



**GREASE MONKEY FRANCHISING, LLC**

**FRANCHISE AGREEMENT**

Franchisee: John W. McDonald  
Date: 6/29/2022  
Center #: 1435  
Franchised Location: Mutually agreeable location within  
the State of Texas

**TABLE OF CONTENTS**

<b><u>Section</u></b>	<b><u>Page</u></b>
1. BACKGROUND AND PURPOSE.....	1
2. GRANT OF FRANCHISE AND INITIAL FRANCHISE FEE.....	1
3. FRANCHISED LOCATION RIGHTS.....	1
4. DEVELOPMENT OF CENTER.....	2
5. OPENING ASSISTANCE.....	5
6. TRAINING.....	6
7. STANDARDS MANUAL.....	7
8. OPERATING ASSISTANCE.....	8
9. FRANCHISEE’S OPERATIONAL COVENANTS.....	9
10. QUALITY CONTROL.....	12
11. ROYALTIES.....	13
12. ADVERTISING.....	14
13. PROPRIETARY MARKS AND INTERESTS.....	18
14. REPORTS, RECORDS AND FINANCIAL STATEMENTS.....	19
15. TRANSFER.....	22
16. TERM AND EXPIRATION.....	26
17. DEFAULT AND TERMINATION.....	27
18. RESTRICTIVE COVENANTS.....	32
19. INSURANCE.....	34
20. BUSINESS RELATIONSHIP.....	35
21. ARBITRATION.....	35
22. SECURITY INTEREST.....	37
23. MISCELLANEOUS PROVISIONS.....	38

**ATTACHMENTS:**

- I Addendum to Franchise Agreement
- II Statement of Ownership
- III Owners’ Agreement
- IV Riders to Franchise Agreement for Specific States

## **GREASE MONKEY FRANCHISE AGREEMENT**

**THIS AGREEMENT** is entered into on 6/29/2022, by and between Grease Monkey Franchising, LLC, (“**GMF**”), located at 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111, and the Franchisee identified on the signature page of this Agreement (“**Franchisee**”), who, on the basis of the following agreements and understandings, agree as follows:

### **1. BACKGROUND AND PURPOSE**

**1.1** GMF and its affiliates have developed a system for establishing and operating businesses that provide quick service automotive oil and lubrication and other approved automotive maintenance and repair services (“**GREASE MONKEY Centers**” or “**Centers**”), associated with the service marks “**Grease Monkey**,” “**Grease Monkey LUBE & OIL PROS**,” “**Grease Monkey PREVENTIVE MAINTENANCE PROS**” and other trademarks, service marks, logos and identifying features (“**Marks**”) and GMF’s and its affiliates’ proprietary and distinctive business plans and methods (“**Licensed Methods**”) for establishing and operating Grease Monkey Centers.

**1.2** GMF grants the right to others to develop and operate Grease Monkey Centers under the Marks and pursuant to the Licensed Methods.

**1.3** Franchisee desires to establish a Grease Monkey Center at a location approved by GMF and GMF desires to grant Franchisee the right to operate a Grease Monkey Center at such location under the terms and conditions contained in this Agreement.

### **2. GRANT OF FRANCHISE AND INITIAL FRANCHISE FEE**

**2.1** **Grant of Franchise.** GMF grants to Franchisee, and Franchisee accepts from GMF, the right and license to operate a Grease Monkey Center using the Marks and the Licensed Methods, at the location described in Section 3 below. Franchisee shall use the Marks and Licensed Methods, as they may be changed, improved and further developed from time to time, in accordance with the terms and conditions of this Agreement. GMF grants the franchise to Franchisee in reliance upon Franchisee’s representations that Franchisee will at all times faithfully, honestly and diligently perform its obligations hereunder and continuously use its best efforts to promote and operate the Grease Monkey Center.

**2.2** **Initial Franchise Fee.** Franchisee shall pay to GMF an initial franchise fee, in an amount which is set forth in “Attachment I,” due and payable as set forth in Attachment I of this Agreement. Franchisee acknowledges that the initial franchise fee represents payment for the initial grant of rights to use the Marks and Licensed Methods, that GMF has earned the initial franchise fee upon receipt thereof and that the fee is under no circumstances refundable to Franchisee after it is paid, unless otherwise specifically set forth in this Agreement. The initial franchise fee is in consideration of the right to develop and operate one Grease Monkey Center, all of the pre-opening assistance GMF provides to Franchisee, GMF’s lost or deferred opportunity to enter into this Franchise Agreement with others, and offsets some of GMF’s expenses for franchisee recruitment.

### **3. FRANCHISED LOCATION RIGHTS**

**3.1** **Franchised Location.** Franchisee shall have the right to operate the Grease Monkey Center at the address and location which shall be set forth in Attachment I, attached hereto and incorporated by this reference (“**Franchised Location**”). If, at the time of execution of this Agreement, the Franchised Location cannot be designated as a specific address because a location has not been selected and

approved, then Franchisee shall promptly take steps to choose and acquire a location for its Grease Monkey Center within the “**Designated Area**,” set forth in Attachment I. In such circumstances, Franchisee shall select and propose to GMF for GMF’s prior approval a specific location for the Franchised Location which, once approved by GMF, shall then be described in that Franchised Location Rider attached as Attachment I-1.

**3.2 Limitation on Franchise Rights.** The rights that are granted to Franchisee are for the specific Franchised Location and shall not be transferred to an alternative Franchised Location without the prior written approval of GMF, which approval shall not be unreasonably withheld. Franchisee shall not operate another Center, offer products or services the same as or similar to those which are offered at the Franchised Location at any site other than the Franchised Location, sell products or services which are the same as or similar to those offered at the Franchised Location through alternative channels of distribution, or offer any other type of off-site product or service that is the same as or similar to those which are offered at the Franchised Location without GMF’s written approval, which approval can be withheld for any reason, in GMF’s sole discretion, and which approved products and services may be changed, added to or removed from time to time by GMF.

**3.3 Reservation of Rights.** Franchisee acknowledges that its franchise rights as granted are non-exclusive and that GMF, for itself and its affiliated companies and successors, retains the rights, among others, without compensation to Franchisee: (1) to use, and to license others to use, the Marks and Licensed Methods for the operation of Grease Monkey Centers at any location other than at the Franchised Location; (2) to use the Marks and Licensed Methods to identify services and products including those which Franchisee sells, promotional and marketing efforts or related items, and to identify products and services similar to those which Franchisee will sell, which are made available through alternative channels of distribution including, without limitation, the Internet, social media marketing, catalog sales, telemarketing, or other direct marketing sales, at any location; (3) to use and license the use of other proprietary marks or methods in connection with the sale of products and services similar to or the same as those which Franchisee will sell, whether in alternative channels of distribution including, without limitation, the Internet, social media marketing, catalog sales, telemarketing, or other direct marketing sales, or in connection with the operation of businesses, at any location, which businesses are the same as, or similar to, or different from Grease Monkey Centers, on any terms and conditions as GMF deems advisable; and (4) to engage in any other activities not expressly prohibited in this Agreement.

## 4. DEVELOPMENT OF CENTER

**4.1 Selection and Approval of Franchised Location.** Franchisee shall obtain the written approval of GMF or its affiliates of a site suitable for the operation of its Grease Monkey Center, within the Designated Area described in Attachment I, within 270 days from the effective date of this Agreement. Franchisee shall propose sites for review by GMF on forms and in the manner designated from time to time by GMF. Franchisee shall be responsible for obtaining GMF’s then current site criteria prior to submitting a site approval application. If Franchisee desires assistance in finding a location and developing the site for its Grease Monkey Center, it can participate in GMF’s optional development program (“**Development Program**”). Under the Development Program, GMF’s designated supplier will assist Franchisee in locating and developing the site. Franchisee shall be responsible for all costs and expenses associated with the Development Program. A proposed site shall be submitted to GMF for review after Franchisee has evaluated the site and determined that it meets GMF’s then current criteria for sites which GMF has communicated to Franchisee. GMF shall review the site approval application and, within 30 days of GMF’s receipt thereof, shall approve or reject the proposed site. If GMF must disapprove of any site proposed by Franchisee, GMF will grant Franchisee an additional, reasonable period of time to obtain approval of an alternative site for the Franchised Location, the duration of which may be determined in GMF’s sole but reasonable business judgment. Unless otherwise agreed to in

writing by GMF, final site approval will be conditioned upon GMF's receipt of evidence of Franchisee's ownership, lease or control of the property in accordance with Section 4.2 of this Agreement. GMF will not unreasonably withhold approval of a proposed site that meets all of GMF's site selection criteria. Franchisee acknowledges that GMF's or its affiliates' approval of a site or provision of criteria regarding the site are for GMF's sole benefit and do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for a Grease Monkey Center or for any other purpose. GMF's or its affiliates' approval of the site indicates only that GMF believes that a site falls within the acceptable criteria established by GMF as of that time.

**4.2 Lease or Purchase of Franchised Location.** Franchisee shall provide GMF or its designated affiliates prior to execution, the lease or sublease, including all amendments ("**Lease**"), for the Franchised Location for GMF's review and approval. Franchisee acknowledges that in connection with any Lease to be executed, Franchisee, each owner of the Franchisee entity and his or her spouse, may be required to sign a personal guaranty. If Franchisee is purchasing real estate upon which to operate its Grease Monkey Center, Franchisee shall provide to GMF or its designated affiliates prior to execution, any purchase agreement or other acquisition document proposed to be executed by Franchisee for GMF's review and approval. All documents submitted to GMF hereunder shall be delivered at least 10 days prior to the proposed date of their execution. After execution, Franchisee shall provide GMF with a fully executed copy of the documents. In addition:

a. The terms of any financing that Franchisee shall need to fund the acquisition and/or construction of a Grease Monkey Center, together with information regarding the acquisition of all required zoning and/or building permits and the plans for satisfaction of conditions precedent within acceptable time frames shall be provided in the Lease or purchase contract, or through separate documentation provided to GMF.

b. If a Lease is to be signed, the Lease shall contain provisions allowing for the assignment of the Lease to GMF, at the option of GMF, in the event that this Agreement is for any reason terminated or not renewed due to a default in Franchisee's obligations hereunder, and for providing GMF with notice and a right to cure a default in Franchisee's leasehold obligations under the Lease, and/or to take an assignment of the Lease upon such default, in GMF's sole discretion. If Franchisee or an affiliate of Franchisee owns the Franchised Location, Franchisee or the affiliate of Franchisee shall enter into an Option and Center Lease with GMF providing GMF with the option to lease the Franchised Location upon a termination or non-renewal of this Agreement.

c. Franchisee shall at all times keep GMF informed of Franchisee's progress toward the satisfaction of all obligations and conditions contained in any Lease or purchase contract related to the acquisition and/or construction of the Grease Monkey Center. Franchisee shall provide GMF with copies of all site plans, surveys, title reports and other related real estate information as and when such information becomes available.

Franchisee acknowledges that GMF's or its designee's review and approval of a Lease or purchase agreement or any assistance in the Lease or purchase negotiations is for the benefit of GMF and does not constitute a guarantee, recommendation or endorsement of the Lease, purchase agreement, or the Franchised Location and Franchisee should take all steps necessary to ascertain whether such Lease or purchase agreement and the Franchised Location is acceptable to Franchisee. Franchisee acknowledges that the Lease for the Franchised Location shall be collaterally assigned to GMF as security for performance of its obligations under this Agreement and the Lease, and Franchisee shall obtain the landlord's consent to such collateral assignment.

**4.3 Design and Decor.** Franchisee shall submit to GMF or its designated affiliate for approval, plans for the interior and exterior design of the building, layout, floor plan, parking and driveway facilities, all of which shall be in compliance with local and state building codes and with GMF's standards and specifications, and which shall include specifications for color, decor, equipment and machines for the Franchised Location. Franchisee shall construct, convert, design and decorate and furnish the Franchised Location in accordance with GMF's plans and specifications, as may be provided in accordance with Section 5.1.b below, and with assistance of contractors, architects and suppliers designated by or otherwise approved by GMF. It shall be Franchisee's responsibility to have prepared all required blueprints and construction plans and specifications to suit the shape and dimensions of the Franchised Location, which blueprints and plans have been prepared based on the standardized blueprints and plans obtained from GMF. Following completion of the initial improvements to the Grease Monkey Center, Franchisee must obtain GMF's prior written consent for any improvements or alterations which are not in accordance with the plans and specifications previously approved in writing by GMF.

**4.4 Signage.** Franchisee shall only use that signage at the Franchised Location which is consistent with the drawings and specifications provided by GMF. If such signage cannot be used because of local ordinances or applicable building codes, then Franchisee must submit to GMF detailed drawings and specifications of the proposed signage to be used, in sufficient detail acceptable to GMF, which signage can only be used upon receiving the prior written approval of GMF. No name, symbol or identifying marks other than the Marks shall be used in conjunction with the approved signage; provided, however, that a trademark of an approved oil supplier may be included on the signage. Franchisee shall obtain GMF's prior written consent as to the manner of the use of the trademark of the approved oil supplier and configuration of the signage in each instance.

**4.5 Equipment and Inventory.** Franchisee shall purchase or otherwise obtain for use or sale at the Franchised Location and in connection with the Grease Monkey Center equipment and inventory of a type and in an amount which complies with the standards and specifications of GMF. Franchisee acknowledges that the type, quality, configuration, capability and performance of the equipment, inventory and other products and services used or offered through the Grease Monkey Center are all standards and specifications which are a part of the Licensed Methods and therefore such equipment, inventory, products and other items must be purchased, leased or otherwise obtained in accordance with GMF's standards and specifications and only from GMF, its affiliates or suppliers or other sources approved by GMF.

**4.6 Point-of-Sale System and Computers.** Franchisee shall equip the Center with a point-of-sale system and computer hardware, software and other designated equipment as is consistent with the standards and specifications of GMF. GMF reserves the right to require on 30 days' notice that Franchisee purchase or license, proprietary computer software ("**Program**") which must be obtained from GMF's designated suppliers or GMF. Franchisee shall either own or obtain compatible computer hardware for operating the Program. Franchisee shall be responsible for all maintenance and upgrade costs associated with the computer hardware, software and point-of-sale system. Franchisee, at Franchisee's sole cost, shall join a high-speed electronic network connection service which meets the standards and specifications of GMF and maintain an email address to facilitate communication between GMF and Franchisee. GMF reserves the right to require on 30 days' notice that Franchisee, at its sole cost, purchase, install and implement software, computer hardware and software updates, upgrades and revisions for use in the operation of the Grease Monkey Center. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement, and that GMF will have the right to establish, in writing, reasonable new standards for the implementation of technology. GMF also reserves the right to require that GMF and its affiliates shall be given reasonable access to information and data regarding the Grease Monkey Center by Internet connection or by other means designated by GMF. Franchisee shall participate, at its sole cost, in all credit card, debit card, gift

card, loyalty card, electronic payment services, electronic data capture or other similar programs, and use all credit card vendors, that GMF deems mandatory. The term “credit card vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”).

**4.7 Permits and Licenses.** Franchisee shall obtain all such permits and certifications as may be required for the lawful construction and operation of the Grease Monkey Center, together with all certifications from government authorities having jurisdiction over the site that all requirements for construction and operation have been met, including without limitation, zoning, access, sign, health, safety requirements, building and other required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances. Franchisee shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the Americans with Disabilities Act, regarding the construction, design and operation of the Grease Monkey Center. Franchisee shall obtain all customary contractors’ sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation of equipment at the Franchised Location. Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the Grease Monkey Center which indicates Franchisee’s failure to meet or maintain the highest governmental standards, or less than full compliance by Franchisee with any applicable law, rule or regulation, shall be forwarded to GMF within five days of Franchisee’s receipt thereof.

**4.8 Commencement of Operations.** Unless otherwise agreed in writing by GMF and Franchisee, Franchisee has two years from the date of this Agreement (“**Development Period**”) within which to: (1) secure all necessary financing for the Center; (2) complete GMF’s initial training program described in this Agreement; (3) obtain all required permits and licenses; (4) construct all required improvements and decorate the Center in compliance with approved plans and specifications; (5) purchase and install all required fixtures, equipment, signs and software; (6) purchase an opening inventory of oil and other approved products, materials and supplies; and (7) commence operation of the Grease Monkey Center. GMF will extend the Development Period for a reasonable period of time in the event factors beyond Franchisee’s reasonable control prevent Franchisee from meeting this development schedule, so long as Franchisee has made reasonable and continuing efforts to comply with such development obligations and Franchisee requests, in writing, an extension of time in which to have its Grease Monkey Center open and operating before the Development Period lapses. The parties will execute the Opening Date Rider attached as Attachment I-2 to specify the date of the opening of the Center.

