

FRANCHISE DISCLOSURE DOCUMENT

SPF Mgt. Co., LLC

A Florida limited liability company
13922 Monroe's Business Park, Tampa FL 33635

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We are offering a franchise for a retail store operating under the “RNR Tire Express” name that sells and rents tires, wheels and other automotive accessories.

The total investment necessary to begin operation of a new RNR Tire Express Store is \$500,000 to \$1,000,000. This includes \$37,500 that must be paid to the franchisor or its affiliate.

The total investment necessary to begin operation of a Multi –Unit for RNR Tire Express at a minimum of three units is \$530,000 to \$1,030,000. This includes \$65,000 that must be paid to the franchisor or its affiliate

We may also offer a multi-unit development agreement to an individual or company that agrees to develop at least three RNR Tire Express stores in a specific geographic area. A multi-unit developer will pay a development fee that is equal to 100% of the initial franchise fee for the first store to be developed, plus a deposit equal to 50% of the reduced initial franchise fee for each additional store that will be developed. We will apply a pro rata portion of the development fee toward the initial franchise fee due for each store, and the balance of the reduced initial franchise fee is payable by you when you sign the Franchise Agreement for each store. The total investment necessary under the multi-unit development agreement will vary depending on the number of stores to be developed.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Vince Ficarrotta at 13922 Monroe's Business Park, Tampa FL 33635 and (800) 449-8744.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer's Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at

600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: April 26, 2020

How to Use this Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

- 1) **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in FLORIDA. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in FLORIDA than in your own state.
- 2) **Spousal liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. If so, check the "Multi-State Addendum" (if any) to see whether your state requires other risks to be highlighted.

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- A – Financial Statements
- B – State Administrators/List of Agents for Service of Process
- C – Franchise Agreement
- D - Multi-Unit Development Agreement
- E – Standard Form Release Agreement
- F – List of Franchisees Multi-Unit Developers
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- I – Multi-State Addendum
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Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

SPF Mgt. Co., LLC (“we”, “us” or “our”) is a Florida limited liability company that was originally formed on November 3, 1999 as G & L Mgt Co., LLC. On May 1, 2001, we changed our name to SPF Mgt. Co., LLC. We do business under our corporate name and under the names “Rent-n-Roll”, “ЯNR Custom Wheels & Tires”, “ЯNR Tire Express” and “ЯNR Tire Express & Custom Wheels”. Our principal business address is 13922 Monroe’s Business Park, Tampa FL 33635. Our agents for service of process are disclosed in Exhibit B of this Franchise Disclosure Document.

We grant franchises for the right to establish and operate retail stores which feature and offer for sale and rent wheels, tires and other automotive accessories under the Proprietary Marks and System described below (a “Store” or “Franchised Business”). We do not own or operate a business of the type franchised. We have been offering franchises of the type being offered in this Disclosure Document since 2002. We have never engaged in any other business activity nor offered franchises in any other lines of business.

Our Parent, Predecessors and Affiliates

We have four affiliates, but no parent or predecessors. Our first affiliate is Rent “N” Roll, LLC, a Florida limited liability company formed on July 26, 2000 and headquartered at our address (“Affiliate”). Our Affiliate owns and operates ten stores in Florida of the type being franchised, the first of which opened in 2000. Our Affiliate owns the Proprietary Marks, described below and in Item 13, which it has licensed to us so that we may sub-license them to our franchisees. The trademark license agreement between us and our Affiliate is dated May 1, 2001.

Our Affiliate previously licensed the use of the Proprietary Marks to three licensees in the U.S. under written license agreements with the licensees. One of the licensees had five locations in Southern Florida, none of which are currently operating using the Proprietary Marks. The second licensee has one location in Ocala, Florida which has been in operation since 2002. The third licensee has a co-branded location in a “rent-to-own” store in Leesburg, Florida which has been in operation since 2002. Our Affiliate has never offered franchises in any other line of business.

Our second affiliate is Sutton Adventures II, Inc., a Florida corporation formed on October 9, 1998 and headquartered at our address (“Sutton Adventures”). Sutton Adventures owns and operates one store of the type being franchised located in Ocala, Florida which has been in operation since 2002. Sutton Adventures has never offered franchises in this or any other line of business.

Our Third affiliate is SPFK, LLC, a Florida limited liability company formed on January 16th 2015 and headquartered at our address (SPFK). SPFK owns and operates one store of the type being franchised located in Brandon, Florida which has been in operation since September 19, 2015. SPFK has never offered franchises in this or any other line of business.

Our Fourth affiliate is SPFP, LLC, a Florida limited liability company formed on January 22, 2015 and headquartered at our address (SPFP). SPFP owns and operates one store of the type being franchised located in Sebring, Florida which has been in operation since October 1, 2015. SPFP has never offered franchises in this or any other line of business.

Our Fifth affiliate is HSK, LLC, (HSK) a Florida limited liability company formed on July 27, 2016 and headquartered at our address, 13922 Monroe's Business Park, Tampa FL 33635. HSK owns and operates one store of the type being franchised located in Sarasota, Florida which has been in operation since September 14, 2017. HSK has never offered franchises in this or any other line of business.

Our Sixth affiliate is RTO Engage, LLC, a Florida limited liability company formed November 6, 2013 and headquartered at our address, 13922 Monroe's Business Park, Tampa FL 33635. RTO Engage, LLC supplies selective materials to some of our franchisees. RTO Engage, LLC has never offered franchises in this or any other line of business.

Our Seventh affiliate is Sovoni, Inc d/b/a Big Biz Direct a Florida corporation formed June 28, 2010 and headquartered at our address ("Big Biz Direct"). Big Biz Direct supplies selective materials to some of our franchisees. Big Biz Direct has never offered franchises in this or any other line of business.

Description of the Franchised Business

Under the ЯNR Tire Express franchise agreement ("Franchise Agreement"), attached to this Disclosure Document as Exhibit C, you will have the right to establish and operate a single ЯNR Tire Express Store using our Proprietary Marks and System, described below, at an approved location. Under the Franchise Agreement, certain parties are characterized as Franchisee's Principals (referred to in this Disclosure Document as "your Principals"). The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals. In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Controlling Principals. By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

We also offer the opportunity to establish and operate multiple ЯNR Tire Express Stores in a designated area ("Development Area") under an ЯNR Tire Express multi-unit development agreement ("Multi-Unit Development Agreement"), attached to this Disclosure Document as Exhibit D. Under the Multi-Unit Development Agreement, we will specify the number of ЯNR Tire Express Stores you must develop within the Development Area (at least three Stores) and will establish your particular development schedule ("Development Schedule"). For each ЯNR Tire Express Store developed under the Multi-Unit Development Agreement, you must sign a separate, then-current ЯNR Tire Express Franchise Agreement. You must sign the Franchise Agreement for the first ЯNR Tire Express Store to be developed at the same time you sign the Multi-Unit Development Agreement. For each ЯNR Tire Express Store to be developed after the first one, you must sign the Franchise Agreement for that Store at least 30 days before the scheduled opening, but all of your Stores must be in compliance with their Franchise Agreements. You may be required to sign a form of Franchise Agreement that is different from the form of Franchise Agreement that is in this offering. Under no circumstances may you open an ЯNR Tire Express Store until our requirements have been met for each Store, including having a fully executed Franchise Agreement in place for that Store, and you have received our written consent to open the Store.

Proprietary Marks and System

You will operate your franchise using a distinctive format and system developed and owned by us relating to the establishment and operation of ЯNR Tire Express Stores (the "System"). Our system

includes products, interior design, décor, color scheme, fixtures and furnishings; specific equipment, materials and supplies; methods, uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed. We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the “ЯNR Tire Express” mark and logo, and other trade names, service marks, and trademarks as are now designated and may in the future be designated by us in writing for use in connection with the System (the “Proprietary Marks”).

Market and Competition

You will offer your merchandise to the general public. Your competitors include automotive supply stores, tire and wheel retail specialty stores, department stores, and discount retail chains that sell wheels, tires, and other automotive products. The degree of competition you will face will depend upon many factors, including the location you choose for your Store. The business of tire and wheel rentals is still developing in most markets.

Industry-Specific Laws and Regulations

There are laws or regulations specific to rental purchase transactions of personal property to consumers in most states. These laws will control certain contractual and advertising disclosures that you must make to your rental customers. These statutes also provide additional consumer protections that vary from state to state. The law of accessions as established under the common law and in Articles 2A and 9 of the Uniform Commercial Code can affect your ability to recover tires and wheels when a customer’s vehicle has been repossessed by a lender. You must also comply with all local, state, and federal employment and environmental laws that apply to operating general business operations. We strongly encourage you to consult with an attorney to determine the laws applicable to your ЯNR Tire Express Store.

ITEM 2

BUSINESS EXPERIENCE

President, Chief Executive Officer and Chairman of the Board: Larry Sutton

Mr. Sutton has been our CEO and Chairman of the Board of Licensor since our inception in November 1999. Mr. Sutton also founded our Affiliate, Rent “N” Roll, in October 2000 which operates eight Stores in the Tampa Bay, Florida area. In addition, Mr. Sutton has been Director for our affiliate, Sutton Adventures, since its inception in October 1998.

Executive Vice President-Adam B. Sutton

Mr. Sutton has been our Executive Vice President since February 2017. Mr. Sutton has been the Chief Experience Officer at Thuzi in Tampa, Florida from January 2012 to January 2017.

Vice President of Franchising: Vince Ficarrotta

Mr. Ficarrotta has been our Vice President since August 2002.

Vice President of Finance and Secretary/Treasurer: Linda Petko

Ms. Petko has been our Vice President of Finance and Secretary/Treasurer since our inception in November 1999.

Director of Marketing: Jason Sexton

Mr. Sexton has been our Director of Marketing since April 2003.

Director of Operational Support: Ryan Schrader

Mr. Schrader has been our Director of Operational Support since February 2008.

Director of Recruitment and Training: Matthew Warren

Mr. Warren has been our Director of Training since June 2017. From September 2011 to June 2017, Mr. Warren was Instructor/Trainor at York County in Williamsburg, Virginia.

ITEM 3

LITIGATION

SPF Mgt. Co., LLC d/b/a Rent-n-Roll and Rims USA, LLC d/b/a Rent-n-Roll v. Rent-To-Cruise, LLC and Joe E. Kelly, U.S. District Court of South Carolina, Florence Division, No. 4:07-cv-3035-RBH, filed August, 2007. We and our South Carolina franchisee filed this suit against a company in Myrtle Beach, South Carolina, alleging that the defendant company and its owner opened a tire and wheel rental store that unlawfully copied our copyrighted slogans and written materials and our trade dress. We have alleged that the defendants are in violation of federal statutes relating to false designation of origin and unfair competition, the South Carolina Unfair Trade Practices Act and federal Copyright statutes. On June 6, 2008, the parties entered into a written settlement agreement approved by the court in which the defendants agreed to make certain changes to his store design and paid us \$17,000.00.

Other than this action, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchise Agreement

The initial franchise fee is \$35,000 for your first ЯNR Tire Express Store. If you are purchasing an additional Store franchise, we will reduce the initial franchise fee for the next two additional franchises

to \$30,000 each. The initial franchise fee must be paid in a lump sum when you sign the Franchise Agreement. The initial franchise fee is uniform for all new franchisees entering the System. The initial franchise fee is non-refundable and fully earned in consideration of administrative and other expenses incurred by us in entering into the Franchise Agreement with you and for our lost or deferred opportunity to enter into a Franchise Agreement with others, except under the following circumstances:

1. if you and/or your General Manager are not able to complete our initial training program to our satisfaction (after giving you an opportunity to designate a replacement General Manager), we have the right to terminate the Franchise Agreement and refund 50% of the initial franchise fee that you paid;
2. if you are unable to find a location for your Store within six months after you sign the Franchise Agreement, we have the right to terminate the Franchise Agreement and refund 50% of the initial franchise fee you paid; or
3. if your Store has not opened for business within 12 months after you sign the Franchise Agreement, we have the right to terminate the Franchise Agreement and refund 50% of the initial franchise fee you paid.

You must sign the documents we require, including a confidentiality agreement and release, before we will refund any money under the above circumstances.

Location Study and Demographic Analysis Fee

You must also pay to us a location study and demographic analysis fee of \$2,500, which is payable in a lump sum when you sign the Franchise Agreement and is not refundable. We will use this fee to conduct an analysis of the location you propose to use for your Store.

Multi-Unit Development Agreement

If you sign a Multi-Unit Development Agreement, you must pay us a development fee (“Development Fee”) when you sign the Multi-Unit Development Agreement. The Development Fee you pay to us when you sign the Multi-Unit Development Agreement is equal to \$35,000 (being 100% of the initial franchise fee payable for your first ЯNR Tire Express Store) plus a deposit equal to 50% of the reduced initial franchise fee of \$30,000 (\$15,000) for the second and third stores and 50% of the reduced initial franchise fee of \$20,000 (\$10,000) for stores four and for each additional Store developed thereafter

For example, if you commit to develop four ЯNR Tire Express Stores, the Development Fee is calculated as $\$35,000 + (2 \times \$15,000 = \$30,000) + (1 \times \$10,000 = \$10,000) = \$75,000$.

