the original provided by ISI.

5. **PAYMENT OF SOFTWARE LICENSE FEES**: Master Licensee shall pay in advance of installation, the fees detailed on the Proposal prepared for each sublicensee location prior to installation.
6. **SUBLICENSE AND TRANSFER OF SOFTWARE**: Subject to and effective as of Master Licensee's payment of the fees set forth in paragraph 5 above, Master Licensee may sublicense the Software to each Sublicensee provided that such Sublicensee executes the acknowledgment attached hereto as Exhibit C. It is acknowledged and agreed that Master Licensee will provide ISI with a copy of the executed acknowledgment for each Sublicensee/Sublicensee Location. Master Licensee will be permitted to transfer sublicenses of the Software from one Sublicensee to another in the event of a store closure or termination of relationship between Master Licensee and the affected sublicensee provided that there has been no lapse in the payment of the fees set forth Appendix 2 to the Master Software Support Agreement between ISI and SB Oil Change Franchising with respect to such sublicense. Provided such is the case, only \$500 dollars will be assessed on the transfer of such sublicense. Exhibit B will be updated by the parties to reflect such transfer.
7. **COMMUNICATION OF RESTRICTIONS**: Master Licensee agrees to use reasonable efforts to communicate the restrictions on the use of the Software in this Agreement to its employees, agents or consultants that come into contact with the Software.
8. **MASTER LICENSEE COMPLIANCE AND UNAUTHORIZED USE**: Master Licensee agrees to use all reasonable efforts to ensure that its employees, agents and consultants abide by the terms and conditions of this Agreement including, without limitation, not knowingly permitting anyone to use any portion of the Software for the purpose of deriving its source code. In addition, Master Licensee shall not disclose any passwords or other security information related to the Software. In the event the Master Licensee becomes aware that the Software is being used by such persons in a manner not authorized by this Agreement, Master Licensee shall immediately use all reasonable efforts to have such unauthorized use of such Software immediately cease. Master Licensee shall immediately notify ISI in writing of any unauthorized use.
9. **THIRD PARTY SOFTWARE**: The Software is protected by copyright and is considered proprietary to ISI. The Software may contain proprietary elements of third parties. If Master Licensee utilizes the Software in a manner not authorized by this Agreement, such third parties may hold Master Licensee directly responsible for such use. No third party assumes any liability hereunder regarding Master Licensee's use of the Software or undertakes any obligation to furnish any support or information directly to Master Licensee or its Sublicensees.
10. **SOFTWARE UPDATES**: ISI shall provide general release updates to the Software from time to time at no extra charge. To the extent not addressed in the general release updates to the Software, ISI, at its sole cost and expense, shall also provide Master Licensee with those updates necessary to maintain the operational

functionality of the Software. Additional updates to the Software may be requested by Master Licensee and, if ISI elects to make such additional updates, those updates would be at Master Licensee's sole cost and expense.

11. **CHOICE OF SOFTWARE:** Master Licensee is solely responsible for the selection of the appropriate Software to achieve Master Licensee's intended results/business objectives.
12. **LIMITED WARRANTY AS TO SOFTWARE.** ISI hereby warrants that, for a period of ninety (90) days from date of delivery to Master Licensee, the Software shall materially conform to the performance specifications defined in pertinent documentation relating thereto (manuals, guides, exclusion documents, and computer-aided instructions, the "Performance Specifications"). Master Licensee's sole and exclusive remedy for failure of the Software to materially conform to the Performance Specifications for Master Licensee to return the Software to ISI and notify ISI in writing of such non-conformity within ninety (90) days of delivery to Master Licensee. ISI shall, within a commercially reasonable timeline, provide Master Licensee with Software which conforms to the express warranty above. In the event that ISI cannot provide such substitute Software within the stated time frame, ISI shall refund to Master Licensee (a) the appropriate pro rata portion (determined by reference to the number of months remaining in the then-current term of this Agreement) of the fees detailed on the Proposal prepared for each affected sublicensee location paid by Master Licensee calculated after excluding fees on the proposal attributable to training, taxes and hardware. In the event of a refund, this Agreement shall automatically terminate and Master Licensee, to the extent it maintains a copy of the Software or related materials, shall promptly deliver such copy to ISI or destroy such copy and provide evidence to ISI of the same upon ISI's request.
13. **SOFTWARE UPTIME COMMITMENT:** Following an initial provisioning period of thirty (30) days with respect to each Sublicensee Location, ISI will use commercially reasonable efforts to provide 99% uptime and availability of the Software for the store operations (i.e., during store hours) of Master Licensee and each Sublicensee. This uptime commitment excludes any network, hardware, power, environmental or other issues not included as part of the Software. Any time required by Master Licensee or the Sublicensees to provide required information or test or prepare for a resolution will not be included in the percent time calculation.
14. **DISCLAIMER OF OTHER WARRANTIES:** THE EXPRESS LIMITED WARRANTY SET FORTH IN SECTION 12 AND THE UPTIME COMMITMENT SET FORTH IN SECTION 13 ARE IN LIEU OF ALL OTHER EXPRESS WARRANTIES. THE IMPLIED WARRANTY OF MERCHANTABILITY IS LIMITED TO THE DURATION OF THE EXPRESS LIMITED WARRANTY SET FORTH IN SECTION 12. ISI DISCLAIMS ALL OTHER EXPRESS AND IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE AND, FOLLOWING EXPIRATION OF THE EXPRESS LIMITED WARRANTY, THE IMPLIED WARRANTY OF

MERCHANTABILITY.

15. **STATE LAW WARRANTY RIGHTS**: Some states do not allow limitations on how long an implied warranty lasts, so the above limitation may not apply to MASTER LICENSEE.
16. **INDEMNIFICATION**: ISI will indemnify, defend and hold Master Licensee and its Sublicensees harmless from and against any and all claims, causes of action, costs, expenses (including interest, awards, judgments, penalties, settlements, fines, costs and expenses incurred in connection with defending any claims or causes of action (including reasonable attorneys' fees and expenses and all fees and expenses of consultants and other professionals)) and losses arising from or based on the infringement of or violation by the Software of any third party's intellectual property rights. ISI shall have no responsibility or obligation to indemnify Master Licensee or its Sublicensees in the event that such infringement of or violation by the Software of a third party's intellectual property rights arises due to the Software being made or modified (by ISI or others, including Master Licensee or its Sublicensees) to Master Licensee specifications, or being used or sold in combination with equipment, software, or supplies not provided by ISI. ISI has no other express or implied warranty of non-infringement or liability for infringement or any damages therefrom.
17. **DISCLAIMER**: IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES IN ANY WAY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE SOFTWARE. EXCEPT WITH RESPECT TO ITS INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 16, ISI'S LIABILITY TO MASTER LICENSEE OR SUBLICENSEES FOR DIRECT DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE SOFTWARE SHALL IN NO EVENT EXCEED THE TOTAL AMOUNT ACTUALLY PAID BY MASTER LICENSEE FOR THE SOFTWARE.
18. **STATE LAW DAMAGE RIGHTS**: Some states do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply to ISI or Master Licensee.
19. **RESTRICTIONS ON US GOVERNMENT USE**. The Software is commercial computer software and, together with any related documentation, is subject to the restrictions on U.S. Government use, duplication or disclosure as set forth in subparagraph (c) (1) (ii) of Department of Defense Federal Acquisition Regulations Supplement (DFARS) 52.227-7013 or in subparagraph (g) (3) (i) of Federal Acquisition Regulations (FAR) 52.227-14, Alternate III, as applicable.
20. **ENTIRE AGREEMENT**: Except where reference is made to the Master Software Support Agreement executed contemporaneously with this Agreement, this Agreement constitutes the entire agreement between the parties hereto pertaining to the Software and supersedes all proposals or prior and contemporaneous

agreements or understandings of the parties regarding the Software. In the event of any conflict between the terms and conditions of any Master Licensee purchase order or other ordering document and this Agreement, the terms of this Agreement shall control.

21. **GOVERNING LAW.** This Agreement shall be governed by the laws of the State of Oregon without regard to conflict of law principles. The parties each consent to the venue and jurisdiction of any state or federal court located in Multnomah County, in the State of Oregon. Each party agrees that service of process may be made upon it, wherever it can be located or by certified mail directed to the address for notices under this Agreement.
  
22. **TAXES.** Master Licensee will pay any and all taxes, assessments, and other governmental impositions of any nature which are levied on or assessed against the Software covered by this Agreement, other than taxes imposed on ISI's income, and Master Licensee will pay any sales, use, stamp, export, documentary, compensation, turnover, value-added, intangibles, or other tax applicable to or resulting from this Agreement and the transactions contemplated by this Agreement, if such tax is levied or assessed under laws of any government or other taxing authority within or outside of the United States, and Master Licensee agrees to indemnify and hold ISI harmless against any and all damage, costs, or expense, including reasonable legal fees and costs, that it may incur as a result of Master Licensee's failure to perform its obligations under this Section.