## 5. OPENING ASSISTANCE

**5.1 Opening Assistance.** GMF or its designated representative shall provide Franchisee with assistance in the initial establishment of the Grease Monkey Center as follows:

a. Provision of written specifications for a Franchised Location which shall include, without limitation, specifications for space requirements, build-out, and the demographics and character of the surrounding market area. Franchisee acknowledges that GMF shall have no other obligation to provide assistance in the selection and approval of a Franchised Location other than the provision of such written specifications and approval or disapproval of a proposed Franchised Location, which approval or disapproval shall be based on information submitted to GMF in a form sufficient to assess the proposed location as may be reasonably required by GMF.

b. Standards and specifications for the Franchised Location, which may include, but not be limited to, interior and exterior design of the building, layout, floor plan, parking and

driveway facilities, signs, color, decor, equipment and machines. GMF shall provide Franchisee with a standard set of blueprints for the building for the Grease Monkey Center and Franchisee shall be responsible for assuring that any necessary alterations are made to the same in order to fit the needs of Franchisee, the Franchised Location and local zoning and other local, state and federal laws and regulations including, without limitation, the federal Americans with Disabilities Act.

c. Between Franchisee's actual opening of the Center and its grand opening advertising promotion described in Section 12.2 below, GMF shall have one of its representatives on site to assist Franchisee in determining that the Grease Monkey Center is properly established. A GMF representative shall normally spend three to four days at Franchisee's Franchised Location to provide opening assistance; Franchisee acknowledges, however, that this may be subject to variation based on the experience and capabilities of Franchisee, as assessed by GMF in its sole discretion. The time for the on-site opening assistance shall be established by mutual agreement of the parties.

d. Names of suppliers, which may include GMF or its parent company, and other information, including specifications, to assist Franchisee in acquiring its equipment, items and materials used, and inventory offered for sale at the Grease Monkey Center. After execution of this Agreement, upon request by Franchisee, GMF will provide Franchisee with a list of approved suppliers, if any, of such equipment, items, materials, inventory and services and, if available, a description of any regional or central purchase and supply agreements offered by such approved suppliers for the benefit of Grease Monkey Center franchisees.

e. An initial training program for Franchisee or, if Franchisee is not an individual, the managing shareholder or partner of Franchisee designated by Franchisee to assume primary responsibility for the management of the Center ("**Principal Owner**"), as more fully described in Section 6 below.

f. A Brand Standards Manual, as defined and described in Section 7 below.

## 6. TRAINING

**6.1 Initial Training.** Franchisee or its Principal Owner shall be required to attend and successfully complete the initial training program offered by GMF, at a location designated by GMF. The initial training program shall be successfully completed as close to the opening date of Franchisee's Grease Monkey Center as possible and shall be evidenced by Franchisee or its Principal Owner receiving a certificate of training completion. GMF's initial training program consists of approximately three to four days of classroom training and approximately five days of hands-on training. GMF reserves the right to extend the initial training program by up to five additional days. Franchisee or its Principal Owner may attend the program or programs until they have successfully completed the same. If this is Franchisee's first Grease Monkey Center, GMF agrees to reimburse Franchisee for the reasonable transportation and lodging expenses for Franchisee or Principal Owner and one additional person while attending the initial training program up to a maximum total amount of \$5,000. If Franchisee brings more than two individuals to the initial training program, Franchisee shall pay the transportation costs and lodging expenses for these individuals while attending the initial training program. At least one individual must successfully complete the initial training program prior to Franchisee's commencement of operation of its Grease Monkey Center. GMF reserves the right to waive a portion of the initial training program or alter the training schedule, if in GMF's sole discretion, Franchisee or Principal Owner has sufficient prior experience or training.



**6.2 Additional Training.** The Grease Monkey Center shall only be managed and operated by individuals (each, a “**Manager**”) who have been trained by Franchisee or Principal Owner; provided that Franchisee or Principal Owner have successfully completed the initial training program. If a Principal Owner is no longer actively involved in the management of the operation of the Grease Monkey Center, then Franchisee shall notify GMF and the replacement Principal Owner must promptly complete the initial training program; provided, however, that the transfer requirements of Section 15 of this Agreement are also satisfied. Franchisee or Principal Owner is responsible for providing the necessary training to the Managers that will operate and directly supervise the Center. Franchisee shall pay to GMF the then current published fee for training additional persons or newly-hired personnel refresher training courses, advanced training courses, and for any additional or special assistance or training Franchisee needs or requests.

**6.3 Additional Seminars.** GMF may present seminars, conventions or continuing development programs from time to time for the benefit of its franchisees. Franchisee, Principal Owner or Franchisee’s Manager, shall attend or participate in any mandatory seminar, convention, or program as may be offered by GMF. GMF may also present additional training programs and certification programs through Grease Monkey University (“**Grease Monkey University**”), online training or training in other formats that do not require Franchisee, Principal Owner or Franchisee’s Manager to attend the training programs in person (“**Remote Training**”). GMF shall give Franchisee at least 30 days prior written notice of any seminar, convention or program which is considered by GMF to be mandatory and at least 10 days prior notice of any Remote Training program which is considered mandatory; provided, however, Franchisee, Principal Owner or Manager, shall not be required to attend any mandatory seminar, convention or program more than once per year, except that Franchisee’s, Principal Owner’s or Manager’s attendance may be required for Remote Training and local or regional advertising and marketing meetings sponsored by an advertising cooperative or by GMF. Franchisee is responsible for all costs and expenses associated with attending any training program, seminar or convention. Franchisee shall pay to GMF the then current published fee for attendance and participation at any of these programs. GMF shall have the right to designate whether Franchisee, Principal Owner and/or Manager must participate in Remote Training or any mandatory seminar, convention or program. GMF may preclude Franchisee from attending any seminar, convention or program if Franchisee is in default of this Agreement or if Franchisee has had two notices of default within 12 months prior to the seminar, convention, or program. If Franchisee requests or if GMF determines Franchisee requires additional on-site training, Franchisee shall pay GMF an additional training fee of \$500.00 per trainer per day.

## **7. BRAND STANDARDS MANUAL**

**7.1 Brand Standards Manual.** GMF shall loan to Franchisee or make available electronically certain operations and marketing manuals and other technical or operational materials and updates (collectively referred to as the “**Brand Standards Manual**”) concerning the standards and specifications for the development, operation and marketing of the Grease Monkey Center, which standards and specifications may include, but not be limited to, directives for authorized automotive repair and maintenance products; the Pit Crew Guarantee (“**Pit Crew Guarantee**”) which requires Franchisee to provide automotive oil and lubrication services to customers within a specified period of time, depending on the type of vehicle and other factors, and in accordance with GMF’s standards and specifications which include, without limitation, client satisfaction programs; mandatory and optional automotive lubrication, maintenance and repair services; fleet and other customer services; build-out, design, décor and maintenance of the Center; standards for equipment, fixtures, inventory and related policies; employee attire and training; safety and data security standards; insurance; signs; computer hardware and software; brand identity use and standards; supplies, forms, and advertising offered through the Center; and any other Licensed Methods associated with GMF and the Grease Monkey Marks. Franchisee shall comply with the Brand Standards Manual as an essential aspect of its obligations under this Agreement

and failure to substantially comply with the Brand Standards Manual may be considered a breach of this Agreement. Franchisee acknowledges that compliance with the Brand Standards Manual is vitally important to GMF and other franchisees and is necessary to protect Grease Monkey's reputation and the goodwill of the Marks and to maintain the uniform quality of operation through the system; however, the Brand Standards Manual is not designed to control the day-to-day operation of the Grease Monkey Center.

**7.2 Revisions to Brand Standards Manual.** The Brand Standards Manual contents may be updated periodically by GMF, in GMF's sole discretion, and Franchisee shall update Franchisee's copy of the Brand Standards Manual as instructed by GMF and shall conform the Grease Monkey Center operations with the updated provisions, at Franchisee's expense, within 30 days after receipt of the update or as may be otherwise directed by GMF. Franchisee acknowledges that a master copy of the Brand Standards Manual maintained by GMF and its affiliates at its principal office shall be controlling in the event of a dispute relative to the contents of any Standards Manual.

**7.3 Confidentiality of Brand Standards Manual.** Franchisee shall use the Marks and Licensed Methods only as specified in the Grease Monkey Brand Standards Manual. The Grease Monkey Brand Standards Manual is the sole property of GMF or its affiliates and shall be used by Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions hereof. Franchisee shall treat the Brand Standards Manual and its contents as confidential and as a trade secret of GMF and shall not duplicate the Brand Standards Manual nor disclose its contents to persons other than employees of its Grease Monkey Center.

## 8. OPERATING ASSISTANCE

**8.1 Operating Assistance.** During the operation of Franchisee's Grease Monkey Center, GMF or its designated representative shall provide:

a. Upon the request of Franchisee, advice and consultation by telephone, facsimile or electronic mail, regarding the continuing operation and management of a Grease Monkey Center.

b. Information regarding any new product, service or supplier or any updated methods of doing business as may be available to Grease Monkey Centers. GMF will use national, regional or local seminars, conventions or continuing development programs, Brand Standards Manual updates, bulletins, newsletters or regional representatives to introduce Franchisee to new products, services, supplies and new techniques and methods of doing business.

c. Access to advertising and promotional programs and materials, in a manner deemed appropriate by GMF, in its sole discretion, as may be funded through Advertising Contributions (defined in Section 12.4 below).

d. Approximately three or four times per year, but not less than twice per year, a GMF representative will visit the Franchised Location and provide consulting assistance.

**8.2 Additional Assistance.** Although not obligated to do so, GMF may make its employees or designated agents available to Franchisee for on-site advice and assistance in connection with the on-going operation of the Grease Monkey Center governed by this Agreement. In the event that Franchisee requests such additional assistance and GMF agrees to provide the same, GMF reserves the right to charge Franchisee for all travel, lodging, living expenses, telephone charges and other identifiable

expenses associated with such assistance, plus a fee based on the time spent by each employee on behalf of Franchisee, which fee will be charged in accordance with the then current daily or hourly rates being charged by GMF for assistance.

## 9. FRANCHISEE'S OPERATIONAL COVENANTS

**9.1 Center Operations.** Franchisee acknowledges that it is solely responsible for the operation of its Grease Monkey Center and that the successful operation is, in part, dependent upon Franchisee's compliance with this Agreement and the Brand Standards Manual. In addition to all other obligations contained in this Agreement and in the Brand Standards Manual, Franchisee shall comply with the following operational obligations:

a. Quality of Operations. Franchisee shall maintain a clean, efficient and high quality Grease Monkey Center and shall operate the Grease Monkey Center in accordance with the Brand Standards Manual and in such a manner as to enhance the goodwill in the Marks and the reputation and public image of Grease Monkey Centers generally.

b. Compliance with Laws. Franchisee shall conduct itself and operate its Grease Monkey Center in compliance with all applicable laws and ordinances. Franchisee shall at all times be fully responsible for obtaining and maintaining all licenses to carry on the business at the Grease Monkey Center. Franchisee shall, at GMF's request, promptly forward to GMF copies of all health department, fire department, building department, environmental agency and other reports of inspections as and when they become available. Franchisee shall also immediately forward to GMF upon receipt thereof, all inspection reports, warnings, certificates or ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the Grease Monkey Center which indicates Franchisee's failure to meet or maintain the highest governmental standards, or less than full compliance by Franchisee with any applicable law, rule or regulation. Franchisee agrees to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("**Privacy Laws**"). Franchisee also agrees to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee will: (a) comply with the requirements of applicable law; (b) immediately give GMF written notice of said conflict; and (c) promptly and fully cooperate with GMF and its counsel in determining the most effective way, if any, to meet the standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without GMF's prior written consent as to said policy. Franchisee shall be solely responsible for any penalties or fines assessed for failure to abide by such laws, regulations and ordinances.

c. Capacity of Operations. Franchisee shall throughout the term of this Agreement maintain business hours at the Center as may from time to time be prescribed by GMF and shall maintain sufficient supplies of products and shall employ adequate personnel at all times so as to operate the Center at its maximum capacity and efficiency.

d. Employees. Franchisee shall be exclusively responsible for the conduct and control of its employees and employment practices, including hiring, firing, training, compensation, benefits, taxes, work schedules, work conditions, record keeping, supervision, and discipline of its employees. Franchisee agrees to inform each of its employees that it alone is the employer, and GMF is not. Franchisee is responsible for complying with all applicable employment laws. Upon GMF's request, Franchisee and each employee of Franchisee will sign an employment relationship acknowledgement form within seven (7) days acknowledging that

franchisee alone is the employer and operates the Grease Monkey Center. GMF will have no obligation to direct Franchisee's employees or to operate the Grease Monkey Center. Franchisee will post a conspicuous back of house notice informing employees that employees are employed by the Franchisee and not GMF. Franchisee will use its legal name on all documents for use with employees and contractors, including but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements and will not use the Marks on these documents. Franchisee shall cause all employees of Franchisee, while working in the Center, to present a professional appearance, as described in the Brand Standards Manual, and to render competent and courteous service to Center customers. Franchisee is required, at Franchisee's expense, to purchase or rent specified wearing apparel described in the Brand Standards Manual from suppliers approved by GMF. All Managers, employees of Franchisee, Franchisee and its owner, shall wear the specified wearing apparel at all times while working at the Grease Monkey Center. Nothing in this Agreement shall be deemed to make Franchisee's employees, representatives or agents (i) subject to the control of GMF or (ii) employees of GMF.

e. Approved Services and Products. Franchisee shall offer only those products and services at the Grease Monkey Center which meet or exceed the standards and specifications established by GMF and shall offer all products and services which are a part of GMF's Licensed Methods. Standards and specifications may be given to Franchisee in writing and may be changed by GMF at any time. Franchisee shall offer for sale at the Center only those products and services now or hereafter designated by GMF and shall at all times refrain from offering any other products or services from or through the Center, without GMF's prior written consent.

f. Payment of Obligations. Franchisee will pay on a timely basis all amounts due and owing to GMF and its affiliates pursuant to any separate agreements between Franchisee and GMF and its affiliates and all amounts due and owing by Franchisee to all third parties with whom Franchisee does business at or through the Center. In connection with any amounts due and owing by Franchisee to third parties, including affiliates of GMF, Franchisee acknowledges that a default by Franchisee with respect to such indebtedness may be considered a default hereunder and GMF may avail itself of all remedies provided for herein in the event of default.

g. Other Agreements. Franchisee shall comply with all agreements with third parties which relate to or affect the Center, including, in particular, all provisions of any premises lease, equipment lease or supply agreement.

h. Management of Center. Franchisee acknowledges that proper management of the Grease Monkey Center is critical to the successful operations of a Grease Monkey Center and shall ensure that Franchisee, individually, or if applicable, the Principal Owner who has completed the Grease Monkey initial training program, will be responsible for the management of the Grease Monkey Center.

i. Ownership of Center. Franchisee shall at all times during the term of this Agreement own and control the Grease Monkey Center. Upon request by GMF, Franchisee shall promptly provide satisfactory proof of such ownership to GMF. Franchisee represents that the Statement of Ownership, attached hereto as Attachment II and by this reference incorporated herein, is true, complete, accurate and not misleading and, in accordance with the information contained in the Statement of Ownership, the controlling ownership of the Grease Monkey Center is held by Franchisee. Franchisee acknowledges that each officer, director, partner, principal or other person who, directly or indirectly, owns 5% or more of the interest in Franchisee, and each such person's spouse (if any), will be required to guarantee the performance of Franchisee hereunder and sign the Owners' Agreement which is attached to this Agreement as Attachment

III. Franchisee shall promptly provide GMF with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and shall in such circumstances comply with the applicable transfer provisions contained in Section 15 herein.

j. National Fleets. Franchisee shall service all “**National Fleet Accounts**” defined below, in accordance with any of GMF’s policies and procedures concerning National Fleet Accounts as may then be in effect and Franchisee shall comply with the agreements with any National Fleet Account vendor, which policies and procedures and agreements may change from time to time upon notice to Franchisee. For the purposes of this Agreement, a “**National Fleet Account**” shall refer to: any business entity which, in the course of conducting day-to-day activities, operates vehicles in more than one state.

k. Training of Employees. Franchisee shall be fully responsible for all Center employees’ compliance with the operational standards which are part of the Licensed Methods and for compliance with all laws and regulations affecting Center operations. Franchisee must conduct its employee training in a manner which ensures that Franchisee’s employees comply with such operational standards and all laws and regulations affecting Center operations. Franchisee shall ensure that its employees take the minimum number of courses that GMF prescribes through Grease Monkey University.

l. Remodeling and Upgrading. Franchisee agrees to renovate, refurbish or replace, at its own expense, the décor, personal property, equipment, computer hardware, software and point-of-sale system used in the operation of the Grease Monkey Center, when reasonably required by GMF in order to comply with the image, standards of operation and performance capability established by GMF from time to time. If GMF changes its image or standards of operation, it shall give Franchisee a reasonable period of time within which to comply with such changes. GMF agrees that it will not require Franchisee to complete a remodel or upgrade, as described in this subsection, which affects the overall Center and costs in excess of \$10,000 (“**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. The amount of the Remodel/Upgrade Limit is subject to increase based on changes in the “Price Index,” defined below, for the year in which Franchisee is required to remodel or upgrade the Center pursuant to this Section as compared to the Price Index for the year this Agreement was fully executed. The adjustment will be the difference between the Price Index for the month which immediately precedes the date Franchisee is required to remodel or upgrade the Center pursuant to this Section and the average monthly Price Index during the calendar year when this Agreement was fully executed. “**Price Index**” means the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, U.S. City Average, All Items, and Major Group Figures for all Urban Consumers (CPI-U 1982 - 84 = 100). Notwithstanding any statement herein to the contrary, the Remodel/Upgrade Limit shall not decrease below \$10,000.