For your first Store, we will apply 100% of the initial franchise fee toward satisfaction of this fee when you sign the first Franchise Agreement. We expect that you will sign your first Franchise Agreement at the same time you sign the Multi-Unit Development Agreement. For each Store developed after the first one, we will apply the Development Fee paid toward the reduced initial franchise fee due for that Store. You must pay the balance of the reduced initial franchise fee in a lump sum when you sign the Franchise Agreement for that Store. You may not open a Store until a fully executed Franchise Agreement is in place for that Store and the initial franchise fee has been paid in full.

The Development Fee is fully earned and not refundable under any circumstances, regardless of whether you sign a Franchise Agreement for any of the Stores you commit to develop.

There are no other payments to or purchases from us or any affiliate that you must make before your Store opens for business.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	5% of Gross Revenues	Payable biweekly on the Tuesday immediately after the end of the royalty period	See Note 1.
National Advertising Fund Fee	Current Fee is Zero; Maximum fee is 2% of Gross Revenues	Payable at the same time and in the same manner as the Royalty Fee	You must contribute to the National Advertising Fund when it is created. The National Advertising Fund is described in Item 11
Local Advertising	4% of Gross Revenues	Must be spent each month	Payable to local advertising suppliers. You may not use any advertising until it has been approved by us. You must begin local advertising after your grand opening advertising campaign is completed
Cooperative Advertising	As determined by the cooperative members	As determined by the cooperative members	See Note 2
On-Site Training or Assistance	Our then-current per diem rate for each representative we send to your Store, plus expenses Current per diem rate = \$300	When incurred	Payable if (1) you request additional training at your site, or (2) we determine that you require additional training. The expenses you must reimburse include travel, lodging and meals.
Transfer – Franchise Agreement	\$2,500	On closing of transfer	We will waive the transfer fee for a one time transfer from individual(s) to a corporate entity formed for convenience of owning the franchise

Type of Fee	Amount	Due Date	Remarks
Transfer – Multi-Unit Development Agreement	\$5,000	On closing of transfer	We will waive the transfer fee for a one time transfer from individual(s) to a corporate entity formed for convenience of owning the franchise
Insurance	Reimbursement of our costs	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf and you must reimburse us
Renewal	\$1,500	When you sign the renewal franchise agreement	
Indemnification	Will vary under circumstances	On demand	You must reimburse us if we are held liable for claims from your operation of the Store
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under an agreement with us, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Interest on Overdue Amounts	18% per annum or the highest contract rate we can charge, whichever is less	If incurred	Interest is payable on all overdue amounts. Interest accrues from the original due date until payment is made in full
Audit	Will vary under circumstances	If incurred	If we conduct an audit of your books because you did not provide us with required reports, or if an audit shows that you have understated Gross Revenue by 5% or more, you must reimburse the costs of the audit. You must also pay any understated amount owed to us plus interest

Type of Fee	Amount	Due Date	Remarks
Insufficient Funds Fee	\$100	If incurred	You must have sufficient funds in your bank account to pay royalty fees and other amounts to us when they are due. If you incur three insufficient funds fees in any 12 month period, we have the right to terminate your Franchise Agreement without giving you the opportunity to cure the default
Remodel/Upgrade Obligation	Cost of Remodel or Upgrade – will vary under the circumstances	As incurred, if incurred	At our request, you must remodel or upgrade your ЯNR Tire Express Store premises, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with our then-current image for new Franchised Businesses. We will not request a remodel or upgrade to our then-current image more frequently than every five years
Liquidated Damages	Will vary under the circumstances	15 days after termination	See Note 3
Software Support Fee	\$175	Monthly	Payable to approved supplier for the software license, software support services and software upgrades

The above table describes other recurring or isolated fees or payments that you must pay to us or our affiliates, to various third party vendors, or which we or our affiliates impose or collect on behalf of a third party, in whole or in part. All fees are non-refundable, unless expressly stated otherwise.

Notes:

Note 1 – Royalty Fee. “Gross Revenues” includes the entire amount of the receipts from all business conducted in your facility, which includes the sales and rentals of wheels, tires, and automotive accessories and services, not including any tax revenues that you collect.

If the date on which payment is to be made is not a business day, then payment is due on the next business day. All payments are made by electronic funds transfer (EFT) and you must sign any documents required by us, our bank or your bank to permit us to process EFT transactions.

If you do not report the Store's Gross Revenues, we may debit your account for 120% of the last Royalty and National Advertising Fund Fees that we debited. If the Royalty and National Advertising Fund Fees we debit are less than the Royalty and National Advertising Fund Fees you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty and National Advertising Fund Fees we debit are greater than the Royalty and National Advertising Fund Fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following period.

Note 2 – Cooperative Advertising. There are currently no advertising cooperatives in the System. Any amount you contribute to an advertising cooperative will count toward your local advertising requirement, but if the amount you contribute to an advertising cooperative is less than the amount you must spend for local advertising, you must still spend the difference locally. Stores owned by us or our affiliates do not have controlling voting power on any fees imposed by the Cooperative

Note 3 – Liquidated Damages. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISEE

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽¹⁾	\$35,000	Lump Sum	When Franchise Agreement signed	Us
Location Study/ Demographic Analysis ⁽¹⁾	\$2,500	Lump Sum	When Franchise Agreement signed	Us
Rent – 3 Months ⁽²⁾	\$15,000 to \$33,000	As Arranged	As Arranged	Landlord
Security Deposits ⁽³⁾	\$1,000 to \$13,600	As Arranged	As Arranged	Landlord, Utility Companies
Leasehold Improvements ⁽⁴⁾	\$60,000 to \$200,000	As Arranged	As Arranged	Contractors
Shop Equipment ⁽⁵⁾	\$5,200 to \$90,000	As Arranged	As Arranged	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Furniture, Fixtures and Décor ⁽⁶⁾	\$1,500 to \$16,000	As Arranged	As Arranged	Suppliers
Vehicle – 3 months ⁽⁷⁾	\$2,100 to \$2,500	As Arranged	As Arranged	Supplier
Computer Hardware and Software ⁽⁸⁾	\$2,600 to \$18,000	As Arranged	As Arranged	Supplier
Initial Inventory ⁽⁹⁾	\$80,000 to \$120,000	As Arranged	As Arranged	Suppliers
Blue Prints, Licenses and Permits ⁽¹⁰⁾	\$5000 to \$12,000	As Arranged	As Arranged	Architect, Government Agencies
Signage ⁽¹¹⁾	\$15,000 to \$40,000	As Arranged	As Arranged	Supplier
Insurance – Annual Premium ⁽¹²⁾	\$12,000 to \$15,000	As Arranged	As Arranged	Insurance Companies
Grand Opening Advertising ⁽¹³⁾	\$15,000 to \$30,000	As Arranged	As Arranged	Suppliers
Change Fund ⁽¹⁴⁾	\$300	Lump Sum	As Incurred	Your Store
Professional Fees ⁽¹⁵⁾	\$1,500 to \$3,500	As Arranged	As Arranged	Attorney / Accountant
Travel Expenses for Training ⁽¹⁶⁾	\$5,000 to \$10,000	As Arranged	As Arranged	Airlines, Hotels, Restaurants
Salaries for Training and Pre-Opening ⁽¹⁶⁾	\$15,000 to \$20,000	As Arranged	As Arranged	Employees
Tire Industry Association (TIA) Membership ⁽¹⁷⁾	\$180	As Arranged	As Arranged	Supplier
Association of Progressive Rental Organizations (APRO) ⁽¹⁷⁾	\$395	As Arranged	As Arranged	Supplier
Additional Funds - (3 months) ⁽¹⁸⁾	\$225,725 to \$338,025	As Needed	As Needed	You Determine
TOTAL ⁽¹⁸⁾	\$500,000 to \$1,000,000			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the initial franchise fee is partially refundable in certain circumstances. We do not finance any portion of your initial investment.

Tire Industry Association (TIA) and the Association of Progressive Rental Organizations (APRO)

Notes:

1. Initial Franchise Fee. The initial franchise fee is discussed in Item 5.

2. Rent. If you do not own adequate or appropriate space, you must build or lease the space for your ЯNR Tire Express Store. The figures in the chart assume that you will lease the space for your Store and are based on our estimate of the cost of your lease or sublease for the leasehold premises. The typical space for an ЯNR Tire Express Store contains between 4,000 and 6,000 square feet. Rents will vary depending upon factors including size, conditions, location of the leased premises, the local real estate market conditions and competition for the leasable space. The figures in the chart include the first three months of rent at an estimated cost of \$12 to \$18 per square foot. In addition, some landlords may require additional security deposits or rental payments when you sign a lease. You should carefully investigate and evaluate all of the potential costs associated with a particular franchise location. The estimates provided in the chart do not include construction costs. An ЯNR Tire Express Store is typically located in a free standing building or a shopping center.

Landlords may vary the base rental rate and charge rent based on a percentage of gross revenues. In addition to base rent, the lease may require you to pay common area maintenance charges (“CAM Charges”), your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Store, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Store, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

3. Security Deposits. We expect that you will need to pay deposits for your local utilities, such as telephone, electricity and gas, and your landlord may require you to pay a security deposit. The amount of your deposits will depend, in part, on your credit rating and the policies of the individual utility companies.

4. Leasehold Improvements. The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (such as demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out the Store and the cost of leasehold improvements. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord.

5. Shop Equipment. Our estimate includes a tire balancer, tire changer, lifts, tools, compressor, flange kit and nitrogen inflation system. The low end of our estimate assumes that you will lease the equipment and represents your first three months of lease payments, and the high end of our estimate assumes that you will purchase the equipment.

6. Furniture, Fixtures and Décor. This estimate includes the cost of purchasing the basic furnishings necessary to operate the ЯNR Tire Express Store. Furnishings include desks, chairs, display racks and décor items. The low end of our estimate assumes that you will lease the furniture, fixtures and décor and represents your first three months of lease payments, and the high end of our estimate assumes that you will purchase the furniture, fixtures and décor.

7. Vehicle. You must have the vehicle we specify or approve for your Store. We reserve the right to designate the make and model of the vehicle you must purchase. Our estimate assumes that you will lease the vehicle.

8. Computer Hardware and Software. You must purchase or lease the required computer system. The low end of our estimate assumes that you will lease the computer system and represents your first three months of lease payments, and the high end of our estimate assumes that you will purchase the computer system.

9. Initial Inventory. Before your Store opens, you must stock the Store with an initial inventory of products, accessories, equipment, inventory and supplies designated by us in the Confidential Operations Manual or otherwise in writing.

10. Blue Prints, Permits and Licenses. You must hire an architect to adapt our template plans to suite the size and dimensions of your Store. We must approve of your plans before you may begin construction. Our review is only meant to determine that the plans comply with our specifications regarding trade dress and presentation of the Proprietary Marks. Our review is not intended to verify that the plans comply with any applicable law or building code.

Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses may vary substantially depending on the location of the Store. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

11. Signage. These figures are the estimated cost of the interior and exterior signage that you will need. You must have signs in prominent locations at the ЯNR Tire Express Store in accordance with our specifications or as otherwise approved in writing by us, if applicable laws or regulations or the terms of your lease prohibit our approved signage. Signage may have to comply with the terms of your lease, local and state ordinances and zoning requirements. You must use your best efforts to obtain all permits or variances required to allow installation and maintenance of signs meeting our specifications. The cost of signage may vary depending on the size and location of your ЯNR Tire Express Store.

12. Insurance. Our estimates reflect the full year of premium costs for the insurance you must have for your Store.

13. Grand Opening Advertising. You must conduct a grand opening advertising campaign to promote the opening of your Store, and you must use the supplier we designate to assist you in preparing and conducting the grand opening advertising campaign. We must approve of your proposed grand opening advertising program before it is conducted. We expect that your grand opening advertising campaign will be conducted through your first six months of operation.

14. Change Fund. This represents the money for your cash drawer.

15. Professional Fees. We strongly recommend that you hire an attorney and an accountant to advise you on your purchase of an ЯNR Tire Express franchise. You may also need to hire an attorney to negotiate the terms of your lease or to establish a corporate entity to purchase the franchise.

16. Travel for Training; Salaries. The figures in the chart estimate the costs for moderately priced lodging accommodations, food costs, and automobile mileage expense for the minimum required four initial trainees to attend our standard initial training program. Your actual costs may vary depending on the number of people attending our initial training program, how far you must travel, and the type of accommodations you choose. Our estimates also include the salaries you will pay for your initial staff to attend our training program and before your Store opens for business.

17. Required Memberships. You are required obtain memberships to the Tire Industry Association (TIA) and the Association of Progressive Rental Organizations (APRO) on an annual basis. Membership in TIA is currently One Hundred Eighty Dollars (\$180) annually and membership in APRO is currently Three Hundred Ninety-Five Dollars (\$395). We reserve the right to amend or terminate these membership requirements at any time. The annual cost of membership is subject to change from time to time.