**EXHIBIT B TO SB OIL CHANGE FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement (the “Area Development Agreement” or the “Agreement”) is effective on \_\_\_\_\_ (“Agreement Date”). The parties to this Agreement are SB Oil Change Franchising, LLC, a North Carolina limited liability company, with our principal office located at 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101 (referred to in this Addendum as “we,” “us” or “our”) and \_\_\_\_\_, whose principal address is \_\_\_\_\_ (referred to in this Agreement as “you,” “your” or “Developer”).

**INTRODUCTION**

Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system for the development and operation of businesses that, using our System, Marks and Copyrights, offer and sell the Products and Services we designate or approve (the “Strickland Brothers 10 Minute Oil Change Business(es)”). We appoint certain persons who meet our standards and qualifications, and who are willing to undertake special efforts, the rights to own and operate a Strickland Brothers 10 Minute Oil Change Business (a “Service Center”) franchise (“Unit Franchises”). Unit Franchises are granted under our Franchise Agreement, a form of which is attached as an exhibit to our Franchise Disclosure Document. In some instances, we appoint certain persons who meet our standards and qualifications and who are willing to undertake special efforts the right to develop and operate one or more Strickland Brothers 10 Minute Oil Change Businesses (“Development Businesses”) within a defined geographic area. Individuals or entities granted Unit Franchises are referred to as “Franchisees”. Individuals or entities granted the right to own and operate Area Development Businesses are referred to as “Area Developers.” By signing this Agreement, you are becoming and serving as one of our Area Developers for the operation of a Development Business. The Strickland Brothers 10 Minute Oil Change Businesses you will operate are sometimes referred to as “Your Business(es).”

You have applied to own and operate a Development Business. We grant to you the right to operate a Development Business subject to the terms and conditions, promises, representations, warranties and acknowledgements contained in this Agreement. You and we agree as follows:

1. **Development Rights.** Subject to the terms and conditions of this Agreement, we hereby grant you the exclusive right and obligation to develop the total number of Service Centers referenced in Section 2 herein, within the Development Area. Each Service Center that you develop pursuant to this Agreement must be located within the Development Area. A map showing the Development Area may be attached as an Exhibit to this Agreement. In case of any variation, the Approved Territories in the Franchise Agreements control. During the term of this Agreement, we will not ourselves open or operate, or grant to another the right to open or operate a Unit Franchise with a Site in the Development Area. However, the foregoing will not apply to any Unit Franchises that have been previously granted rights, which have Sites or the right to have Sites in the Development Area, or

if we or our affiliate(s) currently operate one or more Strickland Brothers 10 Minute Oil Change Businesses at Sites in the Development Area (individually or collectively, “Pre-Existing Sites”). If there are any Pre-Existing Sites in your Development Areas, we will list them on an exhibit to this Agreement.

2. **Development Schedule.** Your Development Schedule is:

UNIT #	DEADLINE FOR OPENING (FROM EXECUTION OF THIS AGREEMENT)	CUMULATIVE MINIMUM NUMBER OF UNITS TO BE OPEN AND OPERATING NO LATER THAN THE DEADLINE FOR OPENING (IN PREVIOUS COLUMN)	AREA DEVELOPMENT FEE
1	18 months	1	\$
2	30 months	2	\$
3	36 months	3	\$
4	42 months	4	\$
Total			\$

You understand and acknowledge that the Area Development Fee itemized above is non-refundable upon payment.

This Development Schedule modifies any corresponding dates in each applicable Franchise Agreement. Strict compliance with the Development Schedule is the essence of this Agreement.

3. **Termination of Development Areas.** Each Development Area for each Unit Franchise is terminated on the sooner of when its Site is selected or the required Control Date for that Unit Franchise specified in the Development Schedule. If you fail to comply with the Site Selection requirements in the Franchise Agreement with respect to any Site, the Development Area for that Unit Franchise immediately terminates. Also, if a Service Center operated by any Unit Franchise under the Development Schedule is permanently closed after having been opened, you agree to develop and open a substitute Service Center within the original Approved Territory for that Unit Franchise within 1 year from the date of its closure. We in our sole discretion determine the date of its closure for purposes of establishing such 1-year period.

4. **Termination of Agreement.** This Agreement terminates in its entirety on the earlier of (a) the last Control Date specified in in the Development Schedule, (b) the actual selection of the last Site under the Development Schedule, or (c) if terminated due to your breach of this Agreement or any of your Franchise Agreements. In addition, if you are unable to comply with any Site Selection and/or Opening Date defined in the Development Schedule, we may, in our sole discretion, terminate this Agreement in its entirety, or in part. In case of termination of this Agreement in its entirety, such termination will terminate all development rights in the Development Areas, and terminate the Development Areas and void the Development Schedule. In that instance, the terms of the Franchise Agreements, without regard for this Agreement will control. You are not entitled to any refunds whatsoever if we terminate this Agreement or any Development Area. If for any reason we, in our sole discretion designate one unitary Development Area for multiple Unit Franchises, or allow any of your Development Areas or Approved Territories to overlap, we, in our sole discretion will determine what portion of the

Development Area and/or Approved Territory terminates upon the selection of each Site, or your failure select a Site in compliance with the Franchise Agreement. Any breach of this Agreement by you will also constitute a material breach of the Franchise Agreements and we may, in our sole discretion, do any of the following: terminate this Agreement; terminate any of your Franchise Agreements under which you have not timely and properly elected a Site, or take any other action allowed us in the vent of your breach under any individual or all of your Franchise Agreements.

5. **Rights Retained.** We retain all rights not expressly granted to you under this Agreement. Our reservation of rights is more fully described in your Franchise Agreement. Other than what is expressly granted under this Agreement, we have no obligation to offer you any right of first refusal, or rights to acquire any additional or contiguous Unit Franchises, expansion of any Development Area or Approved Territories or any additional Area Development rights whatsoever.

6. **No Successor or Renewal Rights.** You do not have the right to renew this Agreement or your rights under it.

7. **Force Majeure.** Neither Developer, Franchisor, Guarantors, nor any Related Party shall be liable for loss or damage or deemed to be in breach of the Area Development Agreement or any related agreement if its failure to perform its obligation is not its fault nor within its reasonable control but results from, without limitation, fire, catastrophe, extreme weather or natural disaster, strikes or labor trouble, civil commotion, moratorium, acts of God, governmental prohibitions or regulation, plague, epidemic, pandemic, outbreaks of infectious disease or any other public health crisis including quarantine or other restrictions limiting the ability of individuals to gather or work, inability or difficulty to obtain materials or other causes similar or dissimilar to the foregoing beyond the performing party's reasonable control (“Force Majeure”). If Franchisor or Developer is delayed or prevented from the payment or performance of any of their respective obligations due to Force Majeure, the period of such delay or prevention shall be deemed added to the time herein provided for the performance of any such obligation by the performing party and the performing party shall have no liability by reason of such permitted delays. The Franchisor and Developer understand that no Force Majeure event shall give reason for termination of this Agreement.

8. **Dispute Resolution.**

8.1. **Costs and Attorneys’ Fees.** If either Franchisor or Developer initiates a legal proceeding in connection with this Agreement or the relationship of the parties hereto, the non-prevailing party in such proceeding shall reimburse the prevailing party for any costs and expenses that the prevailing party incurs, including reasonable accounting, attorneys’, arbitrators’ and related fees.

8.2. **Rights of Parties are Cumulative.** Franchisor’s and Developer’s rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by law to enforce. Nothing herein shall be construed to deprive Franchisor of the right to recover damages as compensation for lost future profits. All

obligations of the parties which, by their terms, or by reasonable implication are to be performed in whole or in part after termination, shall survive termination.