**9.2. Noncompliance Service Charge.** In the event Franchisee fails to comply with any obligation set forth in this Agreement or any mandatory standard or specification in the Brand Standards Manual or otherwise established by GMF, GMF shall have the right upon written notice to Franchisee to impose a noncompliance service charge (“**Noncompliance Service Charge**”) of \$1,000.00 for each event of noncompliance by Franchisee. The Noncompliance Service Charge is intended to compensate GMF for the administrative costs that it incurs in monitoring, notifying, and following up with Franchisee in the event of noncompliance, including the costs of GMF’s in-house counsel. The imposition of the Noncompliance Service Charge is in addition to any other rights or remedies that GMF may have in the

event of noncompliance by Franchisee including, without limitation, any right to declare a default or terminate this Agreement

## 10. QUALITY CONTROL

**10.1 Standards and Specifications.** GMF will make available to Franchisee, through the Brand Standards Manual or otherwise, standards and specifications for services and related products offered at or through the Center and for the premises, premises lease, decor, displays, furniture, equipment, computer hardware and software, point-of-sale system, materials, forms, items, uniforms, promotional and advertising materials, supplies and services (“**Items**”) used in connection with the Center. GMF reserves the right to change standards and specifications for these services and products offered at or through the Center and for the Items used in connection with the Center, upon 30 days prior written notice to Franchisee. Franchisee shall, at Franchisee’s expense and throughout the term of this Agreement, remain in compliance with this Agreement and strictly adhere to all of GMF’s current standards and specifications for the Center as prescribed from time to time.

**10.2 Inspections.** GMF and its designees, including affiliates, shall have the right to examine the Franchised Location, including the furniture, equipment, signage, materials, supplies or services used or sold there, to ensure compliance with all standards and specifications set by GMF. GMF shall conduct such inspections during regular business hours and Franchisee may be present at such inspections. GMF, however, reserves the right to conduct the inspections without prior notice to Franchisee. Franchisee shall furnish promptly, upon GMF’s request, information regarding its supplies, equipment, services and methods used in conducting business at the Center. During the inspections conducted by GMF, GMF shall have the right to: (i) videotape or take pictures of Franchised Location; (ii) interview employees and customers of the Center; (iii) take samples of products and items used or sold at the Center for testing and analysis; (iv) make copies of books and records; and (v) require Franchisee to immediately remove any unauthorized products or items from the Franchised Location. GMF shall have the right to use such photographs and videotaped material in such a manner as it reasonably deems appropriate.

**10.3 Restrictions on Services and Products.** Franchisee is prohibited from offering or selling any services or products not authorized by GMF as being a part of the Licensed Methods. However, if Franchisee proposes to offer, conduct or utilize any services, products, materials, forms, items, supplies or services for use in connection with or sale through the Center which are not previously approved by GMF as meeting its specifications, Franchisee shall first notify GMF in writing requesting approval. GMF may, in its sole discretion, for any reason whatsoever, elect to withhold such approval; however, in order to make such determination, GMF may require submission of specifications, information or samples of such products, services, materials, forms, items or supplies. GMF will advise Franchisee within a reasonable time whether such products, services, materials, forms, items or supplies meet its specifications. GMF reserves the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions. Without limiting the generality of anything else contained herein, Franchisee is not permitted to open a car wash service from its Center, unless it is a Monkey Shine Facility, and has been approved by GMF.

**10.4 Approved Suppliers.** Franchisee shall purchase all services and related products offered at or through the Center and all Items required for the operation of the Center from GMF, from GMF’s affiliates, from suppliers designated or approved by GMF or, if there is no designated or approved supplier for particular services, products or Items, from suppliers approved in advance by GMF who meet all of GMF’s specifications and standards as to quality, composition, finish, appearance and service, and who shall adequately demonstrate their capacity and facilities to supply Franchisee’s needs in the quantities, at the times, and with the reliability requisite to an efficient operation of the Center. GMF reserves the right to designate from time to time, a single supplier for any Items and to require Franchisee to use such designated supplier exclusively, which exclusive designated supplier may be GMF or its

affiliates. GMF and its affiliates may receive payments from suppliers on account of such suppliers' dealings with Franchisee and other franchisees and may use all such amounts without restriction and for any purpose GMF and its affiliates deem appropriate (unless GMF and its affiliates agree otherwise with the supplier).

**10.5 Request to Approve Supplier.** In the event Franchisee desires to offer a service or product or use an Item in connection with a Center obtained from suppliers other than those previously approved by GMF, Franchisee shall, prior to purchasing from or otherwise utilizing any supplier, give GMF a written request to approve the supplier. GMF and its designees may continue from time to time to inspect any suppliers' facilities and products to assure compliance with GMF's standards and specifications. Permission for such inspection shall be a condition of the continued approval of such supplier. GMF may at its sole discretion, for any reason whatsoever, elect to withhold approval of the supplier; however, in order to make such determination, GMF may require that samples from a proposed new supplier be delivered to GMF for testing prior to approval and use. A charge not to exceed the actual cost of the test may be made by GMF and shall be paid by Franchisee.

## 11. ROYALTIES

**11.1 Royalty.** Franchisee shall pay to GMF on a monthly basis a nonrefundable fee ("Royalty") of 6% of Franchisee's total monthly "Gross Revenues," defined below. The Royalty is an ongoing payment that allows Franchisee to use the Marks and the other intellectual property of the Grease Monkey system and that pays for GMF's ongoing support and assistance.

**11.2 Gross Revenues.** "Gross Revenues" shall mean and include the aggregate amount received from all sales of services, products or merchandise of every kind or nature (including, without limitation, any services or products that have not been approved or authorized by GMF), performed or sold from, at or in connection with the operation of the Grease Monkey Center or arising out of the operation or conduct of the Grease Monkey Center or, if Franchisee is an entity, arising out of the operation or conduct of any business by such entity, whether for cash or credit, but excluding (i) the amount of the discount given off the regular retail price of such services or products in connection with the use of coupons or other discount promotions; and (ii) federal, state or municipal sales or services taxes collected from customers and paid to the appropriate taxing authority. Additionally, if the taxing authority described in subsection (ii) of the preceding sentence offers a discount to taxpayers for the timely payment and/or processing of sales taxes, the amount of such discount provided to the Franchisee with respect to Franchisee's Grease Monkey Center shall also be excluded from Gross Revenues.

**11.3 Payment Schedule.** All Royalties, Advertising Contributions (defined in Section 12.4 below) and any other fees to be paid to GMF by Franchisee pursuant to this Agreement shall be made by the 10th day of each month, based on the amount of Gross Revenues of the previous month, and shall be paid by electronic transfer of funds. This payment shall be submitted on a computer generated transmittal record in a form approved by GMF, who may also request certain additional information it determines useful in the overall management and marketing of GMF's franchise system. In the event that Franchisee fails to provide GMF with the reports referenced in the previous sentence by the 10th day of each month or the reports and records described in Section 14, Franchisee shall owe a \$25 late fee for each month such reports are late to be automatically assessed and debited or paid along with the payment of Royalties. GMF shall have the right to verify such Royalty payments from time to time as it deems necessary, in any reasonable manner. In the event that Franchisee fails to have sufficient funds in the account or otherwise fails to pay any Royalties by the 10th day of each month, Franchisee shall, in addition to such Royalties, owe a \$25 late fee to be automatically assessed and debited or paid along with the late debit or payment of Royalties. Franchisee acknowledges that this Section 11.3 shall not constitute GMF's or its affiliates' agreement to accept such payments after they are due or a commitment to extend credit to or otherwise

finance operation of the Center. In no event shall Franchisee be required to pay a late payment at a rate greater than the maximum interest rate permitted by applicable law. In addition, if Franchisee fails to pay any Royalties by the 10th day of the month, GMF reserves the right to require Royalty payments on a weekly basis.

**11.4 Late Charges.** Delinquent Royalties, Advertising Contributions and other amounts as may be due from Franchisee to GMF or its affiliates hereunder, shall bear interest at 1.5% per month; provided, however, in no event shall Franchisee be required to pay interest at a rate greater than the maximum interest rate permitted by applicable law. Interest shall begin to accrue the day after payments are due.

**11.5 Electronic Funds Transfer.** Franchisee shall execute an authorization agreement for preauthorized payment of Royalties, Advertising Contributions and any other amounts owed pursuant to this Agreement by electronic transfer of funds from Franchisee's bank account to GMF's bank account, in the form attached to the Franchise Disclosure Document. Franchisee authorizes GMF and its affiliates to initiate debt entries and credit correction entries to Franchisee's checking, savings or other account for the payment of Royalties, Advertising Contributions, interest, late charges, the purchase of equipment and inventory and any other amounts due from Franchisee under this Agreement or otherwise. Within five days of receipt of a written request from GMF, Franchisee shall execute and return to GMF an additional authorization agreement for prearranged payments form with new account and other information to ensure the authorization form is current and valid. GMF may require Franchisee to pay Royalties, Advertising Contributions and other amounts due under this Agreement or otherwise by means in addition to or other than electronic funds transfer and Franchisee agrees to comply with GMF's payment instructions.

## 12. ADVERTISING

**12.1 Approval of Advertising.** Franchisee shall obtain GMF's or its designee's prior written approval of all written advertising or other marketing or promotional programs regarding the Center, including, without limitation, telephone directory advertising, newspaper ads, flyers, brochures, direct mail pieces, specialty and novelty items and advertising on the radio, television and Internet and other Electronic Advertising. Franchisee shall also obtain GMF's prior written approval before using any promotional materials as may be provided by vendors. The proposed written advertising or a description of the marketing or promotional program shall be submitted to GMF at least 30 days prior to publication, broadcast or use. Franchisee acknowledges that advertising and promoting the Center in accordance with GMF's standards and specifications is an essential aspect of the Licensed Methods, and Franchisee must comply with all advertising standards and specifications. Franchisee shall display all required promotional materials, signs, point of purchase displays and other marketing materials in its Center and in the manner prescribed by GMF.

**12.2 Initial Advertising and Promotion.** Franchisee and GMF shall mutually agree upon the timing and manner of conducting a grand opening advertising and promotional campaign, to be conducted at or around the time the Center opens or within 30 days thereafter and lasting for a period of four to six months. GMF may, but is not required, to provide certain grand opening services to Franchisee. If GMF provides such grand opening services to Franchisee, Franchisee will pay GMF or a third-party designated by GMF the costs of the grand opening, which is typically \$10,000 ("**Grand Opening Costs**") to cover the cost. Franchisee shall pay the Grand Opening Costs at the time it secures the Franchised Location and is non-refundable once paid. Within 30 days of completion of the initial advertising and promotion campaign, Franchisee shall submit to GMF a written summary of campaign expenditures.

**12.3 Local Advertising.** Franchisee shall spend a minimum average of 4% of the total amount of monthly Gross Revenues on local advertising, in such manner and form and with such content that has



been approved by GMF, to create and promote public awareness of Franchisee's Center. Franchisee shall submit to GMF an accounting of Franchisee's local advertising expenditures within 30 days after the end of each calendar year, which accounting shall show that Franchisee spent a minimum average of 4% of the total amount of its Gross Revenues for that year on local advertising expenditures; provided that GMF reserves the right, on 60 days' written notice to Franchisee, to require Franchisee to submit an accounting of local advertising expenditures on a more frequent basis, as determined by GMF.

**12.4 Advertising Contribution.** Franchisee shall contribute to an advertising fund established by GMF ("National Materials Fund") up to 1% of the total amount of Franchisee's Monthly Gross Revenues ("Advertising Contribution"). GMF has the right to change the amount of Advertising Contribution actually collected from time to time (not to exceed 1% of Monthly Gross Revenues), upon 30 days prior written notice to Franchisee. The Advertising Contribution shall be paid in addition to the amount which Franchisee shall expend for local advertising, as described in Section 12.3 above. The Advertising Contribution shall be paid to GMF or its designee in addition to Royalties and the following terms and conditions shall apply:

a. The Advertising Contribution shall be payable concurrently with the payment of the Royalties, remitted to GMF by electronic transfer of funds, no later than the 10th day of each month, for the Advertising Contribution based on the Gross Revenues of the immediately preceding month.

b. GMF shall have the right to verify Franchisee's determination of Advertising Contribution payments from time to time as it deems necessary, in any reasonable manner.

c. The Advertising Contributions will be subject to the same interest and late charge as the Royalties, in the amount and manner set forth in Section 11.4 above.

d. Upon the request of Franchisee, GMF will make available to Franchisee, no later than 120 days after the end of a calendar year, an unaudited financial statement which indicates how the National Materials Fund has been spent.

e. GMF and its designees shall direct all advertising and marketing programs financed by the National Materials Fund, with sole discretion over the creative concepts, materials and endorsements used therein, geographic, market and media placement and allocation, and the administration thereof. The National Materials Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials, and Electronic Advertising (as defined in Section 12.6), as such advertising materials, methods and mediums evolve and develop in the future, including website design and maintenance (including linked webpages or microsites) and communication by social media and electronic mail; other commercial advertising; agency costs and commissions; training programs, including Grease Monkey University; customer satisfaction programs and initiatives (including, without limitation, programs and initiatives in connection with the Pit Crew Guarantee); resolving customer satisfaction issues; resolving warranty issues and concerns; administering multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising; implementing and administering gift card and other customer loyalty programs; employing advertising agencies and in-house staff assistance utilizing representatives, including affiliates, to support advertising and marketing programs; local promotions; and supporting public relations, market research, brand recognition and other advertising and marketing activities.

f. The National Materials Fund shall be accounted for separately from GMF's other funds and shall not be used to defray any of GMF's general operating expenses, except for such

reasonable administrative costs, salaries and overhead as GMF and its designees, including its affiliates, may incur in activities related to the implementation and administration of the National Materials Fund and its marketing programs, including, without limitation, conducting market research, incurring related accounting and legal expenses, preparing material and collecting and accounting for National Materials Fund contributions. GMF may spend in any fiscal year an amount greater or less than the aggregate contribution of all Grease Monkey Centers to the National Materials Fund in that year and the National Materials Fund may borrow from GMF or other lenders to cover deficits or cause the National Materials Fund to invest any surplus for future use. All interest earned on monies contributed to the National Materials Fund will be first used to pay costs. The National Materials Fund may be incorporated or operated through an entity separate from GMF at such time as GMF deems appropriate, and such successor entity shall have all rights and duties of GMF pursuant to this Section 12.4.

g. Franchisee acknowledges that the National Materials Fund is intended to maximize recognition of the Marks and patronage of Grease Monkey Centers. Although GMF will endeavor to utilize the National Materials Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Grease Monkey Centers, GMF and its designees, undertakes no obligation to ensure that expenditures by the National Materials Fund in or affecting any geographic area are proportionate or equivalent to the contributions by Grease Monkey Centers operating in that geographic area or that any Grease Monkey Centers will benefit directly or in proportion to its contribution from the development of advertising and marketing materials or the placement of advertising. The National Materials Fund is not treated as a trust fund, and GMF and its designees, including its affiliates, do not owe Franchisee a fiduciary duty with respect to the maintenance, direction or administration of the National Materials Fund. Except as expressly provided in this Section 12.4, GMF and its designees, including its affiliates, assume no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the National Materials Fund.

h. GMF reserves the right to terminate the National Materials Fund, upon 30 days' written notice to Franchisee. All unspent monies on the date of termination shall be distributed to GMF's franchisees in proportion to their respective contributions to the National Materials Fund during the preceding 12 month period. GMF shall have the right to reinstate the National Materials Fund upon the same terms and conditions set forth herein upon 30 days' prior written notice to Franchisee.