18. Additional Funds. This estimates the additional funds you may need for an initial three month period. These expenses include payroll costs, additional inventory and other typical operating costs during your first three months of operation and do not include any sales during this period that your Store may make. These figures are estimates and we cannot guaranty that you will not have additional expenses starting your ЯNR Tire Express Store. Your costs will depend on factors including your success implementing our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for products and services provided; the prevailing wage rate; competition; and the sales level reached during the initial three month period. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

19. Total. We have estimated these expenses based upon our experience in franchising ЯNR Tire Express Stores since 2002. You should review these carefully with your business advisors before making any decision to purchase the ЯNR Tire Express Store franchise. Neither we nor any of our affiliates provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the ЯNR Tire Express Store, the cost of financing will depend on many factors, including your creditworthiness, collateral, lending policies, financial condition of the lender and regulatory environment.

YOUR ESTIMATED INITIAL INVESTMENT – MULTI-UNIT DEVELOPER

If you become a Multi-Unit Developer, you will pay a Development Fee as described in Item 5. The Development Fee is applied pro rata to the Franchise Fee due for each ЯNR Tire Express Store franchise to be developed after the first. For each business you develop under the Multi-Unit Development Agreement, you can expect to have an initial investment as estimated above for a start-up franchise, subject to potential increases over time or other changes in circumstances.

For example, if you commit to develop three ЯNR Tire Express Stores, the Development Fee is calculated as $\$35,000 + (2 \times \$15,000 = \$30,000) = \$75,000$. The following chart shows your estimated initial investment, based on the first table of this Item 7.

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Development Fee $\$35,000 + (2 \times \$15,000 = \$30,000) = \$65,000$	\$65,000	Lump Sum	When Multi-Unit Development Agreement is Signed	Us
Other Expenditures** as disclosed in first table	\$465,000 to \$9,965,000	As Disclosed in First Table	As Disclosed in First Table	As Disclosed in First Table
Total	\$530,000 to \$1,030,000			

**A Multi-Unit Developer is expected to incur these same costs for each ЯNR Tire Express Store it develops, subject to inflation and other increases over time. If you are a Multi-Unit Developer, your professional fees (such as legal and financial) will probably be higher. These Expenditures include your vehicle to view potential sites and oversee the build-outs.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase all products, supplies, materials, fixtures, furnishings, computer system, and equipment used or offered for sale at the ЯNR Tire Express Store solely from us, our affiliates or suppliers (including manufacturers, distributors, and other sources) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications and who possess adequate quality controls and capacity to supply your needs promptly and reliably. Our standards and specifications for the products, supplies, materials, fixtures, furnishings, computer system, and equipment used or offered for sale at the ЯNR Tire Express Store as well as our list of approved suppliers is included in our Confidential Operations Manual. Our specifications may be periodically modified by us, and you will be notified in writing of any change to our specifications (including by e-mail, newsletter or an update to the Confidential Operations Manual).

We formulate and modify our standards and specifications based on our business experience and feedback from our franchised Stores. To maintain the highest level of quality, you must operate your ЯNR Tire Express Store in accordance with the standards and specifications presented in the Confidential Operations Manual, which is provided on loan only to franchisees. We have the right to decide what items will be purchased and used in your business and we expect to make changes as we continue to develop and improve the business. You may only purchase from suppliers on our list of approved suppliers, unless we agree to a deviation.

Currently neither we nor our affiliates are an approved supplier for any item. Larry Sutton currently has ownership interests in our affiliates RTO Engage and Big Biz Direct, which are approved suppliers for our franchisees. In 2019, RTO Engage earned \$127, 226 in revenue from franchisees which accounts for 100% of their revenue. Big Biz Direct earned \$491,727 from franchisees in the year 2019 which accounted for 95% of their revenue.

We change specifications, standards and approved suppliers when it appears to benefit the business. We may disapprove, or revoke our approval of, particular suppliers when we determine, in our sole discretion, that these suppliers do not meet our standards and specifications. This disapproval or

revocation is conducted on a case-by-case basis and takes into account whether the products sold by the supplier comply, or the supplier itself complies, with our standards and specifications. Upon receipt of written notice of this decision, you must stop selling any disapproved products and stop purchasing products from any disapproved supplier. We may also approve additional products or suppliers in our sole discretion. We will promptly advise you of these changes through amendments to the Confidential Operations Manual or other written communications.

You must purchase most products from suppliers who have been expressly approved by us in writing. All wheels (rims) and tires carried by approved suppliers are considered approved for you to offer and sell from your ЯNR Tire Express Store. Certain other automotive related products, such as bulbs, car wash products, upholstery cleaners, etc., must be approved by us before you may offer them from your ЯNR Tire Express Store. If you want to purchase automotive related products that we have not yet approved, or if you want to purchase from a party other than an approved supplier, you must submit to us a written request to approve the proposed product or supplier, including any information we need to conduct our evaluation. We will use our best efforts to promptly notify you in writing of our approval or disapproval of the proposed product or supplier. Our approval will not be unreasonably withheld. You may not purchase any proposed products or any products from the proposed supplier until our written approval is received. We will approve or disapprove of the proposed product or supplier within 14 days after receipt of your request.

Our approval of a product or supplier includes our evaluation of the supplier's ability to deliver a quality product, on time, with pricing that is competitive in the industry. We may reject a supplier if the supplier is not able to meet these guidelines. We are not required to make available to you or any supplier our specific criteria for approval of a proposed product or supplier.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 65% to 75% of your total purchases in establishing the Store, and approximately 80% to 90% of your total purchases in the continuing operation of the Store.

We will specify, suggest, or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the ЯNR ЯNR Tire Express Store, between or among ЯNR Tire Express Stores, and between or among you and/or your ЯNR Tire Express Store and us; (b) physical, electronic, and other security systems; (c) printers and other peripheral hardware or devices; (d) archival back-up systems; and (e) Internet access mode and speed (collectively, the "Computer System"). Compliance with these requirements will be at your cost and expense.

We have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs that you must use with the Computer System, which you must install at your cost and expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System.

You must purchase the products and equipment that we require for your Store, including tire balancer, tire changer, lifts, tools, compressor, flange kit, nitrogen inflation system, tires, rims and related products. Unless we specify an approved supplier for these items, as described above, you may purchase these items from any supplier.

We must approve of the location you propose for your Store and your lease. Additional information regarding site selection is included in Item 11. At our request, you must have your landlord

sign our form of Conditional Assignment of Lease, attached to the Franchise Agreement as Exhibit D, which permits us to assume your lease in certain circumstances.

We may negotiate purchase arrangements (including price terms) with suppliers or vendors for the benefit of our System. We currently require that all franchisees offer to their customers the optional Roll-Safe/Roll-Pro Club Program, where permitted. In 2019 we had total revenues of \$6,154,983 of which \$109,386 or 1.8% of our total revenues, was from marketing fees paid to us by Benefit Marketing Services, the company offering the Roll-Safe/Roll-Pro Club Program. We do not currently earn any rebates, commissions or other payments from any other approved supplier for the System, but we reserve the right to do so in the future. We may use any payments we receive from approved suppliers in any manner we deem appropriate, unless we have agreed otherwise with the approved supplier.

We do not provide you any material benefits, such as the grant of an additional franchise or renewal franchise, based on your purchases from required or recommended suppliers. There are currently no purchasing or distribution cooperatives in existence for the System.

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverage that we periodically require and satisfy other insurance-related obligations. Your insurance policies must indemnify you, us, our affiliates and our respective officers, directors, partners, agents, and employees against any demand or claim concerning personal injury, product liability, and broad form contractual liability, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with your Store. All insurance policies must name us as an additional insured party and provide us with 30 days' advance notice of any change to or cancellation of a policy. We may revise our insurance requirements during the term of your Franchise Agreement and you must comply with any revisions.

You must provide us with a certificate of insurance showing that you have obtained the required insurance coverages not less than 10 days before your Store opens, and you must provide us with updated certificates of insurance when policies are renewed. Currently you must have the following insurance coverages. Each policy must be written on an occurrence basis and have limits of not less than \$1,000,000: (a) fire, extended coverage, vandalism and malicious mischief; (b) comprehensive garage liability insurance; (c) motor vehicle liability insurance (including motor vehicle liability coverage for the operation of motor vehicles not owned by you but used in the operation of your Store by hired employees); (d) umbrella insurance encompassing garage liability and motor vehicle liability policies; (e) worker's compensation insurance, employer liability insurance and other insurance coverages required by applicable law; and (f) any other insurance coverages required by the terms of your lease or that we may require in the future.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section (or Exhibit) in Franchise Agreement	Section in Multi-Unit Development Agreement	Disclosure Document Item
a. Site Selection and Acquisition / Lease	Sections 1.2 and 3.15, Exhibit C	Sections 1.1, 3, 5.1	Item 11
b. Pre-Opening Purchases / leases	Sections 7, 12	Section 3.3	Item 11
c. Site Development and Other Pre-Opening Requirements	Sections 7, 12, Exhibit C	Sections 1.1, 3, 5.1	Item 11
d. Initial and On-Going Training	Sections 6, 7	Not Applicable	Item 11
e. Opening	Section 7	Section 3.4	Item 11
f. Fees	Sections 2, 4, 9, 12, 14	Sections 2, 7.2.2.9	Items 5, 6
g. Compliance with Standards and Policies / Operating Manual	Sections 3, 7-13, 15	Not Applicable	Item 11
h. Trademarks and Proprietary Information	Sections 8, 10	Section 1.5	Items 13, 14
i. Restrictions on Products / Services Offered	Sections 3, 7	Not Applicable	Items 8, 16
j. Warranty and Customer Service Requirements	Section 7	Not Applicable	Item 14
k. Territorial Development and Sales Quotas	Section 1.3, Exhibit B	Section 1	Items 11, 12
l. Ongoing Product / Service Purchases	Sections 3, 7	Not Applicable	Item 8
m. Maintenance, Appearance and Remodeling Requirements	Section 7	Not Applicable	Item 6
n. Insurance	Section 13	Not Applicable	Item 8
o. Advertising	Section 12	Not Applicable	Item 11
p. Indemnification	Section 20	Section 10	Item 17
q. Owner's Participation / Management / Staffing	Sections 6, 7	Section 8.1	Item 15
r. Records and Reports	Section 11	Not Applicable	Not Applicable
s. Inspections and Audits	Sections 3.9, 5.3, 7.7, 11.4	Not Applicable	Items 6, 16
t. Transfer	Section 14	Section 7	Item 17
u. Renewal	Section 2.2	Not Applicable	Item 17

Obligation	Section (or Exhibit) in Franchise Agreement	Section in Multi-Unit Development Agreement	Disclosure Document Item
v. Post-Termination Obligations	Sections 10, 16, 17	Sections 6.3, 8.3	Item 17
w. Non-Competition Covenants	Section 17	Sections 8.2, 8.3	Item 17
x. Dispute Resolution	Section 25	Section 14	Item 17
y. Liquidated Damages	Section 16.10	Not Applicable	Item 6

ITEM 10 FINANCING

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

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

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

Pre-Opening Obligations

Multi-Unit Development Agreement

For each ЯNR Tire Express Store developed under the Multi-Unit Development Agreement, we will provide you with the following:

1. Site selection guidelines and consultation as we deem advisable. (Multi-Unit Development Agreement, Section 5.1.1)
2. If on-site evaluation is deemed necessary and appropriate by us, we will conduct one on-site evaluation for each ЯNR Tire Express Store at our cost. (Multi-Unit Development Agreement, Section 5.1.2)

Franchise Agreement

Before you begin operating your Store under the Franchise Agreement:

1. We will loan to you one copy of, or make available by electronic means, our Confidential Operations Manual, which contains mandatory and suggested standards and procedures. (Franchise Agreement, Section 3.1.)
2. We will provide our initial training program and on-site pre-opening and opening supervision and assistance as described in the Training Programs section of this Item 11. (Franchise Agreement, Sections 6.1 and 6.2.)

3. We will review the site you propose for your Store and, when the site is approved, designate your territory. (Franchise Agreement, Exhibit B)

4. We will make available, at no charge to you, our standard floor plans and specifications for a prototypical ЯNR Tire Express Store. (Franchise Agreement, Section 5.1 and Exhibit C.)

5. We will approve of your grand opening advertising campaign. (Franchise Agreement, Section 12.2)

Continuing Obligations

Multi-Unit Development Agreement

Under the Multi-Unit Development Agreement, we are not obligated to furnish any assistance to you after the opening of the ЯNR Tire Express Store(s). Any continuing assistance is provided you under the terms of the Franchise Agreement you and we sign for each of your Stores.

Franchise Agreement

After opening your ЯNR Tire Express Store, we will perform the following services:

1. We will provide to you, as we deem appropriate, advertising plans and promotional materials, which may include sample outdoor advertisements, sample radio advertisements, coupons, recommended advertising schedules, special promotions, direct mail materials, and similar advertising and promotional materials. (Franchise Agreement, Section 3.5.)