8.3. Arbitration. All controversies, disputes or claims between Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Developer (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) arising out of or related to: (i) this Agreement or any other agreement between Developer (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including this Section 8.3); (ii) the relationship between Franchisor and Developer; (iii) the scope and validity of this Agreement or any other agreement between Developer (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this Section 8.3, which Developer and Franchisor acknowledge is to be determined by an arbitrator and not a court); (iv) any System Standard; (v) any loan or other finance arrangement between Developer (or its affiliates) and Franchisor (or its affiliates) will be submitted for arbitration to the office of the American Arbitration Association closest to Franchisor's then current principal business address. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall be an attorney with substantial experience in franchise law. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within 10 miles of Franchisor's principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (x) the arbitrator shall not have authority to declare any Mark generic or otherwise invalid; and (y) except for punitive, exemplary, treble and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification, Franchisor and Developer waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, treble or other forms of multiple damages against the other and agree that, in the event of a dispute between them, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. Franchisor and Developer agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Franchisor and Developer further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Developer or Franchisor. Franchisor reserves the right, but has no obligation, to advance Developer's share of the costs of any

arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs. Franchisor and Developer agree that arbitration shall be conducted on an individual, not a class wide, basis, that only Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Developer (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this Section 8.3, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other person or Entity. Notwithstanding the foregoing or anything to the contrary in this Section 8.3, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 8.3, then Franchisor and Developer agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 8 (excluding this Section 8.3). Other than as may be required by law, the entire arbitration proceedings (including but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement. The provisions of this Section 8.3 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Notwithstanding anything to the contrary contained in this Section 8.3, Franchisor and Developer each have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, Franchisor and Developer must contemporaneously submit the dispute for arbitration on the merits according to this Section 8.3.

8.4. Governing Law. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, all controversies, disputes or claims arising from or relating to: (i) this Agreement or any other agreement between Developer (or its Owners or affiliates) and Franchisor (or its affiliates); (ii) the relationship between Franchisor and Developer; (iii) the validity of this Agreement or any other agreement between Developer (or its Owners or affiliates) and Franchisor (or its affiliates); or (iv) any System Standard will be governed by the laws of the State of North Carolina, without regard to its conflict of laws rules, except that any law regulating the sale of franchises, licenses, or business opportunities, governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, or involving unfair or deceptive acts or practices will not apply unless its jurisdictional requirements are met independently without reference to this Section 8.4.

8.5. Consent to Jurisdiction. Subject to the arbitration obligations in Section 8.3, Developer and its Owners agree that all judicial actions brought by Franchisor against Developer or its Owners, or by Developer or its Owners against Franchisor, its affiliates or its or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor maintains its principal business address at the time that the action is brought. Developer and each of its Owners irrevocably submits to the jurisdiction of such courts and waives any objection that any of them may have to either jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in

the state in which Developer or any of its Owners resides.

8.6. Waiver of Special, Incidental and Punitive Damages and Jury Trial. **EXCEPT FOR PUNITIVE, EXEMPLARY, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR SPECIAL (INCLUDING WITHOUT LIMITATION, ANY DAMAGES ASSOCIATED WITH LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION, FRANCHISOR AND DEVELOPER (AND DEVELOPER’S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, SPECIAL, INCIDENTAL, EXEMPLARY, TREBLE OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND DEVELOPER (OR DEVELOPER’S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. FRANCHISOR AND DEVELOPER (AND DEVELOPER’S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR DEVELOPER (OR DEVELOPER’S OWNERS).**

8.7. Limitations of Claims. EXCEPT FOR CLAIMS ARISING FROM DEVELOPER’S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS IT OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN FRANCHISOR AND DEVELOPER (AND DEVELOPER’S OWNERS) WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING IS COMMENCED IN THE PROPER FORUM WITHIN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

9. Precedence and Defined Terms. This Agreement amends, modifies, and supersedes the terms of, and is an integral part of each of the Franchise Agreements indicated in the Development Schedule. Capitalized terms in this Agreement which are not otherwise defined in this Agreement have the same meanings as defined in our form of Franchise Agreement. Except as otherwise indicated in the Agreement, all other terms and conditions of the Franchise Agreements remain unmodified and in full force and effect. Terms of the introduction are integral parts of this Agreement.

10. This agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished you.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURE PAGE TO FOLLOW]

FRANCHISOR:

SB OIL CHANGE FRANCHISING, LLC  
doing business as  
Strickland Brothers 10 Minute Oil Change

By: \_\_\_\_\_  
Name: Justin Strickland  
Title: Chief Executive Officer  
Date: \_\_\_\_\_

Delivery Addresses for Notices:

SB Oil Change Franchising, LLC  
301 North Main Street, Suite 2030  
Winston-Salem, North Carolina 27101

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Delivery Address for Notices:

**EXHIBIT C**  
**TO SB OIL CHANGE FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**



**SB OIL CHANGE FRANCHISING, LLC**

FINANCIAL REPORT

AS OF DECEMBER 31, 2022



SB OIL CHANGE FRANCHISING, LLC

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheet	5
Statement of Operations	6
Statement of Changes in Member's Equity (Deficit)	7
Statement of Cash Flows	8
Notes to Financial Statements	9



**Independent Auditor's Report**

To the Members  
SB Oil Change Franchising, LLC  
Winston Salem, North Carolina

**Report on the Financial Statements**

We have audited the accompanying balance sheets of SB Oil Change Franchising, LLC as of December 31, 2022, and 2021 and the related statement of operations, members' equity (deficit) and cash flows for the years ended December 31, 2022, 2021, and 2020, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SB Oil Change Franchising, LLC as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***2021 Financial Statements Restated***

As discussed in Note 2 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SB Oil Change Franchising, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

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Office: (303) 999-6485



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

In performing an audit in accordance with GAAS, we:

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

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

*Reese CPA LLC*

Ft. Collins, Colorado  
April 27, 2023

**SB OIL CHANGE FRANCHISING, LLC**  
**BALANCE SHEETS**

	<b>AS OF DECEMBER 31</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 778,000	\$ 460,372
Accounts receivable	376,819	151,491
Other current assets	63,460	57,609
Deferred commissions - current portion	952,170	1,262,069
<b>TOTAL CURRENT ASSETS</b>	<b>2,170,449</b>	<b>1,931,541</b>
<b>NON-CURRENT ASSETS</b>		
Deferred commissions	3,237,254	3,538,279
Purchased goodwill	8,856,014	8,856,014
<b>TOTAL ASSETS</b>	<b>\$ 14,263,717</b>	<b>\$ 14,325,834</b>
<b>LIABILITIES AND MEMBER'S EQUITY:</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 122,430	\$ 156,436
Deferred conference sponsorship	61,000	127,500
Non-refundable deferred franchise sales - current portion	1,267,012	1,641,045
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,450,442</b>	<b>1,924,981</b>
<b>LONG-TERM LIABILITIES</b>		
Non-refundable deferred franchise sales	4,487,649	4,812,599
<b>TOTAL LIABILITIES</b>	<b>5,938,091</b>	<b>6,737,580</b>
<b>MEMBER'S EQUITY</b>		
Member's equity	9,458,270	7,973,198
Due from related parties	(1,132,644)	(384,944)
<b>TOTAL MEMBER'S EQUITY</b>	<b>8,325,626</b>	<b>7,588,254</b>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$ 14,263,717</b>	<b>\$ 14,325,834</b>

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

**SB OIL CHANGE FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>			
Franchise sales	\$ 1,902,883	\$ 1,424,699	\$ 257,267
Royalties	981,614	225,961	1,952
Franchisee advertising contributions	833,137	409,662	-
Products and other	1,271,710	442,546	45,952
<b>TOTAL REVENUES</b>	<u>4,989,344</u>	<u>2,502,868</u>	<u>305,171</u>
<b>OPERATING EXPENSES</b>			
Franchise cost	1,767,092	1,844,786	296,112
Franchisee advertising costs	1,245,342	420,939	-
General and administrative	383,089	276,243	30,327
Payroll and related costs	64	75,500	1,935
Professional fees	88,658	41,130	21,578
Franchisor advertising and promotion	20,027	-	27,984
<b>TOTAL OPERATING EXPENSES</b>	<u>3,504,272</u>	<u>2,658,598</u>	<u>377,936</u>
<b>OPERATING INCOME (LOSS)</b>	1,485,072	(155,730)	(72,765)
<b>NET INCOME (LOSS)</b>	<u>\$ 1,485,072</u>	<u>\$ (155,730)</u>	<u>\$ (72,765)</u>

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

**SB OIL CHANGE FRANCHISING, LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, 2020**

	<u>Member Contributions</u>	<u>Accumulated Earnings (Deficit)</u>	<u>Total Member's Equity (Deficit)</u>
<b>BALANCE, DECEMBER 31, 2019</b>	\$ 239,800	\$ (3,110)	\$ 236,690
Member distributions	-	(407,459)	(407,459)
Net (loss)	-	(72,765)	(72,765)
<b>BALANCE, DECEMBER 31, 2020</b>	<u>239,800</u>	<u>(483,334)</u>	<u>(243,534)</u>
Acquisition of controlling interest by members	7,951,483	904,531	8,856,014
Member distributions	-	(483,552)	(483,552)
Net (loss)	-	(155,730)	(155,730)
<b>BALANCE, DECEMBER 31, 2021</b>	<u>8,191,283</u>	<u>(218,085)</u>	<u>7,973,198</u>
Net income	-	1,485,072	1,485,072
<b>BALANCE, DECEMBER 31, 2022</b>	<u>\$ 8,191,283</u>	<u>\$ 1,266,987</u>	<u>\$ 9,458,270</u>