**12.5 Local or Regional Advertising Programs.** GMF reserves the right, upon 30 days prior written notice to Franchisee, to create a local or regional advertising association (“**Co-op**”) for the benefit of Grease Monkey franchisees located within a particular geographic area. If a Co-op is established for the area where Franchisee is located, Franchisee will be required to participate in the Co-op for the purpose of selecting and participating in regional marketing and promotion programs for Grease Monkey Centers. GMF, in its sole discretion, may contribute back to the Co-op all or a portion of the National Materials Fund payments received by GMF from franchisees in the Co-op for such marketing and advertising programs. Franchisee will be required to remain a member of and be bound by the decisions of the majority of the members of the Co-op regarding expenditures, assessments and dues of the Co-op, to the extent that they are approved by GMF. Members of a Co-op are required to pay contributions to the Co-op in an amount that GMF determines, on a regular or intermittent basis, up to 4% of the monthly Gross Revenues of the Co-op Member's Center. Monies paid into the Co-op by Franchisee shall be credited towards Franchisee's local advertising commitment described in Section 12.3 above. The failure of Franchisee to participate in the Co-op or pay any dues or contributions required by the Co-op, may, at the option of GMF, be deemed to be a breach of this Agreement. GMF has the right, in its sole discretion, to determine the composition of all geographic territories and market areas for the implementation of such

local or regional advertising and promotion campaigns and to require that Franchisee participate in such local or regional advertising programs as and when they may be established by GMF. If a local or regional advertising program is implemented on behalf of a particular region by GMF, GMF, to the extent reasonably calculable, will only use contributions from Grease Monkey franchisees and company-owned Centers within such region for the particular local or regional advertising program. GMF reserves the right to seek reimbursement from the Co-op for reasonable administrative costs, salaries and overhead as GMF or its designees, including its affiliates, may incur in activities related to the implementation and administration of the Co-op and its marketing programs. GMF also reserves the right to establish an advertising cooperative for a particular region to enable the cooperative to self-administer the local or regional advertising program.

**12.6 Electronic Advertising.** Franchisee shall not develop, create, contribute to, distribute, disseminate or use any electronic or Internet communication including, without limitation, any website, blog, instant messaging services such as Twitter, social media sites (such as Facebook) or networking account or other electronic or other communication method now in existence or to be created, or any multimedia, telecommunication, mass electronic mail or audio/visual advertising or messaging, promotional or marketing materials (collectively “**Electronic Advertising**”) as described herein and in the Brand Standards Manual, directly or indirectly related to the Grease Monkey Centers, any other franchised Grease Monkey Centers, the Marks, the Licensed Methods and GMF and its affiliates, without GMF’s prior written consent, which consent may be withheld in GMF’s sole discretion. Franchisee acknowledges and agrees that it will not post a blog, create or contribute to a website, engage in any type of social networking or conduct any type of Internet communication that refers to the Marks, the Licensed Methods, GMF, its affiliates and employees, any Grease Monkey Centers, any other franchised Grease Monkey Centers or other franchisees without GMF’s prior written permission. GMF shall retain the exclusive right to develop, publish and control the content of all Electronic Advertising for the Grease Monkey Centers. Franchisee acknowledges that GMF shall own all Electronic Advertising related to or associated with the Marks and Licensed Methods including, without limitation, databases of customer contact information and other customer information. GMF hereby licenses use of such data back to Franchisee solely for the term of this Agreement and solely for Franchisee’s use in connection with the Grease Monkey Center. Upon request by GMF, Franchisee agrees to promptly provide the customer contact information and other customer information related to the Center to GMF. GMF reserves the right, upon 30 days’ prior written notice, to require Franchisee to: (a) participate in any Electronic Advertising of Grease Monkey Centers sponsored by GMF; and/or (b) create, customize, change, delete or provide access to any websites, any social media or networking account, telecommunications or audio/visual advertising, promotional or marketing material as part of the Electronic Advertising. Franchisee acknowledges that GMF shall own all Electronic Advertising related directly or indirectly to the Marks and Licensed Methods and the Grease Monkey Centers. GMF reserves the right to require Franchisee, to change, delete or provide access to GMF to any Electronic Advertising. If GMF permits or requires Franchisee to develop any Electronic Advertising, Franchisee shall do so in compliance with GMF’s policies and rules regarding the creation, maintenance, use, publication and content of such Electronic Advertising as set forth in this Agreement, the Brand Standards Manual or Electronic Advertising code of conduct, and any other policies or standards that GMF may develop, disseminate and modify from time to time, including but not limited to any social media policies. Franchisee shall not publish any of GMF’s confidential information on the Internet, and Franchisee shall not publish any of GMF’s copyrighted material or information containing the Marks or any of the Licensed Methods on the Internet without GMF’s prior written permission; nor shall the Franchisee assist any other party in doing so. Any amounts that Franchisee spends to participate in Electronic Advertising shall be credited toward Franchisee’s local advertising obligations.

### 13. PROPRIETARY MARKS AND INTERESTS

**13.1 Marks.** Franchisee acknowledges that GMF or its affiliates are the sole owner of the Marks and Licensed Methods and the Marks and Licensed Methods shall remain the sole and exclusive property of GMF or its affiliates. Franchisee shall display the Marks prominently at the Center premises and on service reminders and packaging materials and in connection with uniforms, forms, advertising, marketing and other items, all in a manner as GMF shall reasonably prescribe. Franchisee acknowledges that it has not acquired any right, title or interest in the Marks and Licensed Methods except for the non-exclusive right to use the proprietary Marks and Licensed Methods in the operation of its Grease Monkey Center in accordance with this Agreement, and such rights are conditioned upon Franchisee's payment of all Royalties. No name or mark other than the Marks shall be used in the operation of the Grease Monkey Center nor shall any other name, symbols, logo or other identifying marks be used in connection with the Grease Monkey Center without the prior written approval of GMF. Except as permitted in the Brand Standards Manual, Franchisee shall not use any of the Marks as part of an electronic mail address, or on any sites on the Internet and Franchisee shall not use or register any of the Marks as a domain name on the Internet.

**13.2 No Use of Other Marks.** No service marks other than "Grease Monkey" or such other Marks as may be specified by GMF shall be used in the identification, marketing, promotion or operation of the Grease Monkey Center.

**13.3 Licensed Methods.** Franchisee acknowledges that GMF owns and controls the proprietary and distinctive plans and method for the establishment, operation and promotion of the Grease Monkey Center and all related licensed methods of doing business, previously defined as the "Licensed Methods," which include, but are not limited to, GMF's standards and specifications for the Franchised Location, premises, leasehold improvements, interior finish, interior décor, furnishings, equipment, products, product formulas, supplies, materials, mandatory and optional automotive maintenance and repair services; inventory type and control, technical equipment standards, order fulfillment methods, client relations, marketing techniques, written promotional materials, advertising, accounting systems, and service delivery methods, all of which constitute confidential trade secrets of GMF and all of which may be included in the Brand Standards Manual described in Section 7 above, in the sole discretion of GMF. Franchisee acknowledges that GMF has valuable rights in and to such trade secrets. Franchisee further acknowledges that it has not acquired any right, title or interest in the Licensed Methods except for the right to use the Licensed Methods in the operation of the Grease Monkey Center as it is governed by this Agreement and that it is obligated to maintain the confidentiality of the Licensed Methods in accordance with Section 18.4 below.

**13.4 Change of Proprietary Marks.** In the event that GMF or its affiliates, in their sole discretion, shall determine to modify or discontinue use of the Marks, or to develop additional or substitute proprietary marks, Franchisee shall, within a reasonable time after receipt of written notice from GMF, take such action, at Franchisee's sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution. GMF shall not be obligated to reimburse Franchisee for any loss of goodwill associated with any modifications or discontinuance of the Marks or for any expenditures made by Franchisee to promote a modified or substitute trademark or service mark. Franchisee's changes or improvements to the Licensed Methods, Franchisee's usage of the Marks and Licensed Methods and any goodwill established thereby will inure to GMF's exclusive benefit.

**13.5 Trademark Infringement.** Franchisee will notify GMF in writing of any possible infringement or illegal use by others of a trademark the same as or similar to the Marks which may come to its attention. Franchisee acknowledges that GMF or its affiliates shall have the right to determine whether action will be taken on account of any possible infringement or illegal use. GMF or its affiliates shall

commence or prosecute such action in GMF's or its affiliates' own name and may join Franchisee as a party to the action if GMF or its affiliates determine it to be reasonably necessary for the continued protection and quality control of the Marks and Licensed Methods. GMF shall bear the reasonable cost of any such action, including its attorneys' fees. Franchisee will not institute any action on account of any possible infringement or illegal use without first obtaining GMF's prior written consent.

**13.6 Franchisee's Business Name.** Franchisee acknowledges that GMF or its affiliates have a prior and superior claim to the Grease Monkey trade name. Franchisee will not register or attempt to register the Grease Monkey trade name or any variation thereof in Franchisee's name or that of any other person or business entity without prior written consent of GMF. Franchisee shall not use any of the Marks or any part thereof in the legal name of its corporation, partnership or any other business entity used in conducting the Grease Monkey Center provided for in this Agreement. During the term of this Agreement, GMF may require that Franchisee post a sign at its Grease Monkey Center, and include a reference on its letterhead, contracts, invoices, business cards and/or other items, stating that it is an "authorized franchisee of GREASE MONKEY FRANCHISING, LLC," or other language specified by GMF. If local laws require that Franchisee file an affidavit or other registration indicating that it is conducting business under an assumed, fictitious or trade name, Franchisee shall state in such filing or affidavit that the same is made "as an authorized franchisee of GREASE MONKEY FRANCHISING, LLC."

**13.7 Creative Ownership.** All copyrightable works created by Franchisee or any of its owners, officers, managers or employees in connection with the Center shall be the sole property of GMF. Franchisee assigns all proprietary rights, including copyrights, in these works to GMF without additional consideration. Franchisee hereby assigns and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights, trademarks and trade secrets developed in part or in whole in relation to the Center, during the term of this Agreement, as GMF may deem necessary in order to enable it, at its expense, to apply for, prosecute and obtain copyrights, trademarks, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to GMF all right, title, and interest in said intellectual property. Franchisee shall promptly disclose to GMF all inventions, discoveries, improvements, creations, patents, copyrights, trademarks and confidential information relating to the Center which it or any of its owners, officers, managers or employees has made or may make solely, jointly or commonly with others and shall promptly create a written record of the same. In addition to the foregoing, Franchisee acknowledges and agrees that any improvements or modifications, whether or not copyrightable or otherwise protectable as intellectual property, directly or indirectly related to the Center, shall be deemed to be a part of the Licensed Methods and shall inure to the benefit of GMF.

**13.8 Ancillary Agreements.** Any Manager and officer of Franchisee that does not own 5% or more of the equity in the Franchisee entity must sign GMF's form of System Protection Agreement. All of Franchisee's employees, independent contractors, agents, and representatives that may have access to GMF's confidential information must sign GMF's form of Confidentiality Agreement, unless such individual already signed a System Protection Agreement.

## 14. REPORTS, RECORDS AND FINANCIAL STATEMENTS

**14.1 Reports.** Franchisee shall establish and maintain, at its own expense, bookkeeping, accounting and data processing systems conforming to the specifications which GMF may prescribe from time to time (including, without limitation, requirements for timely entry of information into databases as may be prescribed by GMF, periodic printouts of reports generated and GMF's access to the data input by modem or other electronic means). GMF and its affiliates shall have the right of access to all data processed with respect to the Center. Franchisee shall provide access to GMF and its affiliates at any time by installing a

modem or subscribing to a high speed electronic network connection service, as GMF shall designate, which meets GMF's standards and specifications. Franchisee shall supply GMF or its designee with reports in such manner and form as GMF may from time to time reasonably require, including:

a. Within 10 days after the end of each calendar month, a report on the Center's Gross Revenues, car counts, average ticket and other information designated by GMF (if Franchisee is an entity, a report on such entity's Gross Revenues, car counts, average ticket, and other information designated by GMF) for such calendar month, in a form as may be reasonably prescribed by GMF;

b. Within 30 days after the end of each calendar year, a report on Franchisee's local advertising expenditures, as further described in Section 12.3 of this Agreement and in GMF's recommended format; provided, however, that GMF has the right, upon 60 days' written notice to Franchisee, to require Franchisee to provide reports on local advertising expenditures on a more frequent basis, as determined by GMF in its sole discretion;

c. Within 10 days after the end of each calendar month and within 90 days after the end of Franchisee's fiscal year, a balance sheet and profit and loss statement for the Center which shall include, if Franchisee is an entity, a balance sheet and profit and loss statement for such entity, for such period (the monthly statements shall also reflect year-to-date information), prepared in GMF's recommended format, including utilizing the chart of accounts prescribed by GMF, and in accordance with generally accepted accounting principles ("GAAP"). If requested by GMF, Franchisee shall have the profit and loss statement and the balance sheet shall be certified by a certified public accountant;

d. Copies of Franchisee's federal income tax reports relating to the Grease Monkey Center for the preceding year shall be submitted to GMF by May 1st of each year; and

e. Any other data, information and supporting records reasonably requested by GMF from time to time, including without limitation, daily, weekly or monthly reports of services and products provided to customers, by category and specifically formatted financial information relating to revenues and expenses for the Center.

GMF reserves the right to disclose data derived from such reports, without identifying Franchisee, except to the extent identification of Franchisee is required by law. GMF reserves the right to require Franchisee to participate in its financial management programs and to charge a reasonable fee based on the actual cost for such programs. Franchisee consents to GMF and its designees obtaining financial and account information regarding the Center and its operations from third parties with whom Franchisee does business as and when deemed necessary by GMF.

**14.2 Books and Records.** Franchisee shall maintain all books and records for the Grease Monkey Center in accordance with: (i) generally accepted accounting principles, consistently applied, (ii) the chart of accounts designated by GMF, and (iii) the standards and specifications of GMF as set forth in the Brand Standards Manual, and preserve these records for at least three years after the fiscal year to which they relate.

**14.3 Failure to Submit Reports.** If Franchisee fails to timely submit the reports and financial statements required in Section 14.1 of this Agreement, then GMF, at its option, has the right to audit the books and records of the Grease Monkey Center, at Franchisee's expense. If such audit discloses an understatement of Franchisee's Gross Revenues of the Grease Monkey Center, Franchisee shall immediately pay all deficiencies which may be due and owing to GMF, including interest at 18% per

annum. The failure of Franchisee to timely submit the required reports and financial statements may be considered by GMF to be a material default under this Agreement.

**14.4 Audit.** From the date Franchisee and GMF sign this Agreement until three years after the expiration or termination of this Agreement, including any renewal period, GMF or GMF's authorized agent shall have the right to request, receive, inspect and audit any of the business records, financial or otherwise, of Franchisee or any party affiliated with Franchisee, including but not limited to Franchisee's Principal Owners, Managers, other owners, guarantors, officers, directors, employees, or representatives, any immediate family members of Franchisee or of such affiliated parties, or any companies or entities associated with Franchisee or such affiliated parties, that GMF in its sole discretion determines may be relevant in determining the business results of Franchisee's Grease Monkey Center; such as verifying that Franchisee has paid all fees and other amounts owed to GMF based on the revenues of Franchisee or otherwise. Inspections and audits conducted at the Grease Monkey Center may take place without prior notice. GMF may also require at any time the records from Franchisee or its affiliated parties be sent to GMF's offices or another location to permit the inspection or audit of such records to be conducted at GMF's place of business or the other location. If GMF notifies Franchisee that documents are to be sent to a location other than the Grease Monkey Center for the purpose of conducting an inspection or audit at that location, Franchisee shall provide the requested documents to GMF within the time period set forth in GMF's notice. Franchisee will be responsible for any expenses associated with collecting and delivering any documents requested by GMF for its inspection or audit. Franchisee agrees that GMF will have the right to inspect and audit any records of Franchisee or any affiliated party that GMF determines to be relevant in its sole discretion, which records may include, in addition to those referred to above, (i) any books and records of the Grease Monkey Center; (ii) point-of-sale and cash register tapes; (iii) sales slips; (iv) computer hard drives (v) tax returns; (vi) quarterly and/or annual financial statements, including profit and loss statements and balance sheets; (vii) copies of checks, check ledgers and bank statements for checking and savings accounts; (viii) all contracts or agreements entered into by Franchisee and any third parties related to its Grease Monkey Center, including but not limited to contracts with customers; and (ix) any other documents requested by GMF. GMF may inspect and audit documents covering a period beginning with the date on which Franchisee first acquired its Grease Monkey Center and ending on the date such audit is concluded. All documents provided for GMF's inspection or audit must be certified by Franchisee and the appropriate affiliated party, if applicable, as true, complete and correct. Should any inspection or audit disclose a deficiency in the payment of any amounts required to be paid or spent under this Agreement, Franchisee shall pay the deficiency to GMF immediately, without prejudice to any other remedy of GMF under this Agreement, including interest at 18% per annum. In addition, if (i) such deficiency for any audit period equals or exceeds 2% of the correct amount of any amounts required to be paid or spent under this Agreement during that audit period, (ii) Franchisee fails to submit any statements or reports required hereunder to GMF, (iii) Franchisee fails to have the books, records and other requested items available for an audit after receiving reasonable, advance notice from GMF; or (iv) Franchisee otherwise fails to cooperate with GMF's request related to an audit; and GMF conducts an audit of Franchisee's books and records, then in any such case Franchisee will also pay to GMF the entire cost of the inspection or audit including travel, lodging, meals, salaries, the fees and expenses of attorneys and any independent accountants, and other expenses of the inspecting or auditing personnel immediately.