2. We will designate approved suppliers or recommend other suppliers for the products to be offered for sale at the ЯNR Tire Express Store. (Franchise Agreement, Section 3.6.)

3. We will provide to you, as we deem appropriate, advice and written materials concerning techniques of managing and operating the ЯNR Tire Express Store, including required and suggested inventory control and sales methods, new developments and improvements in layout and design, and new developments in products and marketing techniques. (Franchise Agreement, Section 3.7.)

4. We will conduct periodic inspections of your ЯNR Tire Express Store as we deem advisable. (Franchise Agreement, Section 3.8.)

5. We will have the right to establish and administer a brand promotion fund as further described below. (Franchise Agreement, Section 3.9.)

6. We shall provide guidance in determining prices charged by you for products and services but will not control such prices. (Franchise Agreement, Section 7.3.8)

Advertising

Grand Opening Advertising

You must spend between \$15,000 and \$30,000 for a grand opening advertising campaign to promote the opening of your Store, and you must use the supplier we designate to assist you in preparing and conducting the grand opening advertising campaign. We must approve of your proposed grand opening advertising program before it is conducted. We expect that your grand opening advertising

campaign will be conducted through your first six months of operation. (Franchise Agreement, Section 12.2)

National Advertising Fund

There is not currently a national and/or regional fund for brand promotion (“National Advertising Fund”). The National Advertising Fund was discontinued in January 2010. We have an Executive Advisory Board (“EAB”) to administer the National Advertising Fund, including how money is spent, and determine the amount each franchisee must contribute to the National Advertising Fund. The EAB includes franchisee representatives who are elected by their fellow franchisees, and our franchisees control the EAB. The EAB previously terminated the National Advertising Fund, and if it wants the National Advertising Fund reinstated the EAB must bring a proposal to do so to all franchisees in the System and the National Advertising Fund may only be reinstated, and the National Advertising Fund Fee amount may only be set, with a 2/3 majority vote of our franchisees. We do not have the power to change or dissolve the EAB or the National Advertising Fund. We reimburse EAB members for the travel and lodging expenses they incur related to EAB business. This reimbursement does not come out of the National Advertising Fund.

If the National Advertising Fund is re-established, the EAB will direct all advertising programs, with sole discretion over the concepts, materials, and media used in these programs and their placement and allocation. The purpose of the National Advertising Fund will be to maximize general public recognition, acceptance, and use of the System, and neither we nor the EAB will be obligated, in administering the National Advertising Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to make sure that any particular franchisee benefits directly or in proportion to its contributions from expenditures by the National Advertising Fund. (Franchise Agreement, Section 12.4).

The National Advertising Fund, and all contributions to the National Advertising Fund, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which the EAB believes will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist; purchasing promotional items; conducting and administering in-store promotions; and providing promotional and other marketing materials and services to the businesses operating under the System. We and our affiliates will make contributions to the National Advertising Fund on the same basis as our franchisees. (Franchise Agreement, Sections 12.4.1 and 12.4.2) No portion of the National Advertising Fund will be used for advertising that is primarily a solicitation for the sale of franchises.

All National Advertising Fund contributions may be commingled with our other monies, but separate books and records will be kept relating to National Advertising Fund contributions, and will not be used to defray any of our expenses. It is anticipated that all contributions to the National Advertising Fund will be spent in the fiscal year in which these contributions are made. Any monies remaining in the National Advertising Fund at the end of any fiscal year will carry over to be spent in the next fiscal year.

The National Advertising Fund will prepare an annual, unaudited statement of the contributions to and expenses of the National Advertising Fund and you will be provided this statement on your written request.

We do not have the right to form, change or terminate the National Advertising Fund. Only the EAB has these rights.

Local Advertising

You must conduct local advertising in your Territory. For each month that your ЯNR Tire Express Store is open for business, you must spend a minimum of 4% of Gross Revenues on local advertising. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. Any advertising materials you propose to use in your local market must first be submitted to us for our review and approval, and we will have 15 days to review your proposed materials and notify you of our approval or disapproval of the materials. If we do not approve the advertising materials, you may change them and resubmit them to us for our consideration. Any advertising materials you submit for our review will become our property and there will be no restriction on our use or distribution of these materials. At our request, you must provide to us proof of your expenditures for local advertising, including copies of the advertising used.

Each calendar quarter, not later than 60 days before the start of each quarter, you must submit to us a formal marketing budget for our review and approval. Our approved supplier will develop your marketing budget. If you request not to use our approved supplier, and we approve your request, you must develop and submit the marketing budget to us for our review and approval. We will notify you if we require any changes to your proposed marketing budget.

At our request, you must include certain language in your local advertising, such as “Franchises Available” and our website and telephone number.

We may offer promotions on products to be offered at the Franchised Business. You may choose to participate in our promotional programs. (Franchise Agreement, Section 3.13).

Advertising Cooperatives

We reserve the right to designate any geographical area in which there are multiple ЯNR Tire Express Stores for purposes of establishing an advertising cooperative (“Cooperative”), and to determine whether a Cooperative is applicable to your ЯNR Tire Express Store. If a Cooperative applicable to the geographical area in which your ЯNR Tire Express Store is located is established at any time during the term of your Franchise Agreement, you must become a member of the Cooperative no later than 30 days after the Cooperative begins operation. You will not have to participate in more than one Cooperative. If established, each Cooperative will be organized, governed, and administered, and will begin operation on a date, approved in advance by us in writing. If the Cooperative will operate from written documents we must first approve of the governing documents, and you will have the opportunity to review the governing documents before you join the Cooperative. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval as described above, standardized advertising materials for use by the members in local advertising and promotion. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. (Franchise Agreement, Section 12.5)

Each member will make contributions to the Cooperative in amounts as determined by a majority vote of the Cooperative members. Each ЯNR Tire Express Store operated by us or our affiliates will have the same voting rights as franchisees. Each member must submit to the Cooperative its contribution, together with any statements or reports that may be required by us or by the Cooperative with our prior approval. Any amount you contribute to the Cooperative will count toward your minimum local

advertising requirement, but if your contribution to the Cooperative is less than the amount you must spend for local advertising you must still spend the difference locally. We have the right to change, dissolve, merge, or terminate any Cooperative at any time. A Cooperative will not be terminated until all monies in that Cooperative have been expended for advertising and/or promotional purposes. The Cooperative will prepare annual or periodic financial statements, if required by law. If these statements are prepared due to requirements by law, they will be available for review by the Cooperative members upon written request.

Advisory Council

In addition to the EAB described above, we reserve the right to form one or more advisory councils to work with us to improve the System, the products offered by ЯNR Tire Express and other issues related to owning and operating an ЯNR Tire Express Store. If we form an advisory council, it will be comprised of elected and/or appointed franchisee members along with key members of our personnel. All franchisee representatives must be in good standing with us. The franchisee members may be chosen by us or by other franchisees in the System, but you may choose to not participate. If you are chosen and agree to participate on an advisory council, you will pay all expenses you incur related to your participation, such as travel and living expenses for attending council meetings. If we form an advisory council, it will act in an advisory capacity only and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council at any time.

Website / Intranet

Websites (as defined below) are considered as “advertising” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to ЯNR Tire Express Stores, the Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

In connection with any Website, the Franchise Agreement states that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

You are not permitted to promote your Store or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Store’s operation, including prohibitions on your and the Store’s employees posting or blogging comments about the Store or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools).

We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

Computer System

You are required to have a computer system. Our minimum specifications for the Computer System, and the contact information for the approved supplier, are included in the Operating Manual. You must obtain and maintain the Computer System at your expense. (Franchise Agreement, Section 3.10.) You must have a high speed internet connection at all times. We anticipate that the initial cost of your Computer System will be between \$1,407 and \$10,900. Your Computer System will provide you with the following functions: process payments, daily reports, account management information, manage collections, print labels and mailers, track and price inventory, track depreciation, print delivery tickets, calculate payouts, process fees, transfer inventory, swap inventory, process bad checks and more.

Although we do not currently do so, under the Franchise Agreement we have the right at any time to retrieve and use data and information from your Computer System that we deem necessary or desirable, and there are no restrictions on either our ability to access your Computer System to retrieve the data or our use of the data. You must make sure that we have this access when we request it. You must strictly comply with our standards and specifications for all items associated with your Computer System.

You must, at your own expense, keep your Computer System in good maintenance and repair and install additions, changes, upgrades, modifications, substitutions, and/or replacements to your Computer System as we direct in writing. There are no contractual limitations on our right to require these changes, or the anticipated cost of these changes. You must have the software support that our approved supplier offers for your Computer System. The annual cost for software support, which includes the software license, software support services and software upgrades, is estimated to be \$2,100. Neither we nor any affiliate of ours is required to provide you with any ongoing maintenance, repairs, upgrades or updates.

Confidential Operating Manuals

The Table of Contents of the Operating Manuals is attached as Exhibit H to this Disclosure Document. The Operating Manual includes approximately 111 pages.

Site Selection, Development and Opening

Multi-Unit Development Agreement

Under the Multi-Unit Development Agreement, before you purchase or lease any site for an ЯNR Tire Express Store, you must submit to us, in the form specified by us, a description of the proposed site and information or materials as we may reasonably require, including a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. This information must include the address, the name of the landlord, if any, photographs of the site from all angles, a description of the zoning for the site, a description of the road(s) on which the site is located, a description of neighboring businesses, ease of access to the site, and traffic counts and plans for the proposed location. We will consider all of these factors in our review of the proposed site. We will have 30 days after receipt of this information and materials from you to approve or disapprove, in our sole discretion, the site as a location for the ЯNR Tire Express Store. If we do not provide our specific approval of the proposed site, it is deemed not approved.

Franchise Agreement

You may operate your ЯNR Tire Express Store only at and from a single location which has been approved by us (the “Approved Location”). We generally do not own the premises and lease it to you. If we approve your location before you sign the Franchise Agreement, you may establish and operate your ЯNR Tire Express Store from that Approved Location, which will be identified in the Franchise Agreement.

If you do not have an Approved Location when you sign the Franchise Agreement, you will have six months in which to locate a suitable site for your Store. If an Approved Location is not obtained within six months after you sign the Franchise Agreement, we may terminate your Franchise Agreement and refund 50% of the initial franchise fee that you paid. You must submit to us, in the form specified by us, a description of the proposed site and information or materials as we may reasonably require, including a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. This information must include the address, the name of the landlord, if any, photographs of the site from all angles, a description of the zoning for the site, a description of the road(s) on which the site is located, a description of neighboring businesses, ease of access to the site, and traffic counts and plans for the proposed location. We will consider all of these factors in our review of the proposed site, and we will conduct a location study and demographic analysis of your proposed site. You must pay to us a fee of \$2,500 for this study and analysis. We will have 30 days after receipt of this information and materials from you to approve or disapprove, in our sole discretion, the site as a location for the ЯNR Tire Express Store. If we do not provide our specific approval of the proposed site, it is deemed not approved. You must sign and have your landlord sign the Conditional Assignment of Lease attached to the Franchise Agreement as Exhibit D.

Under both the Multi-Unit Development Agreement and Franchise Agreement, our approval of a proposed site for your ЯNR Tire Express Store is not a representation, warranty or guaranty that you will be successful at that site or that you will achieve any level of profitability. Our approval only indicates that the site meets our minimum criteria for an ЯNR Tire Express Store at the time of our review.

We estimate that between two and six months will elapse between when you sign the Franchise Agreement and when you open the ЯNR Tire Express Store for business. You must construct or renovate and equip the ЯNR Tire Express Store at your own expense in a good, workmanlike manner in compliance with our specifications, and you must begin operations of the ЯNR Tire Express Store not later than 12 months after you sign the Franchise Agreement. If you are unable to open your Store within this 12 month period, we have the right to terminate your Franchise Agreement and refund a portion of the initial franchise fee.

The length of time between when you sign the Franchise Agreement and open your Store depends upon your ability to obtain a mutually acceptable site and lease for that site, acceptable financing arrangements, completion of leasehold improvements, training of personnel, delivery of inventory and equipment, and other factors. Under both the Franchise Agreement and Multi-Unit Development Agreement, you may not open your ЯNR Tire Express Store until we have been given the opportunity to inspect the Store to make sure that it has been developed and equipped according to our standards and we have provided our written consent for you to open the Store.

Training Programs

You, your general manager and two additional employees (for a minimum of four trainees) must attend and complete, to our satisfaction, our initial training program. The initial training program is mandatory and must be completed not later than 14 days before you open your Store. There currently is

not a set schedule for our initial training program, which will be offered at various times during the year depending on the number of new franchisees entering the System, replacement operating principals and general managers and other personnel needing training, and the timing of the scheduled openings of ЯNR Tire Express Stores generally. We will provide our training program at no additional fee, but you must pay all expenses incurred by your trainees, including travel, lodging, meals and applicable wages.

If we determine that you or your general manager cannot complete our initial training program to our satisfaction, after giving you the opportunity to designate a replacement general manager to attend our initial training program at your expense, we may terminate your Franchise Agreement and refund 50% of the initial franchise fee that you paid. If any of your managers is no longer employed by you, you must designate a replacement manager and send the new manager to our training program, at your expense, within 60 days after the employment of the first manager ends.