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

**SB OIL CHANGE FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, 2020**

	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss)	\$ 1,485,072	\$ (155,730)	\$ (72,765)
Adjustments to reconcile net income to net cash provided by operating activities:			
Recognition of non-refundable deferred franchise sales	(1,847,883)	(1,477,099)	(257,267)
Recognition of deferred commissions	1,398,124	1,158,962	206,520
Changes in assets and liabilities:			
Accounts receivable	(225,328)	(151,420)	(71)
Other current assets	(5,851)	(57,609)	-
Deferred commissions	(787,200)	(3,099,400)	(3,066,430)
Accounts payable	(34,006)	144,677	11,449
Deferred convention sponsorships	(66,500)	127,500	-
Non-refundable deferred franchise sales	1,148,900	4,289,600	3,898,410
Net cash provided (used) by operating activities	1,065,328	779,481	719,846
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash (used) in investing activities	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Member contributions	-	-	-
Member distributions	-	(483,552)	(407,459)
Advances to related parties	(747,700)	(384,944)	-
Net cash provided (used) by financing activities	(747,700)	(868,496)	(407,459)
<b>NET INCREASE IN CASH</b>	317,628	(89,015)	312,387
<b>CASH, beginning</b>	460,372	549,387	237,000
<b>CASH, ending</b>	\$ 778,000	\$ 460,372	\$ 549,387
<b>SUPPLEMENTAL DISCLOSURES</b>			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH FLOW INFORMATION</b>			
Acquisition of controlling interest by members	\$ -	\$ 8,056,014	\$ -

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



**SB OIL CHANGE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

SB Oil Change Franchising, LLC ("the Company") was formed on July 12, 2019, (Inception) in the State of North Carolina as a limited liability company. The Company grants franchises to qualified persons for the operation of a Strickland Brothers 10 Minute Oil Change Business service center, a quick-service engine oil change facility which offers chassis lubrication, certain routine maintenance checks and other automotive services. All activities are conducted in a designated territory.

Parent and Affiliates

On May 13, 2021, SB PEP Holdco, LLC ("SB Holdco") acquired 100% of the membership interests of Strickland's Enterprises, LLC and SB Oil Change Franchising, LLC and thus became the owner of the Strickland Brothers 10 Minute Oil Change brand. SB Holdco is controlled by Princeton Equity Group, a Princeton, NJ based private equity company.

The Company's affiliate, Strickland's Enterprises, LLC, was formed on May 15, 2012. Strickland's Enterprises, LLC has been operating Strickland Brothers 10 Minute Oil Change Businesses under the Marks and may operate additional Service Centers in the future. Strickland's Enterprises, LLC does not offer, nor has it ever offered franchises in this or in any other lines of business previously.

Changes in the number of franchises for the years ended December 31, 2022, 2021, 2020, consist of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Units in operation, beginning	82	21	11
Units opened	50	61	11
Units terminated or closed	-	-	(1)
Units in operation, ending	<u>132</u>	<u>82</u>	<u>21</u>
Franchised units	47	21	1
Affiliate owned units	85	61	20

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's 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.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

SB OIL CHANGE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company did not have any allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable during the years ended December 31, 2022, 2021, and 2020.

Income Taxes

The Company has elected to be taxed as a "Disregarded Entity" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members. The Company's evaluation was performed for the years ended December 31, 2022, 2021, and 2020.

SB OIL CHANGE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Revenue Recognition, Non-refundable Deferred Franchise Fees, and Deferred Commission Assets*

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”.

The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases an SB Oil Change franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“symbolic intellectual property” or “IP”). Revenues related to the designated territory and IP are continuing royalties that are 6.0% of weekly gross revenues for contracts signed after May 2022. The royalty rate before that date was 5%. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on- going support for the Company’s franchisees. The royalties are billed monthly and are recognized as revenue when earned.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a deferred commission asset and are recognized as expense when the related performance obligation has been satisfied.

*Brand Fund Contribution*

Contributions to the brand fund are 2% of weekly gross revenue. Contributions are billed monthly and recognized as revenue when earned. The Company had no contributions to the brand fund for the years ended December 31, 2021, and 2020.

*Local Marketing Requirement*

The Company collects 2.5% of gross revenues that are used to provide local marketing in the franchisee's territory. The local marketing requirement is billed monthly with royalty fee and recognized as revenue when earned. Beginning in 2022, the local marketing requirement has been merged into the brand fund contribution and no longer be collected as a distinct fee. The Company had no revenues from the local marketing requirement for the year ended December 31, 2022.

SB OIL CHANGE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Grand Opening Advertising

The Company collects \$20,000 from each franchisee that is used to provide local marketing in the franchisee's territory prior to the grand opening of the franchise location. The grand opening is billed prior to opening of the franchise location and recognized as revenue when earned. The Company had no revenues from the grand opening advertising requirement for the year ended December 31, 2022.

Franchisor Advertising Expenses

The Company expenses advertising costs for the selling of franchises as incurred. Advertising costs expensed were \$20,027, \$0, and 27,984 for the years ended December 31, 2022, 2021, and 2020.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and franchisee receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable the carrying amounts of these financial statement items approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

**SB OIL CHANGE FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – RESTATEMENT OF 2021 FINANCIAL STATEMENTS**

The Company's financial statements as of December 31, 2021, and for the year ended December 31, 2021, have been restated to include the purchased goodwill allocated to the Company that resulted from a Securities Purchase transaction that occurred on May 11, 2021, as described under the Parents and Affiliates caption of Note 1 above. There was no effect of the restatement on the operations and cash flow as previously reported. The effect of the restatement is as follows:

	As previously reported	Corrected	Increase (decrease)
Total Current Assets	\$ 1,931,541	\$ 1,931,541	\$ -
Non-Current Assets			
Deferred commissions	3,538,279	3,538,279	-
Purchased goodwill	-	8,856,014	8,856,014
<b>Total Assets</b>	<b>\$ 5,469,820</b>	<b>\$ 14,325,834</b>	<b>\$ 8,856,014</b>
Total Current Liabilities	\$ 1,924,981	\$ 1,924,981	\$ -
Long-Term Liabilities	4,812,599	4,812,599	-
Total Liabilities	6,737,580	6,737,580	-
Members' equity (deficit)	(882,816)	7,973,198	8,856,014
Due from related parties	(384,944)	(384,944)	-
Total Member's Equity (Deficit)	(1,267,760)	7,588,254	8,856,014
<b>Total Liabilities and Member's Equity (Deficit)</b>	<b>\$ 5,469,820</b>	<b>\$ 14,325,834</b>	<b>\$ 8,856,014</b>

**NOTE 3 – CONTRACTS WITH CUSTOMERS**

*Disaggregation of Revenues*

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021, and 2020, is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	\$ 3,084,711	\$ 1,078,169	\$ 47,904
Performance obligations satisfied through the passage of time	1,847,883	1,424,699	257,267
Total revenues	<b>\$ 4,932,594</b>	<b>\$ 2,502,868</b>	<b>\$ 305,171</b>

**SB OIL CHANGE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CONTRACTS WITH CUSTOMERS (CONTINUED)**

Contract Assets and Liabilities

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2022	2021
<b>Deferred Commissions:</b>		
Balance Beginning of year	\$ 4,800,348	\$ 2,859,910
Deferral of commissions	787,200	3,099,400
Recognition of deferred commissions	(1,398,124)	(1,158,962)
Balance at End of Year	\$ 4,189,424	\$ 4,800,348
<b>Deferred Non-refundable Franchise Fees:</b>		
Balance Beginning of year	\$ 6,453,644	\$ 3,641,143
Deferral of non-refundable franchise fees	1,148,900	4,289,600
Recognition of non-refundable franchise fees	(1,847,883)	(1,477,099)
Balance at End of Year	\$ 5,754,661	\$ 6,453,644

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2022, is as follows:

	Deferred Commissions	Non-refundable Franchise Fees
Year ending December 31:		
2023	\$ 952,170	\$ 1,267,012
2024	577,860	772,558
2025	364,188	498,300
2026	287,174	398,911
2027	248,852	349,865
Thereafter	1,759,180	2,468,015
	\$ 4,189,424	\$ 5,754,661

**NOTE 3 – TRANSACTIONS WITH AFFILIATES**

At various times, the Company advances funds to and receives funds for various business purposes from the Company's affiliates who are commonly owned.