**14.5 Financial Records Use and Access.** GMF reserves the right to disclose data derived from all financial and accounting reports received from Franchisee to other franchisees and affiliates in the Grease Monkey system with information identifying Franchisee. GMF also reserves the right to disclose data derived from all financial and accounting reports received from Franchisee to parties outside the Grease Monkey system, without identifying Franchisee, except to the extent identification of Franchisee is required by law. Franchisee consents to GMF obtaining financial and account information regarding the Center and its operations from third parties with whom Franchisee does business, as and when deemed necessary by GMF.

**14.6 Business Records.** Franchisee acknowledges and agrees that GMF owns all records (“**Business Records**”) with respect to customers of, and/or related to, Franchisee’s Grease Monkey Center; including, without limitation, all databases (whether in print, electronic or other form) with customer and potential customers, names, addresses, phone numbers, e-mail addresses, and customer purchase records, and all other records contained in the database, and all financial records of the type described in Section 14.5. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, GMF may access such Business Records, and may utilize, transfer, or analyze such Business Records as GMF determines to be in the best interest of the Grease Monkey system, in GMF’s sole discretion.

## **15. TRANSFER**

**15.1 Transfer by Franchisee.** The franchise rights granted herein are personal to Franchisee and, except as stated below, GMF shall not allow or permit any transfer, assignment, subfranchise or conveyance of this Agreement or any interest hereunder. The Franchisee acknowledges that prior to approving any transfer, GMF may impose reasonable conditions on the Franchisee and its purported transferee including, but not limited to, those conditions listed in Section 15.2. As used in this Agreement, the term “**transfer**” shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition by Franchisee (or any of its owners) of any interest in: (1) this Agreement; (2) the ownership of the Franchisee entity; or (3) the Center or any assets of the Center. A transfer shall also include an assignment, sale, gift or other disposition resulting from a divorce, insolvency, corporate, limited liability company or partnership dissolution proceeding or by other operation of law or, in the event of the death of Franchisee, or an owner of Franchisee, transfer by will, declaration of or transfer in trust or under the laws of intestate succession. A transfer of ownership in the Grease Monkey Center and its assets may only be made in conjunction with a transfer of this Agreement.

**15.2 Pre-Conditions to Franchisee’s Assignment.** Franchisee shall not transfer its rights under this Agreement, or any interest in it, or any part or portion of the business entity that owns it, or a substantial portion of the assets used in connection therewith, unless Franchisee and the transferee obtain GMF’s prior written consent and comply with the following:

- a. Franchises purchased under GMF’s Incentive Program (as described in GMF’s FDD) may not be transferred or offered for resale by Franchisee prior to Franchisee opening such Grease Monkey Center.
- b. Franchisee shall pay all amounts due and owing to GMF or its affiliates.
- c. The proposed transferee must be qualified to become a franchisee and shall be evaluated for approval by GMF, based on the same criteria as is currently being used to assess new franchisees of GMF.
- d. The proposed transferee shall execute a franchise agreement (with a new term of Agreement) and related agreements, including but not limited an owners’ agreement or other guaranty, in a form then currently offered by GMF, which shall supersede this Agreement and related agreements, in all respects. The terms of the new franchise agreement and related agreements may differ substantially from the terms of this Agreement. The transferee will not be required to pay any additional initial franchise fee.
- e. The proposed transferee shall satisfactorily complete the initial training program described in this Agreement before the transfer of Franchisee’s rights under this Agreement. Franchisee or the transferee shall pay GMF a training fee of \$2,500.00 per trainer for up to five



days of on-site training, which shall be due prior to the closing of the transfer. GMF shall, in its sole discretion, determine the number of days of training and the number of trainers required based on the transferee's experience in the industry.

f. If required by GMF, the Grease Monkey Center and its equipment and systems shall be upgraded and remodeled, at Franchisee's and/or the proposed transferee's expense, or Franchisee and/or the proposed transferee shall enter into a Deferred Maintenance Agreement, to conform to the then current design and performance specifications, as reasonably determined necessary in the sole discretion of GMF. The limitation on upgrades and remodeling in Section 9.1.1 above does not apply to this subsection.

g. Franchisee must execute a general release, in a form satisfactory to GMF, of any and all claims against GMF and affiliated companies and their respective officers, directors, employees and agents arising up to the effective date of the transfer.

h. Franchisee, the proposed transferee or both parties together shall pay to GMF a transfer fee in the amount of \$5,000, including a \$1,000 non-refundable deposit at the time of notice of transfer and the balance at the time of and in the event of approved transfer. The amount of the transfer fee is subject to increase based on changes in the Price Index for the year in which Franchisee transfers the Center as compared to the Price Index for the year this Agreement was fully executed. The adjustment will be the difference between the Price Index for the month which immediately precedes the date Franchisee intends to transfer this Agreement and the average monthly Price Index during the calendar year when this Agreement was fully executed. Notwithstanding any statement herein to the contrary, the transfer fee shall not decrease below \$5,000.

i. Franchisee shall give written notice to GMF of the proposed transfer 90 days prior to the proposed transfer date. The notice shall include disclosure of all material terms and conditions of the proposed transaction and an executed agreement with the proposed transferee, together with such information about the proposed transferee as shall be necessary for GMF to assess the qualifications of the proposed transferee to become a Grease Monkey franchisee. Any purchase agreement or other agreement entered into by Franchisee for the sale or transfer of the Grease Monkey Center or other interest in the Franchise shall include in its terms that the sale or transfer is conditional upon and subject to GMF's right of first refusal, described in Section 15.4 below, and GMF's right to approve the sale or transfer in accordance with this Agreement.

j. Written evidence shall be submitted from Franchisee's landlord, if applicable, that the landlord will consent to assign the lease or sublease for the Grease Monkey Center to the transferee, or other evidence shall be submitted to GMF showing that the transferee will have a right to possession of the Franchised Location.

k. Franchisee shall reimburse GMF upon receipt of GMF's invoice for any broker commissions, finder's fees, placement fees or similar charges GMF incurs as a result of the transfer.

l. Franchisee must continue to abide by the restrictive covenants contained in Section 18 below.

**15.3 GMF's Approval of Transfer.** GMF has 30 days from the date of notice from Franchisee to approve or disapprove of Franchisee's proposed transfer. Franchisee acknowledges the proposed transferee shall be evaluated for approval by GMF based on the same criteria as is currently being used to

assess new franchisees of GMF and that such proposed transferee shall be provided with such disclosures as may be required by state or federal law. GMF will not unreasonably withhold its consent to any proposed transfer. Franchisee acknowledges that GMF shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to adversely affect the transferee's operation of the Center. If Franchisee or the transferring owners of Franchisee finance any part of the sale price of the transferred interest, unless waived in writing by GMF, Franchisee or its transferring owners must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by Franchisee or its transferring owners in the assets of the Center or the Franchised Location shall be subordinate to the transferee's obligation to pay Royalties, Advertising Contributions and other amounts due to GMF and its affiliates and to otherwise comply with this Agreement or the then current form of franchise agreement. Additionally, GMF shall have the right to interview the proposed transferee as part of GMF's approval process and Franchisee agrees that GMF shall have the right to discuss matters related to the performance of the Franchised Location with such proposed transferee. If Franchisee so requests, GMF may, but is not obligated to, assist Franchisee in the resale of the Center to another party, in which case Franchisee must pay GMF a resale assistance fee of \$3,600. This fee is in addition to any fees or commissions due to any brokers that are employed by either Franchisee or GMF in connection with a proposed transfer.

**15.4 Right of First Refusal.** In the event Franchisee desires to sell or otherwise transfer its rights under this Agreement or any interest in it, or a part or portion of any business entity that owns it, or all or a substantial portion of the assets of the Grease Monkey Center to a third party, Franchisee shall grant to GMF or its designee a 30 day right of first refusal to purchase such rights or assets proposed to be transferred on the same terms and conditions as are contained in the written agreement signed by Franchisee and the proposed transferee and the following additional terms and conditions shall apply:

a. The 30 day period within which GMF or its designee may exercise its right of first refusal shall run concurrently with the period within which GMF has to approve or disapprove of Franchisee's proposed transfer or sale. The time within which GMF or its designee may exercise its right of first refusal shall commence as of the date of the notice provided by Franchisee to GMF containing all information described in Section 15.2.h above and receipt by GMF of the written agreement of transfer signed by Franchisee and the proposed transferee containing all of the terms and conditions of the transfer.

b. GMF's right of first refusal arises with respect to each proposed transfer. Any material change in the terms or conditions of the proposed transfer shall be deemed a separate transfer for which a new 30 day period for the right of first refusal shall be given and new documents shall be submitted to GMF.

c. If the consideration or the manner of payment offered by a third party is such that GMF may not reasonably be required to furnish the same, then GMF may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the amount of the cash equivalent, an independent appraiser shall be designated by GMF, whose determination will be binding upon the parties. All expenses of the appraiser shall be paid for equally between GMF and Franchisee. In the event that the terms of the proposed transfer include an offer on the part of Franchisee to finance a portion of the purchase price on behalf of the proposed transferee, then the same terms shall be made available to GMF.

d. The closing between GMF or its designee and Franchisee shall occur upon the later of the date of closing set forth in the written agreement of transfer signed by Franchisee and

the proposed transferee, or 60 days from the date of GMF's notice of exercise of its right of first refusal.

e. If GMF chooses not to exercise its right of first refusal, Franchisee shall be free to complete the transfer, to the proposed transferee, subject to compliance with Sections 15.2 and 15.3 above.

f. GMF's right of first refusal shall be waived by GMF and shall not apply if the proposed transfer is to an immediate family member of Franchisee, is a transfer governed by Section 15.7 below or is any one of the specific types of transfers described in Section 15.5 below.

g. GMF shall have the right to assign its right of first refusal to another party including, but not limited to, any affiliate or other franchisee of GMF.

**15.5 Specific Types of Transfers.** Franchisee acknowledges that GMF's right to approve or disapprove of a proposed transfer and all other requirements and rights related to such a transfer as provided in this Section 15 shall apply: (a) if Franchisee is a partnership, limited liability company or other business association, to the proposed addition or deletion of a partner or members of the company or association or the transfer of any partnership or membership among existing partners or members; (b) if Franchisee is a corporation, to any proposed issuance of securities or transfer of outstanding securities of a corporate Franchisee, which issuance or transfer would involve 40% or more of the outstanding equity securities of the corporate Franchisee, whether such issuance or transfer occurs in a single transaction or several transactions; and (c) if Franchisee is an individual, to the proposed transfer from such individual or individuals to a corporation or limited liability company controlled by them, in which case, GMF's approval will be conditioned upon: (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under the Agreement; (ii) the issuance or transfer of shares or membership interests which would affect the controlling interest in the corporation or limited liability company being conditioned on GMF's prior written approval; (iii) a limitation on the corporation's or company's business activity to that of owning the Grease Monkey Center and related activities; and (iv) other reasonable conditions. With respect to a proposed transfer as described in Sections 15.5(a) and (c) above, GMF shall waive any transfer fee chargeable to Franchisee for a transfer.

**15.6 Assignment by GMF.** This Agreement is fully assignable by GMF and shall inure to the benefit of any assignee or other legal successor in interest, and GMF shall in such event be fully released from the same.

**15.7 Death or Disability of Franchisee.** Upon the death or permanent disability of Franchisee, or a guarantor of Franchisee's obligations under this Agreement or an owner of 40% or more of the ownership in the Franchisee's entity ("**Owner**"), the executor, administrator, conservator, guardian or other personal representative of the deceased or disabled Franchisee, guarantor or Owner shall transfer his or her interest in this Agreement or such interest in Franchisee to a third party who has been approved by GMF. The transfer of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to transfers contained in Section 15 of this Agreement, except as otherwise stated. Failure to transfer the interest in this Agreement or such interest in Franchisee within said period of time shall constitute a breach of this Agreement. For purposes hereof, the term "**permanent disability**" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee, guarantor or Owner from supervising the management and operation of the Grease Monkey Center for a period of six months from the onset of such disability, impairment or condition.

## 16. TERM AND EXPIRATION

**16.1 Term.** The term of this Agreement is from the date of this Agreement until 15 years from the date of the opening of the Grease Monkey Center, unless sooner terminated as provided herein. The parties will execute the Opening Date Rider attached as Attachment I-2 to specify the date of the opening of the Center.

**16.2 Continuation.** If for any reason, Franchisee continues to operate the Center beyond the term of this Agreement or any subsequent renewal period, it shall be deemed to be on a month-to-month basis under the terms of this Agreement and subject to termination upon 30 days' notice by GMF or as required by law. If said hold-over period exceeds 90 days, this Agreement is subject to immediate termination by GMF unless applicable law requires a longer period. Upon termination after any hold-over period, Franchisee and those in active concert with Franchisee, including family members, officers, directors, partners, managers, members and managing agents, are subject to the terms of Sections 17.4, 17.5, 17.6, 18.2, 18.3 and 18.4 of this Agreement and all other applicable post-termination obligations contained in this Agreement.

**16.3 Rights Upon Expiration.** Franchisee shall have the option to renew the Franchise for either (i) an additional 15 year term, or (ii) an additional five year term with an automatic extension for a subsequent five year term (Franchisee can void the automatic extension for the subsequent five year term by providing written notice to GMF at least six months before the expiration of the first additional five year term), by acquiring successor franchise rights, if GMF does not exercise its right not to offer a successor franchise in accordance with Section 16.5 below and if Franchisee fulfills the following conditions precedent:

a. Franchisee shall have performed all obligations under this Agreement and shall have not received a written notification of breach of this Agreement more than four times during the term of this Agreement;

b. Franchisee is not, at the time of renewal, in default or under notification of breach of this Agreement;

c. Franchisee executes the then current form of franchise agreement being offered to new Grease Monkey franchisees (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise) within 30 days after the new form of agreement is submitted to Franchisee for execution, which agreement may contain terms materially different than those in this Agreement. GMF shall not charge any additional initial franchise fee, but as to Royalties, Advertising Contributions and other fees, Franchisee shall be subject to any changes in such fees or other material provisions of this Agreement;

d. Franchisee pays a Renewal Fee (as defined below) to GMF concurrently with the execution of the successor franchise agreement (for purposes of this Agreement, the "**Renewal Fee**" shall mean: (i) \$0 if Franchisee provides at least six months' notice, chooses to enter into the then-current Franchise Agreement that provides for a term of 15 years, and the renewal franchise agreement is signed at least six months in advance of the expiration of this Agreement, (ii) \$2,500 if a franchisee provides at least six months' notice, chooses to enter into the then-current Franchise Agreement that provides for a term of five years with an automatic extension for a subsequent five year term, and the renewal franchise agreement is signed at least six months in advance of the expiration of this Agreement, and (iii) \$5,000 in all other circumstances;

e. Franchisee upgrades and remodels the Grease Monkey Center and its equipment and systems, at Franchisee's expense, to conform to the then current design and performance specifications, as reasonably determined necessary, in the sole discretion of GMF; and

f. Franchisee executes a general release, in form satisfactory to GMF, of any and all claims against GMF and its affiliated companies and their respective officers, directors, members, managers, employees and agents arising out of or relating to this Agreement during the initial term hereof.

**16.4 Exercise of Option for Successor Franchise.** Franchisee shall exercise its option for a successor franchise by giving written notice of such exercise to GMF not earlier than 12 months nor later than 180 days prior to the expiration of this Agreement. Franchisee's successor franchise rights shall become effective by signing the Franchise Agreement then currently being offered to new franchisees of GMF and by paying the Renewal Fee.

**16.5 Conditions of Refusal.** GMF shall not be obligated to offer Franchisee a successor franchise upon expiration of this Agreement if Franchisee fails to comply with any of the above conditions of renewal. In such event (except for failure to execute the then current Franchise Agreement and pay the Renewal Fee), GMF shall give notice of expiration at least 180 days prior to the expiration of the term (unless such refusal is due to Franchisee's failure to comply with Section 16.3, subsections a., b., c., d., e. or f. thereof, later than that time), and such notice shall set forth the reasons for GMF's refusal to offer successor franchise rights. Upon expiration of this Agreement, Franchisee shall comply with the provisions of Section 17.4 below.