Our standard initial training program consists of approximately two weeks of on-line, classroom and on-site training at an ЯNR Tire Express Store owned by us or our affiliates in Tampa, Florida, at your ЯNR Tire Express Store, and/or at another location designated by us. The training materials we use in the initial training program include our Operating Manual, training videos, other programs and manuals, and our Store Opening Book. (Franchise Agreement, Section 6.1.)

We will also provide you with one of our representatives to provide on-site training and assistance at the Approved Location for up to 14 days around the Store's opening. You must reimburse our representative's expenses while providing opening assistance, including travel, lodging and meals. (Franchise Agreement, Section 6.2.)

Our training program is overseen by Mr. Ryan Schrader and Matthew Warren. Mr. Schrader has worked in affiliate-owned stores and has assisted with training since 2008. Mr. Warren has more than five years of experience in Training. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

We reserve the right to modify our training program at any time to accommodate the individual needs and/or experience of any particular trainee. The following is the training program we currently offer.

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Prior to Arrival: Product Knowledge	6*	0	Anywhere
Day One: Product Knowledge;; Shop training	4	6	Tampa, Florida
Day Two: Shop Training	0	10	Tampa, Florida
Day 3: Plus sizing review/RNR Sales System	10	0	Tampa, Florida

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Day 4: Sales Experience/Role Playing	0	10	Tampa, Florida
Day 5: Intro to RTO / Computer System / Processing Rentals	10	0	Tampa, Florida
Day 6: Sales Experience / Role Playing	0	10	Tampa, Florida
Day 7: Account Management	10	0	Tampa, FL
Day 8: Sales Experience	0	10	Tampa, FL
Day 9: Account Management	0	10	Tampa, FL
Day 10: RNR Online Resources	10	0	Tampa, FL
Day 11: Sales Experience	0	10	Tampa, FL
Day 12: Sales Experience	0	10	Tampa, FL

*Online Hours

You may request additional on-site assistance during the term of your Franchise Agreement. You must pay our then-current per diem fee for each trainer/representative we send to your Store, and you must reimburse each trainer's expenses while providing the additional on-site assistance, including travel, lodging and meals.

We reserve the right to conduct periodic refresher training and/or an annual meeting of our franchisees, and we may designate that attendance by you and/or your general manager is mandatory. We reserve the right to specify the location of any refresher training or annual meeting, but we will not designate any unreasonably expensive location. We do not expect to charge a fee for any refresher training or annual meeting of franchisees, but you must pay all expenses that you and your trainees/attendees incur, including travel, lodging, meals and applicable wages.

ITEM 12

TERRITORY

Multi-Unit Development Agreement

Under the Multi-Unit Development Agreement, you will be granted a Development Area within which you will develop multiple ЯNR Tire Express Stores. Each ЯNR Tire Express Store developed under the Multi-Unit Development Agreement must be located in the Development Area and must be operated according to a separate Franchise Agreement. The Development Area and the Development Schedule will be identified in an exhibit to the Multi-Unit Development Agreement. The Development

Area will be described in terms of municipal or county boundaries. This is your Exclusive Territory. The size of the Development Area will depend on the number of ЯNR Tire Express Stores you will develop. The factors that we consider in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other ЯNR Tire Express Stores, your financial and other capabilities, the number of ЯNR Tire Express Stores you wish to develop and our development plans. We must approve the site for each ЯNR Tire Express Store you propose to develop in the Development Area before you sign a lease for the site.

We may not establish or operate or license anyone other than you to establish or operate, an ЯNR Tire Express Store under the System and Proprietary Marks in the Development Area during the term of the Multi-Unit Development Agreement. But we retain the right, among others, to use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other ЯNR Tire Express Stores at any location outside of the Development Area.

Unless your Multi-Unit Development Agreement is terminated by us, the Multi-Unit Development Agreement will expire on the earlier of the last date specified in the Development Schedule or the date when you have opened and are operating all of the ЯNR Tire Express Stores required by the Development Schedule. After the Multi-Unit Development Agreement expires or is terminated, your rights to the Development Area will also terminate and you will have no further right to develop Stores in the Development Area. This will not affect any Territory granted to you under a Franchise Agreement, which will remain intact.

Continuation of your rights under the Multi-Unit Development Agreement does not depend on your achieving a specific level of sales volume, market penetration or other contingency, except that if you do not develop the number of ЯNR Tire Express Stores in the time-frame established by the Development Schedule we have the right to terminate the Multi-Unit Development Agreement, terminate or limit the territorial protection granted under the Multi-Unit Development Agreement, reduce the number of ЯNR Tire Express Stores that you may develop, and/or stop crediting a portion of the Development Fee toward the initial franchise fees due when you sign a Franchise Agreement.

When you have completed your Development Schedule, if you are in good standing with us under all of your Franchise Agreements, and if we believe that the Development Area can support additional ЯNR Tire Express Stores, we will give you a right of first refusal to acquire the multi-unit development rights. You must notify us within 30 days whether you will develop the additional Stores according to our then-current Multi-Unit Development Agreement and then-current Franchise Agreement. If you do not accept the additional development rights within this 30 days period, we will have the right to sell the development rights or individual franchises to others, but any development area or territory granted will not conflict with your existing Territories.

Franchise Agreement

Under the Franchise Agreement, you may establish and operate one ЯNR Tire Express Store at an Approved Location. You will be granted an exclusive territory for your Store ("Territory"). The Territory will be described in the Franchise Agreement and will be determined by various factors, including demographics, the concentration of other businesses in the vicinity, existing and potential competing businesses, projections of growth in the area, and the economic environment. Your Territory will encompass an area with a minimum three miles radius.

During the term of the Franchise Agreement we will neither establish and operate, nor license any other party to establish and operate, a ЯNR Tire Express Store under the System and the Proprietary Marks within your Territory. We will still have the right, among others, during the term of the Franchise

Agreement, to: (a) use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other ЯNR Tire Express Stores at any location outside of the Territory and (b) establish and operate, and license others to establish and operate, a business similar to an ЯNR Tire Express Store under different Proprietary Marks at any location outside of the Territory.

You may sell products and services to customers who live anywhere but who choose to shop in your Store. You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the “Electronic Media”); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory, you may not directly advertise to customers in another franchisee’s territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

We and our affiliates may sell products under the Proprietary Marks within and outside your Territory through any method of distribution other than a dedicated ЯNR Tire Express Store, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Territory except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any proprietary products or other products offered by an ЯNR Tire Express Store calling for delivery or performance in your Territory, then we will offer the order to you. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Except for the Stores operated by our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Stores which sell products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

You may not relocate/transfer the ЯNR Tire Express Store without our prior written approval. We will have the right, in our sole discretion, to withhold approval of relocation. If we permit you to relocate, the new site for your ЯNR Tire Express Store must be within your Territory. Continuation of your territorial protection does not depend on your achieving a certain sales volume, sales quota, market penetration or other contingency that you must meet in order to maintain your area.. You do not receive the right to acquire additional franchises within your Territory or anywhere else.

ITEM 13
TRADEMARKS

The Multi-Unit Development Agreement does not grant you any right to use or license others to use the Proprietary Marks. Under the Franchise Agreement, we will license you the right to use the Proprietary Marks. Our Affiliate, Rent “N” Roll, LLC, has registered the following Proprietary Marks on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

Mark	Application Date	Serial Number	Registration Date	Registration Number
Rent-N-Roll	9/1/2000	76/120,711	9/10/2002	2,618,769
ЯNR	3/12/2007	77/128,383	11/27/2007	3,343,349
You’ve Got Options!	8/14/2012	85/703104	10/15/13	4,419,670
ЯNR Tire Express	9/14/12	85/729016	10/28/2014	4,629,166
The Wheels You Want. The Tires You Need	12/8/2016	87/261993	8/8/2017	5,259,878

Our Affiliate has renewed the first 2 Proprietary Marks in the above table. Our Affiliate intends to file the affidavits and renew the remaining Proprietary Marks when they become due. We do not know of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks in this or any other state. We are not aware of any presently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or pending material litigation involving the Proprietary Marks which may be relevant to their use in any state.

Our Affiliate has licensed to us the right to use the Proprietary Marks, and to sublicense them to our franchisees, under a perpetual, non-cancelable trademark license agreement dated May 1, 2001. Except for this license agreement, there are no agreements currently in effect that limit our rights to use or license the use of the Proprietary Marks in any manner material to the franchise.

You must follow our requirements when you use the Proprietary Marks. You must use only the Proprietary Marks that we designate and may use them only in the manner we authorize. You may not use the Proprietary Marks as part of your corporate or other legal name, and you may not attempt to register or otherwise obtain any interest in any Internet domain name or URL (uniform resource locator) containing any of the Proprietary Marks or any other word, name, symbol or device likely to cause confusion with any of the Proprietary Marks.

Under the Franchise Agreement, you must notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our Affiliate’s ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of administrative proceeding or litigation. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, the cost of this defense, including the cost of any judgment or settlement, will be paid by us. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, the cost of this defense, including the cost of any judgment or settlement, must be paid by you. Except as described in this Item 13, we will defend you at your expense against third party claims, suits, or demands. If any litigation relating to your use of the Proprietary Marks occurs, you must sign any and all documents and do all acts as may, in our opinion, be necessary to carry out a defense or prosecution, including becoming a party to the legal action. Except if litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks can no longer be used, whether as a result of a proceeding, settlement or for any other reason, or if we determine that substitution of different Proprietary Marks will be beneficial to the System. You must comply with any substitution at your sole cost and expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or pending patents which are material to the ЯNR Tire Express Store, but we claim common law copyright protection on all of our Manual, advertisements, logos, promotional materials, training materials relating to the ЯNR Tire Express Store (excluding those materials expressly identified as belonging to a third-party), and all other copyrightable works of which we are the author. The Manual is described in Item 11.

You must immediately notify us of any actual or apparent infringement of or challenge to any of the copyrighted works, or claim by any person of any rights in the copyrighted works. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have the sole discretion to take any action we deem appropriate in connection with the above, and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any alleged infringement, challenge or claim or otherwise relating to the copyrighted works. You must sign any and all instruments and documents, render assistance, and do any acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the copyrighted works. We will reimburse you for the reasonable out-of-pocket expenses incurred and paid by you in complying with the requirements described in this Disclosure Document.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue use of any of the copyrighted works and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you must immediately comply with our directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use any substitute materials specified by us. Neither we nor our related parties will have any obligation to reimburse you for any expenditures made by you to modify or discontinue the use of any copyrighted work or to adopt additional or substitute copyrighted or copyrightable items.

We also possess certain proprietary and confidential information relating to the operation of the System, which includes trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the ЯNR Tire Express Store (the “Confidential Information”).

We have the right to maintain all or any portions of the Manual in written or electronic form, including on one or more Websites. If we maintain the Manual in electronic form or on one or more Websites: (a) you must maintain a high-speed Internet connection to provide access to the Manual; (b) you may make one copy of portions of the Manual, but you must maintain this copy and its contents as secret and confidential; and (c) neither you nor your principals or employees may make any electronic copy of any portion of the Manual.

All information, knowledge, know-how, and techniques which we specifically designate as confidential is deemed to be Confidential Information. We will disclose Confidential Information to you in the initial training program and later ongoing training, the Manual and general assistance during the term of the Franchise Agreement. You will not acquire any interest in the Confidential Information, other than the right to use it in the operation of the Franchised Business during the term of the Franchise Agreement. The use or duplication of the Confidential Information for any use outside the System is prohibited and constitutes an unfair method of competition. We will disclose the Confidential Information to you solely on the condition that: (1) you will not use the Confidential Information in any other business or capacity during and after the term of the Franchise Agreement; (2) you will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) you will not make unauthorized copies of any portion of the Confidential Information, and you will maintain restrictions on disclosing Confidential Information to your employees by reasonable methods; and (4) you will not disclose or permit access to any Confidential Information by any person, except for your employees who require access to it to operate your Store.

At our request, you must have your managers and employees sign our form of Confidentiality and Non-Competition Agreement, attached to the Franchise Agreement as Exhibit E. A copy of each signed Confidentiality and Non-Competition Agreement must be provided to us.

You must at all times keep confidential any information your customers provide to you, such as names, addresses, phone numbers, e-mail addresses, social security number, other contact information, and debit or credit card information. You must indemnify us, our parents or affiliates and all of our directors, officers and employees against any damages related to your failure to maintain this information as confidential, whether the disclosure of any of this information is inadvertent or intentional.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Although we recommend that you personally participate in the direct operation of the Franchised Business your personal on-premises supervision is not required, but the day-to-day operation of the Franchised Business must be supervised by a manager who has satisfactorily completed our training program. Even if you do not personally supervise the operation of your Franchised Business, you must attend and satisfactorily complete our training program. If any of your managers is no longer employed by you, you must designate a replacement manager and send the new manager to our training program, at your expense, within 60 days after the employment of the first manager ends.