Advances are not collateralized, noninterest bearing and due on demand. Net advances due from the related parties as of December 31, 2022, and 2021 were \$1,132,644, and \$384,944, respectively. The advances are reported as a component of members' (deficit) in the accompany balance sheets as the net advances do not have stated repayment terms and the ownership of these related parties is the same ownership of the Company.

**SB OIL CHANGE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

*Litigation*

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NOTE 5 - SUBSEQUENT EVENTS**

*Date of Management's Evaluation*

Management has evaluated subsequent events through April 27, 2023, the date on which the financial statements were available to be issued.

**EXHIBIT D TO SB OIL CHANGE FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF CURRENT AND FORMER FRANCHISEES**



**List of Franchised Service Centers**

<b><u>Franchisee Name</u></b>	<b><u>Street Address</u></b>	<b><u>City</u></b>	<b><u>State</u></b>	<b><u>Zip</u></b>	<b><u>Phone</u></b>
Philip Sarnecki	602 W. Tremble Ave.	Berryville	AR	72616	8704-237-055
Philip Sarnecki	1904 S Walton Blvd	Bentonville	AR	72712	479-364-0049
Nancy & Andrew Gilbert	10835 S. 48th Street	Phoenix	AZ	85044	480-940-1217
Kevin Hayes	19011 E Quincy Ave	Aurora	CO	80015	720-870-3870
Kevin Hayes	16766 E Smoky Hill Rd	Aurora	CO	80015	303-690-2313
Rob Makros	795 Red Feather Ln	Woodland Park	CO	80863	719-687-0670
Spencer Grogan & Dustin Gay	2320 S Hwy 29	Cantonment	FL	32533	850-937-8555
Damien Munnings	4141 Tamiami Trail	Port Charlotte	FL	33952	941-255-0591
Rodrigo & Stephanie Rivera	430 N State Rd 7	Plantation	FL	33317	954-533-3837
Carol Miller	6501 66th St N	Pinellas Park	FL	33781	727-954-0281
Spencer Grogan & Dustin Gay	5536 Mobile Hwy	Pensacola	FL	32526	850-944-3000
Ken Richards	5083 Old National Hwy	College Park	GA	30349	404-761-7766
Brad Freeman	1860 Hudson Bridge Rd	Stockbridge	GA	30281	678-289-6327
Ken Richards	2063 Roswell Road	Marietta	GA	30062	770-977-6500
Ken Richards	575 Atlanta Rd	Cumming	GA	30040	678-540-7411
Michael Jaramillo	6874 Hickory Rd.	Woodstock	GA	30188	770-213-3608
Jami Guthrie	5200 W. Elm St.	McHenry	IL	60050	815-344-4443
Jami Guthrie	1560 E. Algonquin Rd.	Algonquin	IL	60102	847-458-8800
Jami Guthrie	1500 Ogden Ave	Downers Grove	IL	60515	630-964-6457
Jami Guthrie	467 W. Boughton Road	Bolingbrook	IL	60440	630-410-8437
Ted & Laura Blanford	10830 Coldwater Rd	Fort Wayne	IN	46845	260-619-2000
Philip Sarnecki	2517 N Broadway	Pittsburg	KS	66762	620-232-5966
Philip Sarnecki	101 N 10th St	Independence	KS	67301	620-331-4455
Philip Sarnecki	1509 S National Ave	Fort Scott	KS	66701	620-224-2000
Philip Sarnecki	2937 North Rock Road	Derby	KS	67037	316-867-2034
Philip Sarnecki	237 South Andover Road	Andover	KS	67002	316-358-7648
Philip Sarnecki	618 N Vine St	El Dorado	KS	67042	316-600-5606
Philip Sarnecki	906 W 7th St	Joplin	MO	64801	417-623-5823

Philip Sarnecki	249 Shepherd of The Hills Expy	Branson	MO	65616	417-335-5182
Brett Houston	310 N 291 Hwy	Liberty	MO	64068	816-439-6039
David Stewart	11133 US 70 Business Hwy West	Clayton	NC	27520	919-550-0935
Josh Hill	1910 Cotton Grove Rd	Lexington	NC	27292	336-300-8060
Josh Hill	1563 Seaside Rd SW	Ocean Isle Beach	NC	28469	910-579-7500
Josh Hill	4313 W Gate City Blvd	Greensboro	NC	27407	336-907-3851
Randy Niessner	1302 S Cannon Blvd	Kannapolis	NC	28083	704-925-1854
Bruce Jacobs	238 Peachtree St	Murphy	NC	28906	828-837-5823
Josh Hill	708 Laurinburg Rd	Raeford	NC	28376	910-904-0506
Philip Sarnecki	3616 2nd Ave	Kearney	NE	68847	308-251-7594
Jamie Broderick	18488 Pearl Rd	Strongsville	OH	44136	440-870-2042
Jody Whalen	800 Niles Rd	Fairfield	OH	45014	513-829-0096
Philip Sarnecki	2110 N Main St	Altus	OK	73521	580-482-3821
Philip Sarnecki	116 W State Hwy 152	Mustang	OK	73064	405-376-2507
Philip Sarnecki	604 E Prospect Ave	Ponca City	OK	74601	580-762-2212
Philip Sarnecki	418 S. Main St	Elk City	OK	73644	580-225-9900
Michael McClain	901 E Pittsburgh St	Greensburg	PA	15601	724-838-0440
Victor Miller	320 S Lowry St	Smyrna	TN	37167	615-625-3067
Mike & Anabel Allen	7015 Farm to Market Rd 1488	Magnolia	TX	77354	281-356-5002
MG Spanial	1121 S Austin Ave.	Georgetown	TX	78626	737-275-5001
Jeremy O'Brien	3535 FM 2920	Spring	TX	77388	832-953-2825
Martin & Gianna	2321 S. Valley Parkway	Lewisville	TX	75067	469-240-0110
Shane & Shannon Nelson	23033 Clay Rd	Katy	TX	77493	281-396-4259
MG Spanial	2001 S AW Grimes	Round Rock	TX	78664	737-279-0721
Martin & Gianna	3406 College Avenue	Snyder	TX	79549	325-573-8150
Jeremy O'Brien	5021 Louetta Rd	Spring	TX	77379	346-336-6948
Martin & Gianna	1124 E N 10th St	Abilene	TX	79601	325-437-0441
Shane & Shannon Nelson	15511 FM 529	Houston	TX	77095	281-861-4647
Blake Alderton	3850 Catclaw Dr	Abilene	TX	79606	325-232-6004
Jon Ehlen	1804 N Main St	Taylor	TX	76574	512-352-3400

**List of Franchisees That Have Signed a Franchise Agreement but are Not Yet Operational as of December 31, 2022**

<b><u>Franchisee Name</u></b>	<b><u>Street Address</u></b>	<b><u>City</u></b>	<b><u>State</u></b>	<b><u>Zip</u></b>	<b><u>Phone</u></b>
Justin & Jennifer Hallquist	13834 W Sarano Ter.	Litchfield Park	AZ	85340	623-231-6829

Travis & Micaela Sticka	781 Capricorn Way	Chandler	AZ	85249	602-531-5484
Joe Young	PO Box 372084	Denver	CO	80237	303-478-8009
Shayne & Kimberly Barrieault	4431 Thompson Parkway	Johnson	CO	80534	970-250-4451
Spencer Grogan & Dustin Gay	5536 Mobile Hwy	Pensacola	FL	32526	850-944-3000
Chris and Emily Stoll	176 Majestic Eagle Drive	Ponte Vedra	FL	32081	847-903-6704
Dwain (Rusty) Johnson	10310 South Ocean Dr Unit 204	Jensen Beach	FL	34957	954-554-6114
Neeru & Neeraj Sharma	1848 Redwood Grove Terrace	Lake Mary	FL	32746	407-927-2799
Rachel Cordova & Cheryl Lassiter-Edwards	1050 Trappers Trail Loop	Championsgate	FL	33896	203-676-7669
Daryl Stewart	780 Abercorn Drive SW	Atlanta	GA	30331	404-307-6085
Laura Frizzell & Allison McClain	1362 Pasadena Ave. NE	Atlanta	GA	30306	617-877-0795
Mike Jaramillo	1085 Beacon Hill Crossing	Alpharetta	GA	30005	678-520-3263
Michael Jaramillo	6874 Hickory Rd.	Woodstock	GA	30188	770-213-3608
Jami Guthrie	467 W. Boughton Road	Bolingbrook	IL	60440	630-410-8434
Steve & Lu Walker	442 W Oak St	Chicago	IL	60610	404-272-1947
Ted & Laura Blanford	11511 Ransgate Ct.	Fort Wayne	IN	46814	419-450-5333
Ted & Laura Blanford	10830 Coldwater Rd	Fort Wayne	IN	46845	260-619-2000
Philip Sarnecki	2937 North Rock Road	Derby	KS	67037	316-867-2034
Philip Sarnecki	237 South Andover Road	Andover	KS	67002	316-358-7648
Philip Sarnecki	618 N Vine St	El Dorado	KS	67042	316-600-5606
Dan & Billie Jo Broussard	8919 Vermillion Lakes Drive	Abbeville	LA	70510	337-652-8086
Zac & Alyssa Bohlen	5 Lawton Lane	Foxboro	MA	02035	617-833-7816
Justin Wade & Michael Knight	PO Box 481993	Kansas City	MO	64148	913-424-2337
Bill & Judith Boyd	7215 Buckland Rd	Charlotte	NC	28278	704-840-4956