## 17. DEFAULT AND TERMINATION

**17.1 Termination by GMF - Effective Upon Notice.** GMF shall have the right, at its option, to terminate this Agreement and all rights granted to Franchisee hereunder, without affording Franchisee any opportunity to cure any default (subject to any state laws to the contrary, where state law shall prevail), effective upon receipt of notice by Franchisee, addressed as provided in Section 22.6, upon the occurrence of any of the following events:

a. **Abandonment.** If Franchisee ceases to operate the Center or otherwise abandons the Center for a period of three consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the Center, unless and only to the extent that full operation of the Center is suspended or terminated due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee;

b. **Insolvency; Assignments.** If Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, (this provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq.), or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed by Franchisee;

c. **Unsatisfied Judgments; Levy; Foreclosure.** If any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's business or any of the property used in the operation of the Center and is not discharged within five days; or if the real or personal property of Franchisee's business shall be sold after levy thereupon by any sheriff, marshal or constable;

d. **Criminal Conviction.** If Franchisee is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of GMF, to materially and unfavorably affect the Licensed Methods, Marks and goodwill and reputation thereof;

e. **Failure to Make Payments.** If Franchisee fails to pay any amounts due GMF or its affiliates, including the second installment of the initial franchise fee and any amounts which may be due as a result of any subleases or lease assignments between Franchisee and GMF and its affiliates, within 10 days after notice that such fees or amounts are overdue;

f. **Misuse of Marks.** If Franchisee misuses or fails to follow GMF's directions and guidelines concerning use of GMF's Marks and fails to correct the misuse or failure within ten days after notification from GMF;

g. **Unauthorized Disclosure.** If Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of GMF's Brand Standards Manual or any other trade secrets or confidential information of GMF;

h. **Repeated Noncompliance.** If Franchisee has received two previous notices of default from GMF and is again in default of this Agreement within a 12 month period, regardless of whether the previous defaults were cured by Franchisee;

i. **Unauthorized Transfer.** If Franchisee sells, transfers or otherwise assigns the Franchise, an interest in the Franchise or Franchisee entity, this Agreement, the Center or a substantial portion of the assets of the Center owned by Franchisee without complying with the provisions of Section 15 above; or

j. **Filing Non-Compliant Legal Action.** If Franchisee or any of the Franchisee Affiliates (as defined in Section 21.3) files or otherwise commences litigation, arbitration, or any other legal action against GMF or any of the GMF Affiliates (as defined in Section 21.3), that is not in compliance with the dispute resolution terms agreed upon in Article 21 as may be modified by any applicable rider in Attachment IV, and fails to dismiss such action within seven days after notification from GMF.

**17.2 Termination by GMF - Thirty Days' Notice.** GMF shall have the right to terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30 day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30 day period. Defaults shall include, but not be limited to, the following:

a. **Failure to Maintain Standards.** Franchisee fails to maintain the then current operating procedures and adhere to the specifications and standards established by GMF as set forth herein or in the Brand Standards Manual or otherwise communicated to Franchisee;

b. **Deceptive Practices.** Franchisee engages in any unauthorized business or practice or sells any unauthorized product or service under GMF's Marks or under a name or mark which is confusingly similar to GMF's Marks;

c. **Failure to Obtain Consent.** Franchisee fails, refuses or neglects to obtain GMF's prior written approval or consent as required by this Agreement;

d. **Failure to Comply with Manual.** Franchisee fails or refuses to comply with the then-current requirements of the Brand Standards Manual; or

e. **Breach of Related Agreement.** Franchisee defaults under any term of the sublease or lease assignment for the Franchised Location, any other agreement material to the Center or any other Franchise Agreement between GMF and Franchisee and such default is not cured within the time specified in such sublease, other agreement or other Franchise Agreement.

Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period and has provided GMF written notice of the same prior to the expiration of the 30 day period, Franchisee shall be given an additional reasonable period of time, but not more than 90 days, to cure the same, and this Agreement shall not automatically terminate. In the event of a default by Franchisee, all of GMF's costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of GMF's administrative employees shall be paid to GMF within five days after cure or upon demand by GMF if such default is not cured.

### **17.3 Cross Default and Cross Termination.**

a. Any default by Franchisee under this Agreement will be deemed a default of all agreements between Franchisee, an Owner, and/or any Franchisee Affiliates (as defined in Section 21.3 below), on the one hand, and GMF and/or any GMF Affiliate (as defined in Section 21.3 below), on the other hand (the "**Other Agreements**"). A default by Franchisee, an Owner, and/or any Franchisee Affiliate under any of the Other Agreements will be deemed a default under this Agreement. A default by any guarantor(s) of this Agreement or of any of the Other Agreements will be deemed a default of this Agreement.

b. If this Agreement is terminated as a result of a default hereunder, GMF may, at its option, elect to terminate any or all of the Other Agreements. If any of the Other Agreements is terminated as a result of a default by Franchisee, an Owner, and/or any Franchisee Affiliate, GMF may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any of the Other Agreements will be grounds for termination of this Agreement and/or any and all of the Other Agreements without additional notice or opportunity to cure.

**17.4 Rights and Obligations Upon Termination or Expiration.** Upon termination or expiration of this Agreement, Franchisee shall immediately take the following actions and provide written assurances to GMF, including any additional evidence that GMF requests, that such actions have been completed:

a. Pay Royalties, Advertising Contributions and other amounts owed to GMF or its affiliates within 10 days of the effective date of termination or expiration;

b. Cease, directly or indirectly, to represent to the public that the former Grease Monkey Center is or was operated or in any way connected with the Grease Monkey system or hold itself out as a present or former Franchisee of GMF, and cease use of the Marks, processes, materials, methods or promotional materials provided by GMF and take all necessary steps to disassociate itself from GMF, including without limitation, the removal of signs, destroying letterhead, advertising materials, invoices or other items containing the Marks;

c. Immediately deliver to GMF the Brand Standards Manual and all other information, software, documents and copies thereof which are proprietary to GMF or its

affiliates, including, without limitation, all client lists and related client information contained in computer databases or otherwise;

d. Relinquish all interest of any kind in the franchise and, in the event GMF or its designee does not exercise its right to acquire Franchisee's interest in the Grease Monkey Center and the Franchised Location described in Section 17.5 below, immediately take steps to de-identify the Franchised Location so as to distinguish it from a Grease Monkey Center, including removal of signage, alteration of distinctive coloring, interior and exterior design and modification of other aspects of the premises closely identified with the Grease Monkey name and Marks;

e. Promptly take such action as may be required to cancel all assumed or trade names or equivalent registrations relating to the use of the Grease Monkey name or, at the option of GMF, assign the same to GMF or its affiliates;

f. Notify the telephone company, all telephone directory publishers, Internet service providers, and social media website operators of the termination or expiration of Franchisee's right to use any telephone number, any regular, classified or other telephone directory listings, domain names, or social media websites or accounts associated with the Marks and to authorize transfer thereof to GMF or its designee. Franchisee acknowledges that GMF or its affiliates have the right to take assignment of all telephone, telecopy and facsimile machine numbers, directory listings, web addresses, domain names, and social media websites and accounts associated with any Mark. Franchisee authorizes GMF, and hereby appoints GMF and its officers as Franchisee's attorney-in-fact, to direct the telephone company, all telephone directory publishers, Internet service providers, and social media website operators to transfer any telephone, telecopy and facsimile machine numbers, directory listings, web addresses, domain names, and social media websites and accounts relating to the Grease Monkey Center to GMF or its designee. If Franchisee fails or refuses to do so, the telephone company, telephone directory publishers, Internet service providers, and social media website operators may accept this directive, as stated, as conclusive evidence of GMF's rights to such telephone numbers, directory listings, web addresses, domain names, and social media websites and accounts and, in the alternative, GMF's authority to direct their transfer;

g. If applicable, take such action as may be required to remove from the Internet all sites referring to Franchisee's former Grease Monkey Center or any of the Marks and to cancel or assign to GMF, in GMF's sole discretion, all rights to any domain names for any sites on the Internet that refer to Franchisee's former Grease Monkey Center or any of the Marks;

h. Comply with all applicable provisions of any conditional or collateral assignment of the lease for the Franchised Location premises, or Option and Center Lease, as may be in effect;

i. Abide by the covenants not to compete and confidentiality provisions set forth in Section 18 of this Agreement; and

j. Follow any procedures established by GMF to ensure the expiration of this Agreement creates the least disruption possible to the Grease Monkey system, including those procedures set forth in the Brand Standards Manual.

**17.5 Option to Purchase.** Upon termination or expiration of this Agreement for any reason, GMF or its designee shall have the option to purchase the Center or a portion of the assets of the Center (including



Franchisee's leasehold or ownership interest, as applicable, in and to the real estate upon which the Center is located, unless otherwise agreed upon) at fair market value, less any amount apportioned to the goodwill of the Center which is attributable to the Marks and Licensed Methods, and less any amounts owed to GMF by Franchisee. The following additional terms shall apply to GMF's exercise of this option:

a. GMF's option hereunder shall be exercisable by providing Franchisee with written notice of its intention to exercise the option given to Franchisee no later than the effective date of termination, in the case of termination, or at least 90 days prior to the expiration of the term of the franchise, in the case of non-renewal.

b. The terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by GMF, in the real property records and GMF or its designee and Franchisee shall execute such additional documentation as may be necessary and appropriate to effectuate such recording.

c. GMF or its designee shall set the closing for the purchase to take place no later than 60 days after the termination or nonrenewal date. At GMF's option Franchisee shall continue the Center operations by extension of this Agreement, through the closing date. GMF shall pay the purchase price in full at the closing, in a manner as otherwise agreed upon by GMF and Franchisee or, at GMF's option, in twenty-four (24) equal monthly installments, with interest at a rate equal to the prime rate published by the Wall Street Journal on the date of closing. Franchisee shall sign all documents of assignment and transfer as are reasonably necessary for purchase of the Center or its assets by GMF or its designee.

d. If GMF and Franchisee cannot agree on the fair market value of the Center or the assets being purchased by GMF, then the fair market value shall be determined by an independent third party appraisal. GMF and Franchisee shall each select one independent appraiser, and the two so selected shall select a third appraiser, all three to determine fair market value. The fair market value shall be the arithmetic mean of the values determined by the three appraisers and such determination will be binding upon the parties. GMF and Franchisee will each bear the expenses of their chosen appraiser. All expenses of the third appraiser shall be paid for equally between GMF and Franchisee. In the event that GMF does not exercise GMF's right to purchase Franchisee's Center as set forth above, Franchisee will be free to keep or to sell, after such termination or expiration, to any third party, all of the physical assets of its Center; provided, however, that all appearances of the Marks are first removed in a manner approved in writing by GMF.

**17.6 Continuing Obligations.** The foregoing rights of GMF upon termination for any reason shall not be exclusive, but shall be in addition to and not in lieu of any other rights available to GMF under the terms hereof or at law or in equity. Termination of this Agreement under any circumstances shall not abrogate, impair, release, or extinguish the debt, obligation or liability of Franchisee that may have accrued hereunder, including without limitation, any debt, obligation or liability which was the cause of termination. All covenants and agreements of Franchisee that by their terms or by reasonable implication are to be performed, in whole or in part, after the termination of this Agreement, including without limitation, Franchisee's obligations of nondisclosure and confidentiality, shall survive any termination of this Agreement.

**17.7 Acknowledgement.** In the event this Agreement is terminated by GMF prior to its expiration as set forth in Sections 17.1, 17.2 and 17.3 above, Franchisee acknowledges that, in addition to all available

remedies, GMF shall have the right to recover lost future royalties during any period in which Franchisee fails to pay such royalties through and including the remainder of the then current term of this Agreement.

**17.8 State and Federal Law.** THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN THE FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

## **18. RESTRICTIVE COVENANTS**

**18.1 Noncompetition During Term.** Franchisee acknowledges that, in addition to the license of the Marks hereunder, GMF has also licensed commercially valuable information which comprises and is a part of the Licensed Methods, including without limitation, operations, marketing, advertising and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all franchisees of Grease Monkey using the Marks and Licensed Methods. Therefore, other than the Grease Monkey Center licensed herein, any other Grease Monkey Centers licensed under other franchise agreements with GMF or its affiliates, and any SpeeDee oil change and auto service businesses licensed under a franchise agreement with GMF's affiliate SpeeDee Worldwide, LLC, neither Franchisee nor any of Franchisee's officers, directors and Owners of five percent or more of the equity securities of a corporate franchisee, nor any member of his or their immediate families, shall during the term of this Agreement:

- a. Have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business; or
- b. Perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or
- c. Own any assets used to operate a Competitive Business; or
- d. Receive any portion of the sales proceeds or net income or any other benefit from a Competitive Business.

The term "**Competitive Business**" as used in this Agreement shall mean any business operating, or any business granting franchises or licenses to others to operate, a business providing automotive lubrication, maintenance or repair services. Notwithstanding the foregoing, Franchisee shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent five percent or less of that class of securities issued and outstanding.

**18.2 Post-Termination Covenant Not to Compete.** Franchisee acknowledges that, pursuant to the franchise relationship established in this Agreement, Franchisee has acquired from GMF confidential information regarding Grease Monkey's Marks and Licensed Methods and that, in the event this Agreement is terminated, Franchisee could injure GMF or its affiliates, not only because it is no longer a Franchisee but, in addition, because Franchisee would be able to take those customers it has acquired over a period of time in the event Franchisee were to start another automotive lubrication, maintenance and repair business. Therefore, in the event the franchise rights granted pursuant to this Agreement are ever terminated, expire or Franchisee otherwise relinquishes all rights to the franchise through assignment or otherwise, for whatever reason, neither Franchisee nor its officers, directors and owners of five percent or more of the equity securities of a corporate franchisee, for a period of three years, commencing on the

effective date of termination or expiration of this Agreement, or the date on which Franchisee ceases to conduct business, whichever is later, unless authorized under another franchise agreement with GMF or its affiliates, shall (a) have any direct or indirect interest (through a member of any immediate family of Franchisee, its officers, directors and Owners of five percent or more of the stock of a corporate franchisee or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, member, manager, employee, consultant, representative or agent in, or (b) in any other capacity (i) engage in, (ii) own any assets used in, or (iii) receive any portion of the sales proceeds or net income or any other benefit from, a Competitive Business within a radius of 25 miles of the location of Franchisee's former Grease Monkey Center, or within a radius of 5 miles of any other Grease Monkey Center operating as of the date of termination or expiration of this Agreement or assignment by Franchisee. This covenant not to compete is intended to be a reasonable restriction on Franchisee. For purposes of interpreting this covenant not to compete, every month of time and mile of distance shall be considered severable. In the event a court of competent jurisdiction interprets either the spatial or temporal limitations of this Agreement to be overly broad, then the court shall adjust the offending limitation, either by months of time or miles of distance, so as to fashion a reasonably enforceable covenant.

**18.3 No Interference With Business.** During the term of this Agreement and for three years thereafter, Franchisee and its officers, directors and owners of 5% or more of the equity securities of a corporate franchisee, and his, her or their immediate families, shall not divert or attempt to divert any business related to, or any customer or prospective customer of the Grease Monkey Center, by direct inducement or otherwise, or diverting or attempting to divert the employment of any employee or independent contractor of Grease Monkey or another franchisee licensed by Grease Monkey to use the Marks, to any Competitive Business by any direct inducement or otherwise.

**18.4 Confidentiality of Proprietary Information.** Franchisee acknowledges that after execution of this Agreement, Franchisee will have access to confidential information and trade secrets which are proprietary to GMF and its affiliates, through participation in GMF's training programs, receipt of the Brand Standards Manual and otherwise. Franchisee acknowledges that the unauthorized use of such information (including, without limitation, failing to promptly return the Brand Standards Manual and other proprietary information, as required under Section 17.4, upon the expiration or termination of this Agreement) or the disclosure of such information, or any part thereof, to unauthorized third parties will be injurious to GMF. Franchisee, and all of Franchisee's employees who have attended GMF's training programs or had access to the Brand Standards Manual or are otherwise privy to such information, shall not make unauthorized use of, or disclose to any unauthorized third party, the systems, techniques, operating procedures, marketing systems or other trade secrets or confidential information relating to the establishment and operation of a Grease Monkey franchise.

**18.5 Confidentiality Agreements.** GMF reserves the right to require that Franchisee have its officers, directors, managers, owners of 5% or more of a Franchisee which is an entity, or members of Franchisee's or Principal Owner's immediate family, and its Manager or any other person who has attended GMF's training programs execute a nondisclosure and noncompetition agreement containing the provisions set forth in this Section 18, and further, Franchisee shall notify GMF of the identity of each and every above-described person and provide GMF with an originally executed copy of each such nondisclosure and noncompetition agreement.

**18.6 Beginning of Three Year Period.** If Franchisee commits a breach of Section 18.2 or Section 18.3 above, the three-year period shall start on the date Franchisee is enjoined from competing or interfering, or stops competing or interfering with the business of Grease Monkey, whichever is later.