As described in Item 1, we have identified certain persons under the Franchise Agreement that we refer to in this Disclosure Document as your Principals. Your Principals include your spouse, if you are a married individual, your Principals also include those of your business entity's officers and directors (including the officers and directors of your general partner, if applicable) whom we designate as your Principals and all holders of an ownership interest in you and in any entity that directly or indirectly controls you, and any other person or entity controlling, controlled by, or under common control with you.

If we designate certain of your Principals as Controlling Principals, they must sign the Agreement and agree to be individually bound by certain obligations under the Agreements, including confidentiality and non-competition covenants and they must personally guarantee your performance under the Agreements. We typically designate your principal equity owners and executive officers, as well as any other affiliated entities that operate Stores, as Controlling Principals.

You or your approved manager must devote full-time attention and best efforts to the management and operation of the ЯNR Tire Express Store. You are not (or your manager is not, as applicable) permitted to engage in or be connected with any other business or activity that interferes with the Franchised Business, including any business that competes, directly or indirectly, with an ЯNR ЯNR Tire Express Store. You are not restricted as to whom you may hire as a manager for the ЯNR Tire Express Store, except that your manager must satisfactorily complete our training program. Your manager does not need to have any equity interest in the Franchised Business.

You must maintain a competent, conscientious, trained staff. All employment decisions and functions of the business, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees, are your responsibility, even if your manager makes that decision.

Each individual who owns a majority controlling interest in you or in any entity that controls you must sign a guaranty agreement (in the form attached to the Franchise Agreement as Attachment 1) assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement. You and each manager must also sign a Confidentiality and Non-Competition Agreement (in the form attached to the Franchise Agreement as Attachment 5), which binds you and your manager(s) individually to the covenants described in Item 14 and Item 17 of this Disclosure Document.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We do not restrict the types of wheels or tires that you may offer at your Store, as long as they are purchased from one of our approved suppliers. You must sell or offer for sale only the automotive accessory items that we have expressly approved in writing. You must offer our Roll-Safe/Roll-Pro Program to your customers, if permitted by applicable state law.

We reserve the right, at any time, to designate or restrict the products and services you may offer at your Store, and you must comply with our instructions. We will have the right to modify our specifications at any time, and there is no restriction on our right to make changes.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Term of the Franchise	Section 2.1	10 years from the date the Franchise Agreement is signed.
b. Renewal or Extension of the Term	Section 2.2	If you satisfy the requirements listed in (c) below, you can renew for up to two additional terms of 10 years each.
c. Requirements for Franchisee to Renew or Extend	Section 2.2	<p>Give timely notice; renovate physical premises; not currently be in default; not have more than 10 defaults during the initial term; not have more than three defaults in the last two years of the initial term; have satisfied all monetary obligations; have right to possess premises; sign then-current franchise agreement; sign a general release; comply with training requirements; pay a renewal fee.</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees</p>
d. Termination by Franchisee	Section 15.6	You may terminate the Franchise Agreement on any grounds available to you at law
e. Termination by Franchisor Without Cause	Not Applicable	Not applicable.
f. Termination by Franchisor With Cause	Section 15	We have the right to terminate with cause.

Provision	Section in Franchise Agreement	Summary
g. “Cause” Defined – Curable Defaults	Section 15.3	Curable defaults include: non-compliance with Franchise Agreement; non-payment of monies; non-submission of reports; failure to maintain prescribed specifications, standards, or procedures; failure to obtain our prior written approval or consent; actions inconsistent with or contrary to your lease; failure to maintain product and service quality; using confusingly similar names or marks; and others.
h. “Cause” Defined – Non-Curable Defaults	Sections 15.1, 15.2	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure, or other similar filings or proceedings; final or unsatisfied judgments; conviction of a felony or crime of moral turpitude; failure to locate a site or to open for business; failure to complete training; abandonment; loss of premises; conviction of a crime; health or safety violations; unapproved transfers; approved transfer not timely effected; failure to comply with covenants; unauthorized disclosure of confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure a default; repeated defaults even if cured; default under another agreement with us or our affiliates; and others.
i. Franchisee’s Obligations on Termination/Non-Renewal	Section 16	Obligations include: stop operating the ЯNR Tire Express Store; de-identification of the Store; assignment of right to possess premises; payment of amounts due to us and our affiliates; return Manual and all other confidential information; sell to us products, furnishings, equipment, signs, fixtures, stationery, forms, packaging, and advertising materials at our option; comply with post-termination non-competition agreement; and others.
j. Assignment of Contract by Franchisor	Section 14.1	No restriction on our right to transfer or assign Franchise Agreement.
k. “Transfer” by Franchisee – Defined	Section 14.2	Includes transfer of Franchise Agreement, a controlling interest in you (if you are a corporate entity), or substantially all of the assets of the ЯNR Tire Express Store

Provision	Section in Franchise Agreement	Summary
l. Franchisor Approval of Transfer by Franchisee	Section 14.2	We must approve all transfers, and we have a right of first refusal to acquire any proposed transfer of interest.
m. Conditions for Franchisor Approval of Transfer	Section 14.2	Conditions of approval include: timely written notification to us of proposed transfer; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with us or our affiliates; transferor signs general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets our qualifications; transferee signs a new franchise agreement; transferor refurbishes the premises; you remain liable for all of the obligations to us which arose before the transfer and which extend beyond the term of the Franchise Agreement, and you sign all instruments which we reasonably request to evidence liability; transferee completes training; you pay a transfer fee; we have been offered right to assume controlling interest of transferor; and others.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 14.5	We have a right of first refusal for any interest that is proposed to be transferred.
o. Franchisor's Option to Purchase Franchisee's Business	Sections 16.4, 16.8	On termination or expiration of your Franchise Agreement, we have the option, but not the obligation, to purchase your inventory, equipment, and supplies at fair market value or at your depreciated book value, whichever is less, and we have the option to have you assign your lease to us.
p. Death or Disability of Franchisee	Section 14.6	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in you, or in substantially all of the assets of the ЯNR Tire Express Store, an approved transfer must occur within nine months.

Provision	Section in Franchise Agreement	Summary
q. Non-Competition Covenants During the Term of the Franchise	Section 17.2	During the term of the Franchise Agreement, you may not own, maintain, operate, engage in, act as consultant for, perform services for, or have any interest in any retail business or e-commerce business which is substantially similar to the ЯNR Tire Express Store or sells substantially similar products as the ЯNR ЯNR Tire Express Store.
r. Non-Competition Covenants After the Franchise Is Terminated or Expires	Section 17.3	For three years after termination/transfer or expiration of the Franchise Agreement, you may not own, maintain, operate, engage in, act as consultant for, perform services for, or have any interest in any retail business or e-commerce business which is (1) substantially similar to the ЯNR Tire Express Store or sells substantially similar products as the ЯNR ЯNR Tire Express Store, and (2) is located within your Territory, within 50 miles of your Territory, or within 50 miles of any other ЯNR Tire Express Store in the System.
s. Modification of the Agreement	Section 23	All amendments, changes, or variances from the Franchise Agreement must be in writing and signed by both parties.
t. Integration / Merger Clause	Section 23	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the Franchise Disclosure Document.
u. Dispute Resolution by Arbitration or Mediation	Sections 25.2 and 25.3	Mediation and arbitration in Hillsborough County, Florida (subject to state law)
v. Choice of Forum	Section 25.6	Hillsborough County, Florida (subject to state law)
w. Choice of Law	Section 25.1	Florida law applies (subject to state law)

THE MULTI-UNIT DEVELOPER RELATIONSHIP

Provision	Section in Multi-Unit Development Agreement	Summary
a. Length of the Term of the Multi-Unit Development Agreement	Section 4.1	The earlier of (1) the last date specified in the Development Schedule; or (2) the date when you have open and in operation all of the ЯNR Tire Express Stores required by the Development Schedule.
b. Renewal or Extension of the Term	Not Applicable	The Multi-Unit Development Agreement is not renewable, but we will, in good faith, negotiate a new Multi-Unit Development Agreement with you
c. Requirements for Multi-Unit Developer to Renew or Extend	Not Applicable	Not applicable.
d. Termination by Multi-Unit Developer	Not Applicable	You may terminate the Multi-Unit Development Agreement under any grounds available to you at law
e. Termination by Franchisor Without Cause	Not Applicable	Not applicable.
f. Termination by Franchisor With Cause	Section 6	We have the right to terminate with cause.
g. “Cause” Defined – Curable Defaults	Not Applicable	Not applicable.
h. “Cause” Defined – Non-Curable Defaults	Section 6	Non-curable defaults include: falsification of reports or information; termination or repudiation of the Multi-Unit Development Agreement; insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings; final or unsatisfied judgments; your non-compliance with the Multi-Unit Development Agreement, Franchise Agreement or any other agreement with us or our affiliates; transfer or attempted transfer in violation of the Multi-Unit Development Agreement; and others.
i. Multi-Unit Developer’s Obligations on Termination/Non-Renewal	Section 6	Obligations include: loss of rights granted under the Multi-Unit Development Agreement, stop looking for site for Stores; and others.
j. Assignment of Contract by Franchisor	Section 7.1	No restriction on our right to transfer or assign Multi-Unit Development Agreement.

Provision	Section in Multi-Unit Development Agreement	Summary
k. “Transfer” by Multi-Unit Developer – Defined	Section 7.2	Includes transfer of the Multi-Unit Development Agreement, a controlling interest in the Multi-Unit Developer, or all or substantially all of the assets of the Multi-Unit Developer.
l. Franchisor’s Approval of Transfer by Multi-Unit Developer	Section 7.2	We must approve all transfers, and we have a right of first refusal to acquire any proposed transfer of interest.
m. Conditions for Franchisor Approval of Transfer	Section 7.2	Conditions include: your monetary and other obligations have been satisfied; you are not in default of any material provisions of the Multi-Unit Development Agreement; transferee signs a written assignment assuming to discharge all of your obligations; transferee meets our qualifications; transferee signs a new Multi-Unit Development Agreement; each ЯNR Tire Express Store opened under the Multi-Unit Development Agreement is in full compliance with its applicable Franchise Agreement; you remain liable for all obligations of your business before the date of transfer; transferor signs a general release; you pay a transfer fee; and you first offer to sell interest to us.
n. Franchisor’s Right of First Refusal to Acquire Multi-Unit Developer’s Business	Section 7.3	We have a right of first refusal for any proposed transfer of interest.
o. Franchisor’s Option to Purchase Multi-Unit Developer’s Business	Not Applicable	Not applicable.
p. Death or Disability of Multi-Unit Developer	Section 7.4	Upon the death or mental incapacity of any person holding any interest in the Multi-Unit Development Agreement, in Multi-Unit Developer, or in all or substantially all of the assets of the Multi-Unit Developer, an approved transfer must occur within nine months.

Provision	Section in Multi-Unit Development Agreement	Summary
q. Non-Competition Covenants During the Term of the Franchise	Section 8.2	During the term of the Multi-Unit Development Agreement, you may not own, maintain, operate, engage in, act as consultant for, perform services for, or have any interest in any retail business or e-commerce business which is substantially similar to an ЯNR Tire Express Store or sells substantially similar products as a ЯNR Tire Express Store.
r. Non-Competition Covenants After the Franchise Is Terminated or Expires	Section 8.3	For three years after termination/transfer or expiration of the Multi-Unit Development Agreement, you may not own, maintain, operate, engage in, act as consultant for, perform services for, or have any interest in any retail business or e-commerce business which is (1) substantially similar to a ЯNR Tire Express Store or sells substantially similar products as a ЯNR Tire Express Store, and (2) is located within your Development Area, within 50 miles of your Development Area, or within 50 miles of any ЯNR Tire Express Store in the System.
s. Modification of the Agreement	Section 13	All amendments, changes, or variances from the Multi-Unit Development Agreement must be in writing and signed by both parties.
t. Integration / Merger Clause	Section 13	Only the terms of the Multi-Unit Development Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Multi-Unit Development Agreement or in any other related written agreement is intended to disclaim representations made in the Franchise Disclosure Document.
u. Dispute Resolution by Arbitration or Mediation	Section 14	Mediation and arbitration in Hillsborough County, Florida(subject to state law)
v. Choice of Forum	Section 14	Hillsborough County, Florida (subject to state law)
w. Choice of Law	Section 14	Florida law applies (subject to state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following represents the actual historical sales, expenses and net income achieved by 95 of the 128 ЯNR Tire Express Franchised Stores that were in operation for calendar year 2018 and that reported results to us. As of December 31, 2019, we had 128 total franchised ЯNR Tire Express Stores, 21 Stores were not open for the full 2018 and 2019 calendar year and 12 stores did not report sales to us. We excluded Franchisees who operated less the 24 months because within the first 24 months of operation, franchisee will see erratic business which isn't consistent nor reliable. We have determined that franchised business that have been open for over 24 months offer a better understanding of how the franchised business will operate through the franchised term.

Your revenues and expenses may vary depending on a number of factors, including the location of your Store and how you operate your business.

The following results are the average results from the 95 Franchised ЯNR Tire Express Stores that reported during the 2019 calendar year.