Curtis & Jwantana Frink	516 N Lord St	Southport	NC	28461	910-713-0030
Donald & Ina Kamenz	1198 Cana Rd	Mocksville	NC	27028	561-901-6282
Bruce Jacobs	238 Peachtree St	Murphy	NC	28906	828-837-5823
Josh Hill	708 Laurinburg Rd	Raeford	NC	28376	910-904-0506
Frederick Sena	57 Colby Rd	Tilton	NH	03276	401-855-5398
Jim & Amanda Etheridge	13 Nottingham Rd	Windham	NH	03087	603-545-1708
John Reilly	19 Susan Lane	Manahawkin	NJ	08050	203-816-7703
Anthony & Natalie Olheiser	3777 Toscanella Ave	Henderson	NV	89052	702-400-5225
Doug & Gisella Gustina	11470 Summer Way	Plain City	OH	43064	614-832-4140
Rodney & Martha Taylor	8541 Stonechat Loop	Dublin	OH	43017	919-407-1346
Ken & Jamie MacNeal	21 Burke Avenue	Conshohocken	PA	19428	610-842-5465
Andy & Michael Yan	1903 Linden Way	Eagleville	PA	19403	609-922-4615
Jon & Sarah Sheldon	322 Stoup Rd	Mars	PA	16046	412-548-2126
Jim & Candice Ripper	5959 Pleasant Farm Drive	Beaufort	SC	29906	315-391-7206
Michael Cozad	441 Elfes Field Ln	Charleston	SC	29492	214-980-3885
Paul "Doug" Epperly	3181 Bridgewater Rd	Rock Hill	SC	29730	980-216-9496
Larry Fant	11 Sweet Thorne Circle	Irmo	SC	29063	803-479-4878
Bruce & Shayla Jacobs	1091 Tulloss Road,	Franklin	TN	37069	615-973-4447
Anthony & LaDawn Daniels	410 FM 1544	Sweetwater	TX	79556	512-431-9127
Blake Alderton	4809 Spring Creek Rd	Abilene	TX	79602	325-450-1286
Blake Alderton	3850 Catclaw Dr	Abilene	TX	79606	325-232-6004
Jake & Erin Hill	306 Renaissance Ln	Heath	TX	75032	801-725-4621
Glen & Sherry Scales	2900 Windy Vane Dr	Pflugerville	TX	78660	512-460-0738
Jon Ehlen & Bonnie Coa	104 Poppy Ct	Georgetown	TX	78626	650-739-3030
Sheldon Unruh	25943 Laurel Pass	San Antonito	TX	78260	316-727-4662

Jon Ehlen	1804 N Main St	Taylor	TX	76574	512-352-3400
William (Bill) & Karen Law	186 Tapwood Lane	Cibolo	TX	78108	210-722-7973
Jerry Banta	5813 Santa Clarita Lane	Midland	TX	79707	405-593-6963
Stan Jones	21750 Hardy Oak Blvd, Suite 102-280	San Antonio	TX	78258	210-843-6066
Ovais Khan	228 E Summer Leaf Drive	Draper	UT	84020	801-556-2003
Long & Stephanie Westerlund	2010 N Dinwiddie St	Arlington	VA	22207	703-362-9888

**Former Franchisees and those who have not communicated with us within 10-weeks of the Issuance Date of this Disclosure Document**

<b><u>Franchisee Name</u></b>	<b><u>Street Address</u></b>	<b><u>City</u></b>	<b><u>State</u></b>	<b><u>Zip</u></b>	<b><u>Phone</u></b>
Angela Stoll	1270 East Baranca Rd	Gilbert	AZ	85297	602-717-6051
Steve & McBride Dutton	543 Brooks Rackley Rd	Dallas	GA	30157	770-826-6002
Scot & Jodi Barnes	PO Box 40	Fortville	IN	46040	317-447-9789
Michael Langley	7413 Pine Summit Drive	Fuquay Varina	NC	27526	443-783-7188
Ken Bowman	1636 Achcom Way	West Chester	PA	19380	215-500-5312
Ryan & Amalie Phillips	6240 Hayes Rd	Midlothian	TX	76065	972-765-9983
Chris & Jana Eley	10318 Earlington Manor Dr.	Spring	TX	77379	703-380-0215
Mike & Diane Balliet	9619 Longmire Monterrey Court	Conroe	TX	77304	936-828-6620
AJ & Nik Patel	7907 Hampton Glen Terrace	Chesterfield	VA	23832	804-433-8701

**EXHIBIT E TO SB OIL CHANGE FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**CONFIDENTIAL OPERATIONS MANUAL**  
**TABLE OF CONTENTS**

**Table of Contents**

Table of Contents .....	1
Chapter 1:Introduction .....	2
Chapter 2:Welcome to Strickland Brothers 10 Minute Oil Change .....	3
Chapter 3:Support Resource .....	12
Chapter 4:Pre-Opening Timetable & Obligations .....	14
Chapter 5: Franchisee Owner Training Requirements.....	15
Chapter 6: Staffing Your Strickland Brothers 10 Minute Oil Change Franchise .....	20
Chapter 7: Location Policies.....	31
Chapter 8: Office Operation and Maintenance .....	43
Chapter 9: Furniture, Fixtures & Equipment .....	54
Chapter 10: Administration.....	55
Chapter 11:Reports, Audits & Inspections .....	63
Chapter 12:Marketing.....	65
Chapter 13:Sales & Pricing.....	78
Chapter 14:Insurance Requirements & Risk Management.....	81
Chapter 15:Trademarks and Trade Secrets - Protection Policies.....	85
Chapter 16:Field Operations .....	88
Chapter 17:Resale, Transfer, Renewal and Closing .....	98
Chapter 18:Expansion and Relocation Requirements.....	103

**EXHIBIT F TO SB OIL CHANGE FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 808-586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 317-232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410-576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1 <sup>st</sup> Floor Lansing, MI 48933 517-373-7117	

Minnesota	Minnesota Department of Commerce Securities-Franchise Regulation 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave. State Capital 5 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave. State Capital 5 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 401-462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501-3185 605-773-3563	Director of the Division of Insurance 124 South Euclid, Suite 104 Pierre, SD 57501-3185 605-773-3563
Virginia	State Corporation Commission 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 360-902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 360-902-8760
Wisconsin	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 608-266-2801	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Ave., Suite 300 Madison, WI 53703



**EXHIBIT G TO SB OIL CHANGE FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

**MULTI-STATE ADDENDA**

**ADDENDUM TO THE  
SB OIL CHANGE FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF CALIFORNIA**

1. The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

2. 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.

3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

4. OUR WEBSITE, <https://www.sboilchange.com>, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

5. The following is added to the end of Item 3:

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

6. The following language is added to the “Remarks” column of the line-item titled “Interest and Late Charges” in Item 6:

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

7. The following paragraphs are added at the end of Item 17.

- The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination 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 that extends beyond the term of the agreement. This provision might not be enforceable under California law.
- The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in ITEM 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (including Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

## **FOR THE STATE OF CONNECTICUT**

1. ITEM 3 is amended to read as follows:
  - Neither the Franchisor nor any person identified in ITEMS 1 or 2 above (A) Has, at any time during the previous seven fiscal years, been convicted of a felony or pleaded nolo contendere to a felony charge if such felony involved fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade; (B) has, at any time during the previous seven fiscal years, been held liable in a civil action resulting in a final judgment or has settled out of court any civil action or is a party to any civil action (i) involving allegations of fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property, or restraint of trade, or (ii) which was brought by a present or former purchaser-investor and which involves or involved the business opportunity relationship; (C) is subject to any currently effective state or federal agency or court injunctive or restrictive order, or is a party to a proceeding currently pending in which such order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade. The statement required by this subdivision shall include the identity and location of the court or agency; the date of conviction, judgment, or decision; the penalty imposed; the damages assessed; the terms of settlement or the terms of the order and the date, nature, and issuer of each such order or ruling. A seller may include a summary opinion of counsel as to any pending litigation but only if counsel's consent to use such opinion is included in the disclosure statement.
  - Neither the Franchisor nor any person identified in ITEMS 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.
  - Neither the Franchisor nor any other person identified in ITEMS 1 or 2 above has during the 7 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought

by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

- Neither the Franchisor nor any person identified in ITEMS 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.
- Neither Company nor any person identified in ITEM 2 above is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities & Exchange Act of 1934) suspending or expelling these persons from membership in the association or exchange.