**18.7 Additional Remedies for Breach.** Franchisee acknowledges that, if there is any act in violation of Sections 18.1, 18.2, 18.3 or 18.4 of this Agreement, it will be impossible to determine with specificity

the damage to GMF. Therefore, in addition to any other remedies or damages, within 30 days of any act in violation of Sections 18.1, 18.2, 18.3 or 18.4 of this Agreement, Franchisee shall pay to GMF the sum of \$20,000 plus 6% of the average of Franchisee's monthly Gross Revenues over the three years prior to the violation, or such shorter period if the violation occurred prior to the third anniversary of this Agreement, multiplied by the number of full months from the date of the violation until the end of the term of this Agreement or, if the violation is subsequent to the expiration or termination of this Agreement, multiplied by the number of months until expiration of the noncompetition or no interference period.

**18.8 Interpretation.** All parties to this Agreement acknowledge that this Section has been fully negotiated and has been entered into freely. This Section shall not be interpreted against either party as drafter.

## 19. INSURANCE

**19.1 Insurance Coverage.** Franchisee shall procure and maintain during the term of this Agreement, with an insurer or insurers reasonably acceptable to GMF, a policy or policies of the following insurance: (a) commercial general liability insurance with a limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, including, without limitation, blanket business interruption coverage; (b) replacement cost property insurance in an amount equal to at least 80% of the highest coverage permitted by law or the replacement cost of the building and contents comprising the Grease Monkey Center as provided in a lease; (c) garage-keepers liability insurance for damage to vehicles that are in Franchisee's care, custody and control with a limit of not less than \$30,000 for the Grease Monkey Center; (d) unemployment and workmen's compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of applicable state law and employer's liability insurance with a limit of not less than \$100,000 for each accident for bodily injury by accident; and (e) automobile liability coverage with a limit not less than \$1,000,000 per accident for bodily injury and property damage, such coverage shall include all owned, non-owned and hired autos. All policies of insurance shall contain endorsements requiring at least 30 days advance written notice to GMF of any cancellation, termination or reduction of coverage therein. Notice of the renewal of any policy shall be made at least 10 days prior to the scheduled date of such renewal, and shall be in the form of endorsement to the policy. Notice to GMF of any replacement of any policy shall be made at least 10 days prior to such replacement, and shall be in the form of a copy of the replacement policy, or by certificate of insurance detailing the policy terms and conditions noted above.

**19.2 Proof of Insurance.** Prior to commencement of operations at its Grease Monkey Center, Franchisee shall provide GMF with proof of insurance that includes endorsements adding GMF, its subsidiaries and affiliates, including, without limitation, Grease Monkey International, Inc., and their respective stockholders, officers, directors, employees, agents and assignees as additional insureds under the commercial general liability insurance and garage-keepers liability insurance. This proof will show that the insurer has been authorized to inform GMF in the event any policies lapse or are cancelled. Franchisee's insurance shall be primary and noncontributory for the additional insureds and shall include a blanket waiver of subrogation. GMF has the right to change the type of insurance Franchisee is required to maintain and the coverage limits of the required insurance by giving Franchisee 60 days prior notice. Noncompliance with the insurance provisions set forth herein shall be deemed a material breach of this Agreement; in the event of any lapse in insurance coverage, in addition to all other remedies, GMF shall have the right to demand that Franchisee cease operations of the Grease Monkey Center until coverage is reinstated, or, in the alternative, GMF may purchase insurance for Franchisee and pay any delinquencies in premium payments and charge the same back to Franchisee, plus 20% of the premium for GMF's costs and expenses in obtaining the insurance.

## 20. BUSINESS RELATIONSHIP

**20.1 Independent Businesspersons.** During the term of this Agreement, Franchisee shall be an independent contractor and shall in no way be considered as an agent, servant or employee of GMF. It is understood and agreed that no agency, partnership or fiduciary relationship is created by this Agreement. As such, Franchisee has no authority of any nature whatsoever to bind GMF or incur any liability for or on behalf of GMF or to represent itself as anything other than an independent contractor. Franchisee shall exercise full and complete control over and have full responsibility for any and all labor relations, including the hiring, firing, disciplining, compensation and work schedule of their employees. In all public records, and on letterhead and business forms, Franchisee shall indicate its independent ownership of the Grease Monkey Center and that it is a franchisee of GMF. Franchisee acknowledges that GMF has no responsibility to ensure that the Grease Monkey Center is developed and operated in compliance with all applicable laws, ordinances and regulations and that GMF shall have no liability in the event the development or operation of the Grease Monkey Center violates any law, ordinance or regulation.

**20.2 Payment of Third Party Obligations.** GMF shall have no liability for Franchisee's obligations to pay any third parties, including without limitation, any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon Franchisee, Franchisee's Grease Monkey Center, Franchisee's property or upon GMF in connection with the sales made or business conducted by Franchisee (except any taxes GMF is required by law to collect from Franchisee with respect to purchases from GMF).

**20.3 Indemnification.** Franchisee shall indemnify, defend and hold harmless GMF, its subsidiaries and affiliates, and their shareholders, directors, officers, members, managers, employees, agents, successors and assignees, (the "**Indemnified Parties**") against, and to reimburse them for all claims, obligations and damages described in this Section 20.3, any and all third party obligations described in Section 20.2 and any and all claims and liabilities directly or indirectly arising out of: the operation of the Grease Monkey Center; Franchisee's employment or other contractual relationship with its employees or independent contractors, including any claim or allegation that GMF is an employer or joint employer of the employee; any loss of data, including but not limited to customer information, resulting from a breach of such data caused, in whole or in part, by you; the relationship of the parties under this Agreement; or the use of the Marks and Licensed Methods in any manner not in accordance with this Agreement. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. GMF shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## 21. ARBITRATION

**21.1 Arbitration.** All controversies, disputes or claims between GMF, its subsidiaries and affiliated companies and their shareholders, officers, directors, members, managers, agents, employees and attorneys (in their representative capacity) and Franchisee (and its employees, officers, directors, managers, owners and guarantors, if applicable) arising out of or related to: (1) this Agreement or any other agreement between the parties or any provision of such agreements; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or (4) any system standard shall be submitted for binding arbitration to a Colorado Office of the American Arbitration Association on demand of either party; except for controversies, disputes or claims related to enforcement by GMF or its affiliates of their rights in the Marks, the enforcement of the covenants not to compete and not to solicit, or any lease of real estate,

which actions GMF, at its option, may bring either in a court of competent jurisdiction or in arbitration. Such arbitration proceedings shall be conducted in Greenwood Village, Colorado and shall be heard by one arbitrator in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association, except as such rules are modified by this Agreement. The arbitrator shall be a resident of the State of Colorado, knowledgeable of Colorado law. If the American Arbitration Association or any successor is no longer in existence at the time arbitration is commenced, GMF and Franchisee will agree on another arbitration organization to conduct the arbitration proceeding. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court, except that the decision whether the arbitration may proceed as a class action shall be made by a court.

Each party shall bear its own costs in arbitration prior to a ruling. However, the arbitrator shall have the right to award or include in the award any relief available and appropriate under the applicable law (as set forth in Section 21.3) and this Agreement, provided that the arbitrator shall not award exemplary or punitive damages. 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. The parties shall be bound by the provisions of any applicable limitation on the period of time by which claims must be brought under applicable law or this Agreement, whichever is less. In connection with any such arbitration proceeding, each party shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates. This provision shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Franchisee and GMF agree that arbitration shall be conducted on an individual, not a class-wide, basis, that Franchisee and the Franchisee Affiliates shall not institute a proceeding with other Franchisees or their officers, directors, managers, partners or owners, and that an arbitration proceeding between GMF and Franchisee shall not be consolidated with any other arbitration proceeding involving GMF and any other person, corporation, limited liability company or partnership.

**21.2 Injunctive Relief.** Notwithstanding anything to the contrary contained in Section 21.1 of this Agreement, GMF and Franchisee shall each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction. GMF shall have the right to obtain such temporary or preliminary injunctive relief, without posting a bond or bonds totaling more than \$1,000, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby). Any such action shall be brought as provided in Section 21.3 below.

**21.3 Governing Law/Consent to Jurisdiction/Waiver of Jury Trial.** All disputes to be arbitrated by GMF, its affiliates and Franchisee shall be governed by the Federal Arbitration Act and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the state of Colorado and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Colorado, which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Colorado Consumer Protection Act (COLO. REV. STAT. ANN. Section 6-1-101, et seq.) shall not apply to this Agreement or any disputes between the parties. Franchisee and GMF have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any arbitration or legal proceeding involving Franchisee, its owners, guarantors, employees, officers, directors or managers (collectively, "Franchisee Affiliates") and GMF and its affiliates and their respective employees, officers, directors or managers (collectively,

“**GMF Affiliates**”) the exclusive venue for disputes between them shall be in Arapahoe County, Colorado if in state court, and in the City and County of Denver, Colorado if in federal court, or in Greenwood Village, Colorado for arbitration and each party shall waive any objection either may have to the personal jurisdiction of or venue in such state and federal courts of Colorado or arbitration in Greenwood Village, Colorado. Notwithstanding the foregoing, any legal proceeding by GMF or any GMF Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, province, or other geographic area in which the Center is located or in which Franchisee or any Franchisee Affiliate resides or owns assets. **GMF, GMF AFFILIATES, FRANCHISEE AND FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.**

**21.4 Covenant of Good Faith.** If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

## **22. SECURITY INTEREST**

**22.1 Security Interest.** To secure payment and performance of the Obligations, Franchisee grants to GMF a continuing security interest in the following “**Collateral**” which shall consist of all of the following properties, assets and rights of Franchisee: all goods (including inventory, equipment, vehicles and signs), accounts, fixtures and contract rights (including leases) of or relating to the Center, wherever located, now owned or hereafter acquired, and in all improvements, attachments, additions, accessions, replacements and substitutions thereto and proceeds and products therefrom.

**22.2 Obligations.** “**Obligations**” shall mean:

- a. All obligations, including payments for equipment and supplies, obligations and payments under this Agreement and other agreements between GMF and its affiliates and Franchisee and its affiliates, including any Multi-Unit Agreement, and other amounts and obligations owed to GMF and its affiliates.
- b. All expenditures of any kind or nature made by GMF or its affiliates to preserve the Collateral, including, but not limited to, all amounts paid to discharge taxes, liens, security interests, leases, and any other encumbrances against the Collateral, and to repair any damage to the Collateral or otherwise preserve or maintain the Collateral and all insurance thereon.
- c. All expenditures, including reasonable attorneys’ fees, which GMF or its affiliates make or incur in connection with collecting any and all obligations secured hereby or in enforcing or protecting its rights under this Agreement.

d. All other indebtedness, obligations and liabilities of Franchisee to GMF, its affiliates or other third parties, direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising.

**22.3 Authorization to File Financing Statements.** Franchisee hereby irrevocably authorizes GMF and its affiliates at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto and to furnish any information relating to such filings to GMF promptly upon GMF's request. Franchisee further agrees, at the request and option of GMF, to take any and all other actions GMF may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of GMF to enforce, GMF's security interest in any and all of the Collateral.

**22.4 Possession of Collateral.** Upon default and termination of Franchisee's rights under this Agreement, GMF shall have the immediate right to possession and use of the Collateral.

**22.5 Remedies.** Upon the occurrence of any event of default set forth above or upon the occurrence of any other default in payment or performance of any Obligations for which this security interest is granted, GMF shall have, in addition to all other rights and remedies, the remedies of a secured party under the Uniform Commercial Code as then in effect in the state in which the Center is located ("UCC"), regardless of whether the UCC applies to the security transactions covered by this Agreement, including without limitation the right to accelerate the maturity of the obligations, without notice or demand, and to take possession of the Collateral and any proceeds thereof wherever located. Franchisee shall assemble the Collateral and make the Collateral and all records relating thereto available to GMF at a place to be designated by GMF that is reasonably convenient for both parties. If notice is required, GMF shall give to Franchisee at least five business days prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made. Franchisee hereby acknowledges that five business days' prior written notice of such sale or sales shall be reasonable notice. During the time that GMF is in possession of the Collateral, and to the extent permitted by law, GMF shall have the right to hold, use, operate, manage and control all or any part of the Collateral; to make all such repairs, replacements, alterations, additions and improvements to the Collateral as it may deem proper; and to demand, collect and retain all earnings, proceeds from such use and all other costs, expenses, charges, damages or losses by reason of such use.

## **23. MISCELLANEOUS PROVISIONS**

**23.1 Entire Agreement.** This Agreement (which includes the attachments and attachments expressly incorporated herein) contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. GMF will not be liable or obligated for any oral representations or commitments made prior to the execution hereof or for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments and that no modifications of this Agreement will be effective except those in writing and signed by both parties. GMF does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement or in any related agreement, but nothing in this Agreement or in any related agreement is intended to disclaim the representations made by GMF in the franchise disclosure document provided to the Franchisee by GMF in connection herewith. Franchisee acknowledges that no representations have been made to it by GMF or its affiliates regarding projected sales volumes, market potential, revenues, profits of Franchisee's Grease Monkey Center, or operational assistance other than as stated in this Agreement or in any franchise disclosure document provided by GMF in connection herewith.



**23.2 Effective Date.** This Agreement shall not be effective until accepted by GMF as evidenced by dating and signing by an officer or other duly authorized representative of GMF.

**23.3 Review of Agreement.** Franchisee acknowledges that it had a copy of this Agreement in its possession for a period of time not less than 14 days or 10 business days, whichever is applicable, during which Franchisee has had the opportunity to submit same to an attorney or other advisor of Franchisee's choosing for professional review and advice prior to freely executing this Agreement.

**23.4 Invalidity.** In the event that any arbitrator or court of competent jurisdiction determines that any provision of this Agreement, including but not limited to any of the restrictive covenants contained in Section 18 hereof, are unenforceable as written for any reason, including for purposes of the restrictive covenants, reasons that the areas of restriction exceed the reasonable maximum time period, geographic area or scope, then the parties hereby request and authorize the arbitrator or court to "blue pencil" such provision so as to make it enforceable and to best carry out the intent of the parties, or to deem such provision severed from this Agreement if it cannot be so modified. The holding, declaration or pronouncement shall not adversely affect any other provisions of this Agreement, which shall otherwise remain in full force and effect.

**23.5 Waiver.** No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by GMF or Franchisee shall be considered to imply or constitute a further waiver by GMF or Franchisee of the same or any other condition, covenant, right or remedy.

**23.6 Notice.** All notices or demands required hereunder shall be made in writing and shall be deemed to be fully given when deposited in the U.S. certified mail, postage prepaid, return receipt requested or when sent Federal Express or similar overnight courier to Grease Monkey Franchising, LLC, 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111, or to its then current address, and to Franchisee to the address given in this Agreement. Mailing any notice hereunder sent by U.S. certified mail, postage prepaid or when sent Federal Express or similar overnight courier shall be presumptive evidence of delivery of the notice. Either party may change its address hereunder by notice to the other party, sent by U.S. certified mail postage prepaid, return receipt requested or when sent Federal Express or similar overnight courier.

**23.7 Attorneys' Fees.** In the event of any dispute between the parties to this Agreement, in addition to all other remedies, the non-prevailing party will pay the prevailing party all amounts due and all damages, costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in any legal action, arbitration or other proceeding as a result of such dispute.

**23.8 Modification.** GMF and Franchisee may modify this Agreement only upon execution of a written agreement between the parties. Franchisee acknowledges that GMF may modify its standards and specifications set forth in the Brand Standards Manual unilaterally under any conditions and to the extent in which GMF, in its sole discretion, deems necessary to protect, promote, or improve the Marks and the quality of the Licensed Methods, but under no circumstances will such modifications be made without good cause therefor. Franchisee shall, at Franchisee's expense, accept and utilize any such changes or modifications which are reasonably requested as if they were a part of this Agreement.

**23.9 Set Off.** Franchisee shall not be allowed to set off amounts owed to GMF for Royalties, Advertising Contributions, fees or other amounts due hereunder, against any monies owed to Franchisee, nor shall Franchisee in any event withhold such amounts due to any alleged nonperformance by GMF hereunder, which right of set off is hereby expressly waived by Franchisee. GMF shall be allowed to set off amounts owed to Franchisee against monies owed to GMF by Franchisee.

**23.10 Delegation by GMF.** From time to time, GMF shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents or affiliates of GMF or independent contractors which GMF has contracted with to provide such services. Franchisee agrees in advance to any such delegation by GMF of any portion or all of its obligations and duties hereunder.

**23.11 Payment of Taxes.** Franchisee shall reimburse GMF, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by GMF, or its affiliates or designees, on account of services or goods furnished by GMF, its affiliates or designees, to Franchisee through sale, lease or otherwise (except for any taxes GMF or its affiliates are required by law to collect from Franchisee with respect to the sale of products to Franchisee by GMF and its affiliates), or on account of collection by GMF of the initial franchise fee, Royalties, Advertising Contributions or any other payments made by Franchisee to GMF required under the terms of this Agreement.