Calendar Year 2019				
Category	Average Result (95 Stores)	Percent of Revenue	Median	High/Low
Retail Revenue	\$156,782	9.7%	\$124,670	\$562,461 High \$19,132 Low
Rental Revenue	\$1,464,708	90.3%	\$1,417,541	\$3,249,392 High \$377,276 Low
Total Revenue	\$1,621,490	100%	\$1,607,819	\$3,341,027 High \$420,735 Low
Cost of Goods Sold	\$593,704	36.6%	\$568,381	
Operating Expenses	\$776,358	47.9%	\$762,522	

Calendar Year 2019				
Category	Average Result (95 Stores)	Percent of Revenue	Median	High/Low
Operating Income	\$251,428	15.5%	\$234,435	

Of the 95 Franchised Stores represented in the 2019 calendar year results above, 45 Stores (or 47.4%) surpassed the Average Result and 47 Stores (or 49.5%) surpassed the Median.

The following results are the numbers achieved by the top 20 ЯNR Tire Express Stores that reported during the 2019 calendar year.

Calendar Year 2019				
Category	Top 20 Stores	Percent of Revenue	Median	High/Low
Retail Revenue	\$196,359	8.1%	\$137,554	\$511,257 High \$29,595 Low
Rental Revenue	\$2,231,645	91.9%	\$2,133,227	\$3,249,392 High \$1,705,711 Low
Total Revenue	\$2,428,004	100.0%	\$2,403,890	\$3,341,027 High \$1,973,971 Low
Cost of Goods Sold	\$874,125	36%	\$900,688	
Operating Expenses	\$1,069,873	44%	\$1,070,837	
Operating Income	\$484,006	20%	\$468,574	

The figures above reflect averages for the 20 top revenue stores (25%) of the 95 Franchised stores reporting that opened in 2017 or prior and have been open at least 24 months. These averages are based on a 52-week annual period from January 1, 2019 through December 31, 2019. Of these 20 stores, 9 (45%) had higher total revenue and 9 (45%) had higher operating income. Of these 20 stores, 10 (50%) surpassed the Median numbers.

The following results are the numbers achieved by the bottom 20 ЯNR Tire Express Stores that reported during the 2019 calendar year.

Calendar Year 2019				
Category	Bottom 20 Stores	Percent of Revenue	Median	High/Low
Retail Revenue	\$71,148	7.6%	\$53,728	\$151,565 High \$22,788 Low

Calendar Year 2019				
Category	Bottom 20 Stores	Percent of Revenue	Median	High/Low
Rental Revenue	\$860,237	92.4%	\$892,774	\$1,112,809 High \$377,276 Low
Total Revenue	\$931,385	100.0%	\$1,012,401	\$1,138,952 High \$420,735 Low
Cost of Goods Sold	\$363,219	39%	\$366,241	
Operating Expenses	\$509,453	54.7%	\$518,036	
Operating Income	\$58,713	6.3%	\$77,175	

Of these 20 stores, 13 (65%) had higher total revenue and 11 (55%) had higher operating income. Of these 20 stores, 10 (50%) surpassed the Median numbers.

Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

The figures used in this statement are total revenue, cost of goods sold and operating expenses only. Net income will vary from Store to Store depending upon factors including rental or real estate costs, costs of goods sold, labor costs and other costs relating to the operation of the Store.

These Stores offered substantially the same products and services to the public as you will. The Stores report gross receipts information to us based upon a uniform reporting system. We believe that this Statement is consistent with generally accepted accounting principles.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited by us.

Other than the preceding financial performance representation, SPF Mgt. Co., LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Vince Ficarrotta at 13922 Monroe's Business Park, Tampa FL 33635, (813) 977-9800, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2017, 2018, 2019

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2017	76	96	+20
	2018	96	103	+7
	2019	103	113	+10
Company-Owned*	2017	13	15	+2
	2018	15	15	0
	2019	15	15	0
Total Outlets	2017	89	111	+22
	2018	111	118	+7
	2019	118	128	+10

* The Company-Owned outlets in the above chart are owned and operated by our affiliates, as described in Item 1.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2017, 2018, 2019

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Texas	2017	4
	2018	0
	2019	0
Total	2017	4
	2018	0
	2019	0

Table No. 3
Status of Franchised Units
For years 2017, 2018, 2019

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Alabama	2017	2	1	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	1	0	0	0	0	4
Arkansas	2017	11	0	0	0	0	0	11
	2018	12	1	0	0	0	0	13
	2019	13	0	0	0	0	0	13
California	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Colorado	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Florida*	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Georgia	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	2	0	0	0	0	4
Illinois	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Indiana	2017	2	1	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Kansas	2017	3	1	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
Kentucky	2017	2	1	0	0	0	0	3

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Louisiana	2016	2	0	0	0	0	0	4
	2017	4	2	0	0	0	0	6
	2018	6	0	0	0	0	0	6
Maryland	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Mississippi	2017	4	1	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	1	4
Missouri	2017	7	2	0	0	0	0	9
	2018	9	0	0	0	0	0	9
	2019	9	1	0	0	0	0	10
Nebraska	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
New Mexico	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nevada	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
North Carolina	2017	5	0	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
Ohio	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	1	0	0	0	0	3
Oklahoma	2017	2	3	0	0	0	0	5
	2018	5	1	0	0	0	0	6
	2019	6	1	0	0	0	0	7

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Pennsyl- vania	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
South Carolina	2017	6	1	0	0	0	0	7
	2018	7	1	0	0	0	0	8
	2019	8	1	0	0	0	0	9
Tennessee	2017	4	1	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
Texas	2017	7	4	0	0	0	0	11
	2018	11	2	0	0	0	3	10
	2019	10	2	0	0	0	0	12
Virginia	2017	8	0	0	0	0	0	8
	2018	8	0	0	0	0	0	8
	2019	8	0	0	0	0	0	8
Washington	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Total	2017	76	20	0	0	0	0	96
	2018	96	10	0	0	0	3	103
	2019	103	11	0	0	0	1	113

* The number of franchised outlets in Florida includes licensed outlets previously sold by our Affiliate, as described in Item 1.

Table No. 4
Status of Company (Affiliate)-Owned Outlets
For years 2017, 2018, 2019

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
Florida	2017	13	2	0	0	0	15
	2018	15	0	0	0	0	15
	2019	15	0	0	0	0	15
Total	2017	13	2	0	0	0	15
	2018	15	0	0	0	0	15
	2019	15	0	0	0	0	15

Table No. 5
Projected Openings as of December 31, 2019

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Arkansas	1	3	0
California	1	0	0
Colorado	0	0	0
Florida	0	1	4
Georgia	0	0	0
Indiana	0	0	1
Iowa	0	1	0
Louisiana	0	3	0
Mississippi	0	0	0
Missouri	0	0	0
North Carolina	0	1	0
South Carolina	0	0	0
Texas	0	1	0
Virginia	0	3	0
Total	2	13	5

A list of the names of all franchisees and multi-unit developers and the addresses and telephone numbers of their businesses are provided in Exhibit F to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit developer who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Multi-Unit Development Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on Exhibit G to this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the ЯNR Tire Express System.

There are no trademark-specific organizations formed by our franchisees that are associated with the ЯNR Tire Express System.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are audited year-end financial statements for fiscal years ending December 31, 2016, 2017 and 2018. Also included in Exhibit A are unaudited financial statements through March 31, 2020.

Our fiscal year end is December 31st.

ITEM 22

CONTRACTS

The Franchise Agreement is attached to this Disclosure Document as Exhibit C. The Multi-Unit Development Agreement is attached to this Disclosure Document as Exhibit D. The Standard Form Release Agreement is attached to this Disclosure Document as Exhibit E.

ITEM 23

RECEIPTS

A receipt in duplicate is attached to the end of this Disclosure Document. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to SPF Mgt. Co., LLC, 13922 Monroe's Business Park, Tampa FL 33635.

Exhibit A to the Disclosure Document

Financial Statements

(See attached.)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

SPF MGT. CO., LLC

December 31, 2019 and 2018

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RIVERO, GORDIMER & COMPANY, P.A.

Member
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Herman V. Lazzara	Stephen G. Douglas
Marc D. Sasser	Michael E. Helton
Sam A. Lazzara	Christopher F. Terrigino
Kevin R. Bass	James K. O'Connor
Jonathan E. Stein	David M. Bohnsack
Richard B. Gordimer, of Counsel	
Cesar J. Rivero, in Memoriam (1942-2017)	

INDEPENDENT AUDITOR'S REPORT

Board of Directors
SPF MGT. CO., LLC

We have audited the accompanying financial statements of SPF MGT. CO., LLC (a Florida limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPF MGT. CO., LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Tampa, Florida
April 26, 2020



SPF MGT. CO., LLC

BALANCE SHEETS

December 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,671,089	\$ 1,816,690
Accounts receivable - net	624,070	940,086
Due from related company	1,203,043	858,933
Prepaid expenses and other assets	<u>226,760</u>	<u>84,521</u>
Total current assets	<u>4,724,962</u>	<u>3,700,230</u>
PROPERTY AND EQUIPMENT - net	<u>578,223</u>	<u>1,313,119</u>
INTANGIBLE ASSETS - net	<u>721</u>	<u>3,628</u>
DEPOSITS	<u>50,000</u>	<u>50,000</u>
TOTAL ASSETS	<u><u>\$ 5,353,906</u></u>	<u><u>\$ 5,066,977</u></u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 20,552	\$ 191,230
Accrued expenses	283,289	275,126
Deferred franchise fee revenue	646,875	464,375
Current portion of long-term debt	<u>278,828</u>	<u>71,021</u>
Total current liabilities	<u>1,229,544</u>	<u>1,001,752</u>
LONG-TERM LIABILITIES - long-term debt	<u>1,168,840</u>	<u>749,409</u>
COMMITMENTS AND CONTINGENCIES	<u>-</u>	<u>-</u>
Total liabilities	<u>2,398,384</u>	<u>1,751,161</u>
MEMBERS' EQUITY	<u>2,955,522</u>	<u>3,315,816</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 5,353,906</u></u>	<u><u>\$ 5,066,977</u></u>

The accompanying notes are an integral part of these statements.

SPF MGT. CO., LLC

STATEMENTS OF INCOME

For the year ended December 31,

	<u>2019</u>	<u>2018</u>
REVENUES		
Franchise fees	\$ 5,342,731	\$ 4,552,823
Management fees	702,844	621,934
Rental and lease income	43,000	102,445
Commissions and other income	109,407	100,895
Total revenues	<u>6,197,982</u>	<u>5,378,097</u>
OPERATING EXPENSES		
Salaries and benefits	1,850,938	1,513,684
Amortization	242	1,814
Bank charges	3,099	2,054
Computer support	183,285	119,022
Depreciation	109,673	76,100
Insurance	63,893	52,884
Marketing and franchise sales costs	305,010	285,611
Occupancy costs	213,125	71,821
Office expenses	187,764	182,726
Professional fees	761,862	643,851
Repairs and maintenance	26,630	11,349
Taxes, licenses and permits	11,088	13,940
Travel and meetings	385,991	322,964
Vehicle expense	104,181	86,057
Total operating expenses	<u>4,206,781</u>	<u>3,383,877</u>
Operating income	<u>1,991,201</u>	<u>1,994,220</u>
OTHER INCOME/(EXPENSE)		
Interest income	17,257	-
Interest expense	(60,743)	(37,074)
Loss on disposal of equipment	(4,213)	-
Total other income/(expense)	<u>(47,699)</u>	<u>(37,074)</u>
NET INCOME	<u><u>\$ 1,943,502</u></u>	<u><u>\$ 1,957,146</u></u>

The accompanying notes are an integral part of these statements.

SPF MGT. CO., LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31,

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 3,315,816	\$ 2,035,358
Net income	1,943,502	1,957,146
Distributions to members	<u>(2,303,796)</u>	<u>(676,688)</u>
Balance at end of year	<u>\$ 2,955,522</u>	<u>\$ 3,315,816</u>

The accompanying notes are an integral part of these statements.