2. ITEM 4 is amended to read as follows:

- During the 7-year period immediately before of the Disclosure Document neither Company or affiliate or current officer or general partner of Company has: (A) Filed in bankruptcy; (B) been adjudged bankrupt; (C) been reorganized due to insolvency; or (D) been a principal, director, executive officer or partner of any other person that has so filed or was so adjudged or reorganized, during or within one year after the period that such person held such position with such other person. If so, the seller shall set forth the name and location of the person having so filed or having been so adjudged or reorganized, the date and any other material facts.
- During the 7 year period immediately before the date of the Disclosure Document neither Company nor Affiliate, or current officer or general partner of Company, has (a) filed as debtor (or had filed against it) a petition to start an action under the United States 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 ever filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of Company held this position in the debtor company.

## **FOR THE STATE OF HAWAII**

1. The Franchise Agreement has been amended as follows:

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

The Franchise Agreement requires franchisee to sign a general release as a condition of renewal or transfer of the franchise and as a condition to receive a refund of a portion of the franchise fee following a termination of the franchise; this release shall exclude claims arising under the Hawaii Franchise Investment Law.

The Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. The Receipt Pages are amended to add the following:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

## **FOR THE STATE OF ILLINOIS**

The franchisor has posted a surety bond equal to \$55,000.00, and the bond is on file with the Illinois Attorney General's Office. The Illinois Attorney General's Office imposed the bond requirement due to the franchisor's financial condition.

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **FOR THE STATE OF INDIANA**

1. ITEM 8 of the Disclosure Document is amended to add the following:
  - Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.
2. ITEMS 6 and 9 of the Disclosure Document is amended to add the following:
  - The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.
3. ITEM 17 of the Disclosure Document is amended to add the following:
  - Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
  - Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
  - ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.
  - ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.
  - ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

## **FOR THE STATE OF MARYLAND**

1. The following language is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for Franchisor approval of transfer:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. (The form of general release that we currently intend to use in connection with transfers and renewals is attached as Exhibit 4 to the Franchise Agreement, which appears in Exhibit A to this Franchise Disclosure Document.)

2. The following language is added to the end of the “Summary” sections of Item 17(h), entitled “Cause” defined – non-curable defaults:

The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

3. The “Summary” sections of Item 17(v), entitled Choice of forum are amended to add the following:

, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

4. The “Summary” sections of Item 17(w), entitled Choice of law, are deleted in their entirety and the following is substituted in their place:

North Carolina law generally applies, except for the Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following language is added to the end of the chart in Item 17:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.



## **FOR THE STATE OF MINNESOTA**

1. Item 6 of the Franchise Disclosure Document is amended as follows:
  - With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. 604.113, which places a cap of \$30 on service charges which include insufficient funds fees.
2. The following is added at the end of the chart in Item 17:
  - 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) of the Area Development Agreement and Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.
  - Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document, Area Development Agreement or Franchise 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. Those provisions also provide that no condition, stipulation or provision in the Area Development Agreement or Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.
  - Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

## **FOR THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

- **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F 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 THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.**
  
- **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE DEVELOPER OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be 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.

3. The following is added to the end of the “Summary” sections of Item 17(c), entitled “**Requirements for franchisee to renew or extend**”, and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

- However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), entitled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), entitled “**Choice of forum**”, and Item 17(w), entitled “**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.

## **FOR THE STATE OF NORTH DAKOTA**

1. The following language is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

; provided, however, that this general release shall not apply to the extent prohibited by the North Dakota Franchise Investment Law (as amended).

2. The following language is added to the end of the “Summary” section of Item 17(r), entitled Non-competition covenants after the franchise is terminated or expires:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

3. The following language is added to the end of the “Summary” section of Item 17(v), entitled Choice of forum:

, however, to the extent required by applicable law, you may bring an action in North Dakota.

4. The “Summary” section of Item 17(w), entitled Choice of law, is deleted and replaced with the following language:

Except for federal law, to the extent required by law, North Dakota law applies.

## **FOR THE STATE OF RHODE ISLAND**

1. The “Summary” section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following language:

Subject to arbitration obligations, litigation must be in the Forsyth County District Court or the United States District Court for the Middle District of North Carolina, except as otherwise required by applicable law for claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. The “Summary” section of Item 17(w), entitled Choice of law, is deleted and replaced with the following language:

Except for federal law, North Carolina law controls, except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**FOR THE COMMONWEALTH OF VIRGINIA**

The following language is added to the end of the “Summary” section of Item 17.h., entitled “Cause” defined – non-curable defaults:

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

## FOR THE STATE OF WASHINGTON

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.

A surety bond in the amount of \$100,00 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

*[Signatures on following page]*

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.



**FOR THE STATE OF WISCONSIN**

ITEM 17 of the Franchise Disclosure Document is amended to add the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Franchisee**”). In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Service Center that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2.     **SURETY BOND.** The franchisor has posted a surety bond equal to \$55,000.00, and the bond is on file with the Illinois Attorney General’s Office. The Illinois Attorney General’s Office imposed the bond requirement due to the franchisor’s financial condition.

3.     **ADDITION OF PARAGRAPHS.** The following paragraphs are added to the end of the Franchise Agreement as Section 21:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees’ right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,**  
**LLC**

**FRANCHISEE**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Franchisee**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or; and/or (b) the Service Center will be located or operated in Maryland.

2.     **INITIAL FEES.** Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required financial assurance. Therefore, the franchisor has posted a surety bond equal to \$55,000.00, and the bond is on file with the Maryland Securities Division.

3.     **RELEASES.** The following is added to the end of Sections 4.6.4, 5.2.5, 15.6.6, and 17.1 of the Franchise Agreement:

; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3.     **GOVERNING LAW.** Section 19.7 of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, and except as otherwise required by law for claims arising under the Maryland Franchise Registration and Disclosure Law, all controversies, disputes or claims arising from or relating to: (i) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates); (ii) the relationship between Franchisor and Franchisee; (iii) the validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates); or (iv) any System Standard will be governed by the laws of the State of North Carolina, without regard to its conflict of laws rules, except that any law regulating the sale of franchises, licenses, or business opportunities, governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, or involving unfair or deceptive acts or practices will not apply unless its jurisdictional requirements are met independently without reference to this Section 19.7.

4.     **TERMINATION.** The following language is added to the end of Section 16.2(x) of the Franchise Agreement:

; however, such provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 1010 et seq.), although we intend to enforce it to the extent

enforceable.

5. **JURISDICTION**. The following language is added to the end of Section 19.8 of the Franchise Agreement:

Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **ACKNOWLEDGMENTS**. The following language is added to the end of Section 21 of the Franchise Agreement:

Such representations 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.

7. **LIMITATIONS OF CLAIMS**. The following language is added to the end of Section 19.11 of the Franchise Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

**FRANCHISEE**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Franchisee**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Service Center that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2.     **RELEASES.** The following is added to the end of Sections 4.6.4, 5.2.5, 15.6.6, and 17.1 of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3.     **RENEWAL TERM AND TERMINATION.** The following is added to the end of Sections 5.2 and 17.2 of the Franchise Agreement:

However, 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 of non-renewal of this Agreement.

4.     **FORUM FOR LITIGATION.** The following language is added to the end of Section 19.8 of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

5.     **GOVERNING LAW.** The following statement is added at the end of Section 19.7 of the Franchise Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR

RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 19.9 of the Franchise Agreement is deleted.

5. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 19.11 of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

**FRANCHISEE**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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



**RIDER TO THE  
FRANCHISE AGREEMENT FOR USE IN THE  
STATE OF NEW YORK**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Franchisee**”). In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, (the “Franchise Agreement”). This Rider is being signed because (a) you are domiciled in the State of New York and the Service Center that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2.     **TRANSFER - BY US.** The following language is added to the end of Section 16.1 of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3.     **RELEASES.** The following language is added to the end of Sections 4.6.4, 5.2.5, 16.6.6, and 18.1 of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4.     **TERMINATION OF AGREEMENT - BY YOU.** The following language is added to the end of Section 17 of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5.     **INJUNCTIVE RELIEF.** The following sentence is added to the end of Sections 19.6 and 19.8 of the Franchise Agreement:

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6.     **FORUM FOR LITIGATION.** The following statement is added at the end of Section 19.8 of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **GOVERNING LAW.** The following is added to the end of Section 19.7 of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

**FRANCHISEE**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT FOR USE IN THE  
STATE OF NORTH DAKOTA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Franchisee**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, (the “Franchise Agreement”). This Rider is being signed because (a) you are a resident of North Dakota and the Service Center that you will operate under the Franchise Agreement will be located in North Dakota, and/or (b) the offering or sales activity relating to the Franchise Agreement occurs in North Dakota.

2.     **RELEASES.** The following language is added to the end of Sections 4.6.4, 5.2.5, 16.6.6, and 18.1 of the Franchise Agreement:

; provided, however, that such general release shall not apply to the extent prohibited by law with respect to claims arising under the North Dakota Franchise Investment Law.

3.     **EXCLUSIVE RELATIONSHIP.** The following language is added to the end of Section 13 of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4.     **GOVERNING LAW.** The following is added to the end of Section 19.7 of the Franchise Agreement:

Notwithstanding the foregoing, if and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5.     **CONSENT TO JURISDICTION.** The following statement is added at the end of Section 19.8 of the Franchise Agreement:

Notwithstanding the foregoing, if and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6.     **WAIVER OF JURY TRIAL AND WAIVER OF PUNITIVE DAMAGES.** If and to the extent required by the North Dakota Franchise Investment Law, Section 19.9 of the Franchise Agreement is deleted.

7.     **LIMITATION OF CLAIMS.** The following is added to the end of Section 19.11 of the Franchise Agreement:

WE AND YOU ACKNOWLEDGE THAT THE TIME LIMITATIONS SET

FORTH IN THIS SECTION MIGHT BE MODIFIED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW AND THAT OTHER PROVISIONS OF THIS SECTION 18.11 MIGHT NOT BE ENFORCEABLE UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW; HOWEVER, WE AND YOU AGREE TO ENFORCE THE PROVISIONS OF THIS SECTION 18.11 TO THE MAXIMUM EXTENT THE LAW ALLOWS.

8. **APPLICATION OF RIDER.** Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, as amended, are met independently without reference to this Rider.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

**FRANCHISEE**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Franchisee**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Service Center you will operate under the Franchise Agreement occurred in Rhode Island; and/or (b) you are a resident of Rhode Island and you will operate the Service Center in Rhode Island.

2.     **GOVERNING LAW.** Section 19.7 of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, and except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act, all controversies, disputes or claims arising from or relating to: (i) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates); (ii) the relationship between Franchisor and Franchisee; (iii) the validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates); or (iv) any System Standard will be governed by the laws of the State of North Carolina, without regard to its conflict of laws rules, except that any law regulating the sale of franchises, licenses, or business opportunities, governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, or involving unfair or deceptive acts or practices will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.7. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of laws of another state is void with respect to a claim otherwise unenforceable under this Act.”

3.     **CONSENT TO JURISDICTION.** The following statement is added at the end of Section 19.8 of the Franchise Agreement:

However, subject to the parties’ arbitration obligations, nothing in this Section affects your right, to the extent required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, to sue in Rhode Island for claims arising under that Act.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

By: \_\_\_\_\_

Name: Justin Strickland \_\_\_\_\_

Title: Chief Executive Officer

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

**FRANCHISEE**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

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

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

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN WASHINGTON**

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.

A surety bond in the amount of \$100,00 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon

the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

The undersigned does hereby acknowledge receipt of this addendum.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

**FRANCHISEE**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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



**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
AREA DEVELOPMENT AGREEMENT**

**RIDER TO THE  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Developer**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Developer.

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Illinois and the Service Center(s) that you will operate and develop under the Area Development Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **ADDITION OF PARAGRAPHS.** The following language is added to the end of the Development Agreement as Section 10:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees’ right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

**DEVELOPER**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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

**RIDER TO THE  
AREA DEVELOPMENT AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Developer**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Developer.

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Area Development Agreement occurred in Maryland and the Service Center(s) that you will operate and develop under the Area Development Agreement will be located in Maryland, and/or (b) you are domiciled in Maryland.

2. **SURETY BOND.** Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required financial assurance. Therefore, the franchisor has posted a surety bond equal to \$55,000.00, and the bond is on file with the Maryland Securities Division.

**IN WITNESS WHEREOF,** each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

By: \_\_\_\_\_

Name: Justin Strickland

Title: Chief Executive Officer

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

**DEVELOPER**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

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

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

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

**RIDER TO  
THE AREA DEVELOPMENT AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Developer**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Developer.

1. **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the offer or sale related to the Area Development Agreement was made in the State of Minnesota, and/or (b) the Service Center(s) will be located or operated in Minnesota.

2. **Termination.** The following language is added to the end of Section 4 of the Area Development Agreement:

Minnesota law provides you with certain termination and non-renewal rights. Minn. Stat. Section 80C.14, subds, 3, 4 and 5 require, except in certain specified cases, that you be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of this Agreement.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

**DEVELOPER**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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

**RIDER TO  
THE AREA DEVELOPMENT AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **SB Oil Change Franchising, LLC**, a North Carolina limited liability company with its principal place of business at 301 North Main Street, Suite 2605, Winston-Salem, North Carolina 27101 (“**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“**Developer**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Developer.

1.     **BACKGROUND.** We and you are parties to that certain Area Development Agreement dated \_\_\_\_\_ (the “Area Development Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the offer or sale of the franchise related to the Area Development Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Service Center(s) in New York.

2.     **TERMINATION.** The following language is added to the end of Section 4 of the Area Development Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3.     **APPLICATION OF RIDER.** There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled in and the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,**  
**LLC**

**DEVELOPER**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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

**RIDER TO  
THE AREA DEVELOPMENT AGREEMENT  
FOR USE IN WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “Act”), Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede this Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us 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 this Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the 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 franchisee’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 this 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 this Agreement or elsewhere are void and unenforceable in Washington.

A surety bond in the amount of \$100,00 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the



franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

The undersigned does hereby acknowledge receipt of this addendum.

**FRANCHISOR**  
**SB OIL CHANGE FRANCHISING,  
LLC**

**DEVELOPER**

By: \_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: Justin Strickland

By: \_\_\_\_\_

Title: Chief Executive Officer

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

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

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

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

**NEW YORK REPRESENTATIONS PAGE**

**FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

**EXHIBIT H TO SB OIL CHANGE FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

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

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 I TO SB OIL CHANGE FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPT**

**RECEIPT**  
**(RETURN ONE COPY TO US)**

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

If SB Oil Change Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires 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 agreement or the payment of any consideration that relates to the franchise relationship.

If SB Oil Change Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit F.

The franchisor is SB Oil Change Franchising, LLC, located at 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101. Its telephone number is 833-787-2767, ext. 122.

Issuance Date: May 15, 2023

The name, principal address and telephone number of the franchise sellers for this offering are Justin Strickland, 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101, 833-787-2767, ext. 122, and Franchise Fastlane, 16934 Frances Street #105, Omaha, NE 68130, 531-333-3278.

SB Oil Change Franchising, LLC authorizes the agents listed in Exhibit F to accept service of process for it.

I have received a Franchise Disclosure Document dated May 15, 2023 that included the following Exhibits:

- A Strickland Brothers 10 Minute Oil Change Franchise Agreement (with exhibits)
- B Area Development Agreement
- C Financial Statements
- D List of Current and Former Franchisees
- E Confidential Operations Manual Table of Contents
- F List of State Administrators/Agents for Service of Process
- G Franchise Disclosure Questionnaire
- H Multi-State Addenda
- I State Effective Dates
- J Receipt

*[Signatures on following page]*

Date: \_\_\_\_\_  
(Do Not Leave Blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

You may return the signed receipt either by signing, dating and mailing it to Strickland Brothers 10 Minute Oil Change Franchise LLC at 301 North Main Street, Suite 2030, Winston-Salem, North Carolina 27101, or by emailing a copy of the signed and dated receipt to SB Oil Change Franchising, LLC at [franchising@sboilchange.com](mailto:franchising@sboilchange.com).

**RECEIPT**  
**(KEEP ONE COPY FOR YOURSELF)**

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*[Signatures on following page]*



Date: \_\_\_\_\_  
(Do Not Leave Blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name