**23.12 Cumulative Rights.** The rights and remedies of GMF and Franchisee hereunder are cumulative and no exercise or enforcement by GMF or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by GMF or Franchisee of any other right or remedy hereunder which GMF or Franchisee is entitled by law to enforce.

**23.13 Survival of Provisions.** Any provisions that by their terms extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

**23.14 Incorporation of Riders.** To the extent that any of the Riders to Franchise Agreement for Specific States attached as Attachment IV is applicable, such rider is incorporated herein and this Agreement is modified accordingly. The provisions in any applicable rider are included as a condition to registration or use in certain jurisdictions, and GMF is not precluded from contesting the validity, enforceability, or applicability of such provisions in any action relating to this Agreement or its rescission or termination.

**23.15 Acknowledgement.** BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. FRANCHISEE ACKNOWLEDGES THAT:

A. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESSPERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND

B. NO ASSURANCE OR WARRANTY, EXPRESSED OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED, AND

C. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT, AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE IS BINDING ON GMF IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT.

**23.16 Financial Statements.** Franchisee understands that the audited financial statements ("**Financial Statements**") of GMF attached to the Franchise Disclosure Document have been prepared by a licensed

certified public accountant in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States governing the preparation of Financial Statements as of the effective date of the Franchise Disclosure Document. Franchisee further acknowledges that GAAP accounting rules and standards may change over time, and that Financial Statements prepared under different new GAAP accounting rules or standards could result in Financial Statements that report results that appear different in the future or change the Financial Statements previously used in a Franchise Disclosure Document. Franchisee represents and warrants to GMF that Franchisee reviewed the Financial Statements of GMF attached the Franchise Disclosure Document and that to the extent that Franchisee is relying on the Financial Statements as they are currently prepared as the basis for making Franchisee’s decision to purchase the Franchised Business, future changes in those Financial Statements due to changes in GAAP will not affect the Franchisee’s decision.

*[SIGNATURES APPEAR ON FOLLOWING PAGE]*

*(Signature page to Franchise Agreement)*

**IN WITNESS WHEREOF**, the parties hereto set their hands and seals the day and year as set forth above.

**GMF:**

Grease Monkey Franchising, LLC

DocuSigned by:  
By: Ronald Stilwell  
Ronald Stilwell  
Chief Development Officer

**FRANCHISEE:**

DocuSigned by:  
John W. McDonald  
John W. McDonald

**ATTACHMENT I TO  
FRANCHISE AGREEMENT**

1. **Initial Franchise Fee.** The Initial Franchise Fee, referenced in Section 2.2 of the Agreement, shall be \$39,900. The initial franchise fee shall be payable in full concurrently with the execution of this Agreement.

2. **Designated Area.** The “**Designated Area**” referenced in Section 3.1 of the Agreement shall be a mutually agreeable location within the State of Texas.

2. **Notices.** The business address for any notices mailed pursuant to Section 23.6 of the Agreement shall be as follows: 10161 Park Run Drive, Suite 150, Las Vegas, NV 89145.

3. **Acknowledgement.** By execution hereof or Attachment I-1, GMF hereby accepts the above-stated Franchised Location and Franchisee acknowledges that (1) GMF’s acceptance of the Franchised Location does not constitute a guarantee, recommendation or endorsement of the Franchised Location and the success of the Grease Monkey Center to be operated at such Franchised Location is dependent upon Franchisee’s abilities as an independent business person; and (2) that GMF has complied with its obligations under the Agreement to assist Franchisee by provision of criteria for the Franchised Location and determination of fulfillment of the requisite criteria for the Franchised Location.

Fully executed on 6/29/2022.

**GMF:**

Grease Monkey Franchising, LLC

DocuSigned by:  
By: Ronald Stilwell  
Ronald Stilwell  
Chief Development Officer

**FRANCHISEE:**

DocuSigned by:  
John W. McDonald  
John W. McDonald

**ATTACHMENT I-1  
TO FRANCHISE AGREEMENT**

**FRANCHISED LOCATION RIDER**

1. **Franchised Location.** The Franchised Location, set forth in Section 3.1 of the Agreement shall be \_\_\_\_\_.

2. **Legal Address.** The business address for any notices mailed pursuant to Section 23.6 of the Agreement shall be changed to read as follows: \_\_\_\_\_.

3. **Acknowledgement.** By execution hereof, GMF hereby accepts the above-stated Franchised Location and Franchisee acknowledges that (1) GMF's acceptance of the Franchised Location does not constitute a guarantee, recommendation or endorsement of the Franchised Location and the success of the Grease Monkey Center to be operated at such Franchised Location is dependent upon Franchisee's abilities as an independent business person; and (2) GMF has complied with its obligations under the Agreement to assist Franchisee by provision of criteria for the Franchised Location and determination of fulfillment of the requisite criteria for the Franchised Location.

Fully executed on \_\_\_\_\_.

**GMF:**

Grease Monkey Franchising, LLC

By: \_\_\_\_\_  
Ronald Stilwell, Chief Development Officer

**FRANCHISEE:**

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

**ATTACHMENT I-2  
TO FRANCHISE AGREEMENT**

**OPENING DATE RIDER**

1. **Opening Date.** It is agreed that the date of the opening of Franchisee's Grease Monkey Center is \_\_\_\_\_.

2. **Acknowledgement.** By execution hereof, the parties hereby accept the above-stated opening date and Franchisee acknowledges that GMF has complied with its obligations under the Agreement to provide opening assistance to Franchisee.

Fully executed on \_\_\_\_\_.

**GMF:**

Grease Monkey Franchising, LLC

By: \_\_\_\_\_  
Ronald Stilwell, Chief Development Officer

**FRANCHISEE:**

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

**ATTACHMENT II  
TO FRANCHISE AGREEMENT  
STATEMENT OF OWNERSHIP**

Franchisee: John W. McDonald

Trade name (if different from above): Grease Monkey #1435

Form of Ownership  
(Check One)

XXX Individual    \_\_\_\_\_ Partnership    \_\_\_\_\_ Corporation    \_\_\_\_\_ Limited Liability Co.

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 and address of the manager(s) and list the names and addresses of each member and the percentage of membership interest held by each member.

John Will McDonald, 10161 Park Run Drive, Suite 150, Las Vegas, NV 89145 – 100% ownership

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

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

**FRANCHISEE:**

DocuSigned by:  
John W. McDonald  
John W. McDonald



**ATTACHMENT III  
TO FRANCHISE AGREEMENT**

**OWNERS' AGREEMENT**

As a condition to the granting by Grease Monkey Franchising, LLC (“we” or “us”), of a Franchise Agreement with John W. McDonald (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a beneficial interest in Franchisee, as well as their respective spouses (“Spouses”), covenant and agree to be bound by this Owners’ Agreement (“Owners’ Agreement”).

**1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of 6/29/2022 (“Franchise Agreement”). Capitalized words not defined in this Owners’ Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners’ Role. Owners are the beneficial owners of all of the equity interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete and non-solicitation obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners’ Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners’ Agreement.

**2. Non-Disclosure and Protection of Confidential Information.**

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners’ Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners’ Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners’ Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners’ Agreement.

**3. Covenant Not To Compete and Not to Solicit.**

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee’s restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners’ Agreement by reference, and Owners agree to comply with and perform each such covenants as though fully set forth in this Owners’ Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners’ Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners' Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners' Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

#### 4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners' Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

**5. Audit.**

Owners acknowledge and agree that they are individually bound to the audit provisions in the Franchise Agreement.

**6. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners' Agreement and the Franchise Agreement.

**7. Notices.**

7.1 Method of Notice. Any notices given under this Owners' Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

7.2 Notice Addresses. Our current address for all communications under this Owners' Agreement is:

Grease Monkey Franchising, LLC  
5575 DTC Parkway, Suite 100  
Greenwood Village, Colorado 80111

The current address of each Owner for all communications under this Owners' Agreement is designated on the signature page of this Owners' Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

**8. Enforcement of This Owners' Agreement.**

8.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners' Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners' Agreement.

8.2 Choice of Law; Jurisdiction and Venue. This Owners' Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners' Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

8.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners' Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners' Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the

court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

**9. Miscellaneous.**

9.1 No Other Agreements. This Owners' Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners' Agreement, other than those in this Owners' Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners' Agreement may be implied into this Owners' Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners' Agreement), no amendment, change or variance from this Owners' Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

9.2 Severability. Each provision of this Owners' Agreement, and any portions thereof, will be considered severable. If any provision of this Owners' Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners' Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

9.3 No Third-Party Beneficiaries. Nothing in this Owners' Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners' Agreement.

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

9.5 Binding Effect. This Owners' Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners' Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

9.6 Successors. References to "we," "us," "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

9.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners' Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners' Agreement shall be cumulative.

9.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners' Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

9.9 Owners' Agreement Controls. In the event of any discrepancy between this Owners' Agreement and the Franchise Agreement, this Owners' Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners' Agreement as of the effective date of the Franchise Agreement.

**OWNERS:**

John W. McDonald, 10161 Park Run Drive, Suite 150, Las Vegas, NV 89145

Fully executed on 6/29/2022.

**GMF:**

Grease Monkey Franchising, LLC

DocuSigned by:  
By: Ronald Stilwell  
Ronald Stilwell, Chief Development Officer

**FRANCHISEE:**

DocuSigned by:  
John W. McDonald  
John W. McDonald

**ATTACHMENT IV TO  
FRANCHISE AGREEMENT**

**RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES**

If any one of the following Riders to the Franchise Agreement for Specific States (“Riders”) is checked as an “Applicable Rider” below, then that Rider shall be incorporated into the Franchise Agreement entered into by Grease Monkey Franchising, LLC and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

**Applicable Rider:**

- California
- Hawaii
- Illinois
- Indiana
- Maryland
- Minnesota
- New York
- North Dakota
- Rhode Island
- Virginia
- Washington
- Wisconsin

GREASE MONKEY FRANCHISING, LLC

\_\_\_\_\_  
FRANCHISEE (Print Name)

By: \_\_\_\_\_  
Ronald Stilwell  
Chief Development Officer

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

## **CALIFORNIA RIDER TO THE FRANCHISE AGREEMENT**

1. Section 21.3 is deleted and replaced with the following language:

All disputes to be arbitrated by GMF, its affiliates and Franchisee shall be governed by the Federal Arbitration Act and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the state of Colorado and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Colorado, which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Colorado Consumer Protection Act (Colo. Rev. Stat. Ann. Section 6-1-101, et seq.) shall not apply to this Agreement or any disputes between the parties. Franchisee and GMF have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any arbitration or legal proceeding involving Franchisee, its owners, guarantors, employees, officers, directors or managers (collectively, “**Franchisee Affiliates**”) and GMF and its affiliates and their respective employees, officers, directors or managers (collectively, “**GMF Affiliates**”) consent to jurisdiction and venue for disputes between them in Arapahoe County, Colorado if in state court, and in the City and County of Denver, Colorado if in federal court, or in Greenwood Village, Colorado for arbitration, and each party shall waive any objection either may have to the personal jurisdiction of or venue in such state and federal courts of Colorado or arbitration in Greenwood Village, Colorado. Notwithstanding the foregoing, any legal proceeding by GMF or any GMF Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, province, or other geographic area in which the Center is located or in which Franchisee or any Franchisee Affiliate resides or owns assets. **GMF, GMF AFFILIATES, FRANCHISEE AND FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.**

## **HAWAII RIDER TO THE FRANCHISE AGREEMENT**

1. The following language is added at the end of Section 15.2.g and 16.3.f:

Any release executed herewith will not apply to any claims that Franchisee may have that have arisen under the Hawaii Franchise Investment Law.

2. The following paragraph is added to Article 17:

Section 482E-6(3) of the Hawaii Revised Statutes provides that upon termination or refusal to renew the Franchise, GMF is obligated to compensate Franchisee for the fair market value, at the time of the termination or expiration of Franchise, of Franchisee’s inventory, supplies, equipment and furnishings purchased from GMF or a supplier designated by GMF; provided that personalized materials which have no value to GMF need not be compensated for. If GMF refuses to renew a Franchise for the purpose of converting Franchisee’s business to one owned and operated by GMF, GMF, in addition to the remedies provided above, shall compensate Franchisee for the loss of goodwill. GMF may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of Franchisee’s inventory,

supplies, equipment and furnishings pursuant to this requirement, and may offset from such compensation any monies due GMF.

### **ILLINOIS RIDER TO THE FRANCHISE AGREEMENT**

1. Illinois law governs this Agreement.
2. 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.
3. Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. 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.

### **INDIANA RIDER TO THE FRANCHISE AGREEMENT**

The following modifications are made to the Franchise Agreement only to the extent required by the Indiana Franchises Act, IND. CODE § 23-2-2.5, and the Indiana Deceptive Franchise Practices Act, IND. CODE § 23-2-2.7:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Colorado state law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require Franchisee to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is modified to the geographic area of the Designated Area (if one is designated) or a reasonable area surrounding the Franchised Location (if no Designated Area is designated).



5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in this Agreement which limits in any manner whatsoever litigation brought for breach of this Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

#### **MARYLAND RIDER TO THE FRANCHISE AGREEMENT**

1. The following language is added at the end of Sections 15.2.g and 16.3.f:

Any release executed in connection herewith will not apply to any claims that may arise under the Maryland Franchise Registration and Disclosure Law.

2. The following language is added at the end of Article 21:

Franchisee may commence any cause of action arising under the Maryland Franchise Registration and Disclosure Law against GMF in any court of competent jurisdiction, including the state or federal courts of Maryland, unless otherwise governed by the arbitration provisions of this Agreement. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. The following sentence is added to the end of Sections 23.1 and 23.15:

Provided, however, that this provision is not limited to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Laws.

#### **MINNESOTA RIDER TO THE FRANCHISE AGREEMENT**

1. Any provision in the Franchise Agreement which would require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving its rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require Franchisee to waive its rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to franchises offered and sold in the State of Minnesota; provided,

however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to franchises governed by Minnesota law, GMF will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. GMF will protect Franchisee's rights under the Franchise Agreement to use the Marks, or indemnify Franchisee from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding Franchisee's use of the Marks, if Franchisee's use of the Marks is in compliance with the provisions of the Franchise Agreement and GMF's System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the terms of the Franchise Agreement which require Franchisee to sign a general release prior to renewing or transferring Franchisee's franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:  
  
No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

#### **NEW YORK RIDER TO THE FRANCHISE AGREEMENT**

1. The following is added at the end of Sections 15.2.g and 16.3.f:

Provided however, that all rights enjoyed by Franchisee and any causes of action arising in its 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, Section 687.4 and 687.5 be satisfied.

2. The following sentence is added to Section 7.2:

Any new or different requirements set forth in the Brand Standards Manual shall not unreasonably increase Franchisee's obligations or place an excessive burden on Franchisee's operation of its Grease Monkey Center.

3. The following sentence is added to Section 15.6:

However, no assignment shall be made except to an assignee who, in the good faith judgment of GMF, is willing and able to assume GMF's obligations under this Agreement.

4. The following is added to Article 16:

Franchisee may terminate this Agreement upon any grounds available by law.

5. The following is added to Section 20.3:

However, Franchisee shall not be required to indemnify GMF for any liabilities which arose as a result of GMF's breach of this Agreement or other civil wrongs committed by GMF.

6. The following sentence is added to Section 21.3:

The foregoing choice of law should not be considered a waiver of any right conferred upon either GMF or Franchisee by the General Business Law of the State of New York, Article 33. This language has been included in this Agreement as a condition to registration. GMF and Franchisee do not agree with the above language and believe that each of the provisions of this Agreement, including all choice-of-law provisions, are fully enforceable. GMF and Franchisee intend to fully enforce all of the provisions of this Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

#### **NORTH DAKOTA RIDER TO THE FRANCHISE AGREEMENT**

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

### **RHODE ISLAND RIDER TO THE FRANCHISE AGREEMENT**

1. The following paragraph is added at the end of Section 21.1:

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.”

The above language has been included in this Agreement as a condition to registration. GMF and Franchisee do not agree with the above language and believe that each of the provisions of this Agreement, including all choice of law provisions, are fully enforceable. GMF and Franchisee intend to fully enforce all of the provisions of this Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

### **VIRGINIA RIDER TO THE FRANCHISE AGREEMENT**

1. The following is added to the end of Section 17.2.e:

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

### **WASHINGTON RIDER TO THE FRANCHISE AGREEMENT**

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. 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.

3. 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.

4. 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.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. 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.

7. 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.

#### **WISCONSIN RIDER TO THE FRANCHISE AGREEMENT**

1. The following paragraph is added to the end of Article 17:

The conditions under which this Agreement can be terminated or not renewed may be effected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.