SPF MGT. CO., LLC
STATEMENTS OF CASH FLOWS

For the year ended December 31,

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Net income	\$ 1,943,502	\$ 1,957,146
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	109,915	77,914
Loss on disposal of fixed assets	4,213	-
Decrease (increase) in accounts receivable	316,016	(199,229)
(Increase) decrease in prepaid expenses	(142,239)	6,134
(Decrease) increase in accounts payable	(170,678)	86,297
Increase (decrease) in accrued expenses	8,163	(2,571)
Increase in deferred revenue	182,500	125,312
Total adjustments	<u>307,890</u>	<u>93,857</u>
Net cash provided by operating activities	<u>2,251,392</u>	<u>2,051,003</u>
Cash flows from investing activities		
Acquisition of property and equipment	<u>(99,111)</u>	<u>(250,404)</u>
Net cash used by investing activities	<u>(99,111)</u>	<u>(250,404)</u>
Cash flows from financing activities		
Payments on notes payable	(209,722)	(65,876)
Proceeds from issuance of debt	1,300,018	-
Net advances to related company	(344,110)	(253,289)
Distributions to members	<u>(2,044,068)</u>	<u>(676,688)</u>
Net cash used by financing activities	<u>(1,297,882)</u>	<u>(995,853)</u>
Net increase (decrease) in cash	<u>854,399</u>	<u>804,746</u>
Cash at beginning of year	<u>1,816,690</u>	<u>1,011,944</u>
Cash at end of year	<u><u>\$ 2,671,089</u></u>	<u><u>\$ 1,816,690</u></u>
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	<u>\$ 60,743</u>	<u>\$ 37,074</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the business and a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Business

SPF MGT. CO., LLC (the "Company") is a limited liability company organized in 1999 under the laws of the State of Florida. The Company has been authorized to use the RNR Tire Express name, logos, business systems, etc. for the purpose of selling franchises in RNR Tire Express. Additionally, the Company provides management support services to franchises and various companies located throughout the country. The Company is owned by Larry D. Sutton, Linda Petko and Vince Ficarrotta (collectively, the "Members") who have membership interest of 90%, 5% and 5%, respectively. The liability of each Member is limited to the balances in each Member's capital account. The Company will continue indefinitely, unless dissolved earlier pursuant to the terms of the operating agreement of the Company.

2. Basis of Accounting

The Company presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

3. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for uncollectible accounts has been established in the amount of approximately \$2,000 at December 31, 2019 and 2018. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

5. Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are cash and cash equivalents. The Company places its cash and cash equivalents in institutions it believes to be of high credit quality. Management does not believe that a significant credit risk is associated with cash and cash equivalents.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Company policy is to capitalize expenditures for property and equipment greater than \$5,000. Maintenance and repairs are charged to expense as incurred. Depreciation is provided in amounts to relate the cost of depreciable assets over their estimated useful lives ranging from three to forty years.

7. Intangible Assets

Intangible assets consist of loan closing costs. These costs are being amortized over the five-year term of the underlying loan payable on a straight-line basis and are included in other assets net of accumulated amortization of \$242 and \$1,814 for the years ended December 31, 2019 and 2018 in the accompanying financial statements. Amortization expense totaled \$242 and \$1,814 for the years ended December 31, 2019 and 2018.

8. Revenue Recognition/Change in Accounting Principle

The Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASC 606") during the year ended December 31, 2019.

ASC 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The objective is to allow financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows resulting from contracts with customers.

The Company has been authorized to use the RNR Tire Express name, logos, business systems, etc. for the purpose of selling franchises in RNR Tire Express. The franchise agreements are for a term of 10 years. Upon the expiration of the franchise agreement, the franchise will have the option to extend the license agreement for two additional periods of five years each, for a total of 10 years. Franchisees pay continuing fees of 3% - 5% of monthly sales during the agreement period to the Company. During 2019, 10 new franchise stores opened, resulting in a total of 128 franchise stores operating at December 31, 2019. During 2018, 7 new franchise stores opened, resulting in a total of 118 franchise stores operating at December 31, 2018.

The Company's revenue is generated substantially from franchise agreements with affiliates which allow the affiliates to operate under the RNR Tire Express brand name and operations model. The Company's performance obligations on these contracts is to provide the affiliate the right to operate an RNR Tire Express retail business during the franchise agreement period.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Franchise fee revenue from area franchise sales is recognized, net of an allowance for uncollectible amounts, only when all material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor. Generally, these services include training personnel and delivery of certain products, supplies, other materials, and operating assets for use in the operations of the franchise. Franchise fees include initial franchise fees of approximately \$266,000 and \$174,000 for the years ended December 31, 2019 and December 31, 2018, respectively.

Deferred franchise fee revenue represents revenues from the sale of franchises. The Company has deferred this revenue until all material services or conditions of the sale have been substantially performed by the franchisor and business commences at the franchise location. The amount of deferred franchise fee revenue totaled \$646,875 and \$464,375 at December 31, 2019 and 2018, respectively, and is included in deferred revenue on the balance sheets.

The Company adopted ASU 2014-09 using the retrospective method. The adoption of this standard did not result in significant changes to the Company's accounting policies or impact its financial position, results of operations or cash flows. As such, there was no cumulative effect adjustment upon adoption.

9. Income Taxes

The Company is a limited liability company taxed as an S Corporation for income tax purposes. All income or loss is allocated to the members of the entity based on their respective pro-rata shares. Consequently, no provision for income taxes associated with the Company has been included in these financial statements, as income taxes are a liability of the members rather than of the entity.

The Company is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2015 remain subject to examination by federal and state taxing authorities.

10. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. Advertising costs amounted to approximately \$305,000 and \$286,000 for the years ended December 31, 2019 and 2018, respectively.

12. Reclassifications

Certain amounts from the December 31, 2018 financial statements have been reclassified to conform to the December 31, 2019 presentation.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31,:

	2019	2018
Land	\$ -	\$ 261,375
Land improvements	-	105,625
Buildings	-	857,464
Computers and equipment	118,360	228,996
Furniture and fixtures	299,901	260,974
Vehicles	364,533	291,414
	782,794	2,005,848
Less accumulated depreciation	(204,571)	(692,729)
	<u>\$ 578,223</u>	<u>\$ 1,313,119</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$109,673 and \$76,100, respectively.

NOTE C - LONG-TERM DEBT

Long-term debt consisted of the following at December 31,:

	2019	2018
Loan payable to bank in monthly installments of \$4,415 including interest at 4.25% through November 2020 with balloon payment of remaining balance due in December 2020; secured by a mortgage on the property, paid in full during 2019	\$ -	\$ 641,628

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE C - LONG-TERM DEBT – Continued

	2019	2018
Loan payable to bank in monthly installments of \$795 including interest at 3.40% through April 2019; secured by a lien on a vehicle, paid in full during 2019	-	3,070
Loan payable to bank in monthly installments of \$1,365 including interest at 3.99% through April 2022; secured by a lien on a vehicle, paid in full during 2019	-	51,182
Loan payable to bank in monthly installments of \$1,133 including interest at 4.89%, through May 2022; secured by a lien on a vehicle	30,908	42,641
Loan payable to bank in monthly installments of \$925 including interest at 6.19%, through October 2023; secured by a lien on a vehicle	37,038	46,244
Loan payable to bank in monthly installments of \$700 including interest at 6.49%, through January 2024; secured by a lien on a vehicle	29,837	35,665
Loan payable to bank in monthly installments of \$19,205 including interest at 5.64%, through July 2024; secured by all receivables	927,249	-
Loan payable to bank in monthly installments of \$4,243 including interest at 4.95%, through February 2026; secured by equipment	269,499	-
Loan payable to bank in monthly installments of \$1,751 including interest at 4.31% through March 2025; secured by vehicle	98,370	-
Loan payable to bank in monthly installments of \$1,306 including interest of 4.69% through October 2023; secured by vehicle	54,767	-
Total long-term debt	1,447,668	820,430
Less current portion	(278,828)	(71,021)
Long-term maturities	<u>\$ 1,168,840</u>	<u>\$ 749,409</u>

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE C - LONG-TERM DEBT – Continued

Future maturities of long-term debt are as follows:

<u>Year ending December 31,</u>	
2020	\$ 278,828
2021	294,697
2022	303,216
2023	308,980
2024+	<u>261,947</u>
	<u>\$ 1,447,668</u>

NOTE F - RELATED PARTY

The Company entered into various management agreements with other companies. The majority member of the Company is also a stockholder of these companies. The management agreements call for the Company to provide accounting and administrative services for a specified fee. Revenues generated from these management agreements totaled approximately \$703,000 and \$622,000 during the years ended December 31, 2019 and 2018, respectively. In addition, the Company pays expenses on behalf of these companies.

Amounts receivable from other organizations related by common ownership of approximately \$125,000 and \$532,000 at December 31, 2019 and 2018, respectively, are included in accounts receivable.

The Company advanced funds throughout the year to a company related by common ownership. The net amount due from the related company approximated \$1,203,000 at December 31, 2019.

The Company leases its office space from a company controlled by a majority member of the Company on a month-to-month basis. Rent expense approximated \$64,000 and \$204,000 for the years ended December 31, 2019 and 2018, respectively. Annual rent is subject to review.

The Company leased a building and equipment to a franchisee that was controlled by the majority member of the Company. Rental income approximated \$43,000 and \$102,000 for the years ended December 31, 2019 and 2018, respectively.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE G - COMMITMENTS

1. Operating Leases

The Company leases office equipment under terms meeting the classification requirements of an operating lease. Approximate future minimum payments under the operating lease agreements are as follows:

Year ending December 31,

2020	\$	3,500
2021		3,500
2022		3,500
2023		1,800
		<hr/>
	\$	12,300
		<hr/>

2. Insurance Premiums

The Company financed a portion of their insurance premiums totaling approximately \$44,300 in 2018. These agreements bear interest at 7.42% per annum. Principal and interest of \$4,581 were due monthly through March 2019.

The Company financed a portion of their insurance premiums totaling approximately \$42,100 in 2019. These agreements bear interest at 7.45% per annum. Principal and interest of \$4,354 are due monthly through March 2020.

NOTE H - 401(K) PLAN

The Company has a 401(k) savings plan for the benefit of its employees that covers substantially all employees. The plan allows employees to make contributions from their compensation on a tax deferred basis. The Company's matching contribution was approximately \$50,000 and \$43,000 for the years ended December 31, 2019 and 2018, respectively.

NOTE I - NON-CASH INVESTING AND FINANCING ACTIVITIES

In November 2018, the Company acquired a vehicle which was financed by obtaining a loan payable for \$35,665.

In March 2019, the Company acquired a vehicle which was financed by obtaining a loan payable for \$110,919.

In June 2019, the Company distributed land, property and equipment in the net amount of \$890,644 to the members. Additionally, the loan associated with the old property in the net amount of \$630,915 was distributed to the owners.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE I - NON-CASH INVESTING AND FINANCING ACTIVITIES – Continued

In October 2019, the Company acquired a vehicle which was financed by obtaining a loan payable for \$56,938.

NOTE J - SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to December 31, 2019 as of April 26, 2020 which is the date the financial statements were available to be issued.

Subsequent to year end the Company distributed \$369,000 to its members for income tax purposes.

In April 2020, the Company co-guaranteed a total of \$8 million of credit facilities for organizations that are related through common ownership. These credit facilities will expire at various times through 2027. In the event of default by the borrowers, the Company may be required to pay the lender all or a portion of the outstanding balance at the time of default.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions or restrictions on our employees' ability to work, decreases in affiliate fees as a result of decreases in franchisees' revenues. The potential future financial impact on the Company cannot be reasonably estimated at this time.

In April 2020, the Company applied for a \$288,000 loan under the U.S. Small Business Administration *Payroll Protection Program* ("PPP"). The PPP loans have a two-year maturity at one percent annual interest with a loan forgiveness provision should the business spend the proceeds on qualifying expenses (payroll, rent, mortgage interest and utilities) within the eight-week covered period following the receipt of the loan proceeds.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

SPF MGT. CO., LLC

December 31, 2018 and 2017

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RIVERO, GORDIMER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Member

American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

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Stephen G. Douglas
Michael E. Helton
Christopher F. Terrigino
James K. O'Connor

INDEPENDENT AUDITOR'S REPORT

Board of Directors
SPF MGT. CO., LLC

We have audited the accompanying financial statements of SPF MGT. CO., LLC (a Florida limited liability company), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPF MGT. CO., LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Tampa, Florida
April 26, 2019

SPF MGT. CO., LLC

BALANCE SHEETS

December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,816,690	\$ 1,011,944
Accounts receivable - net	940,086	740,857
Due from related company	858,933	605,644
Prepaid expenses	<u>84,521</u>	<u>90,655</u>
Total current assets	<u>3,700,230</u>	<u>2,449,100</u>
PROPERTY AND EQUIPMENT - net	<u>1,313,119</u>	<u>1,103,150</u>
INTANGIBLE ASSETS - net	<u>3,628</u>	<u>5,442</u>
DEPOSITS	<u>50,000</u>	<u>50,000</u>
TOTAL ASSETS	<u><u>\$ 5,066,977</u></u>	<u><u>\$ 3,607,692</u></u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 191,230	\$ 104,933
Accrued expenses	273,621	255,776
Insurance payable	1,505	21,921
Deferred franchise fee revenue	464,375	339,063
Current portion of long-term debt	<u>71,021</u>	<u>67,265</u>
Total current liabilities	<u>1,001,752</u>	<u>788,958</u>
LONG-TERM LIABILITIES - long-term debt	<u>749,409</u>	<u>783,376</u>
COMMITMENTS AND CONTINGENCIES	<u>-</u>	<u>-</u>
Total liabilities	<u>1,751,161</u>	<u>1,572,334</u>
MEMBERS' EQUITY	<u>3,315,816</u>	<u>2,035,358</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 5,066,977</u></u>	<u><u>\$ 3,607,692</u></u>

The accompanying notes are an integral part of these statements.

SPF MGT. CO., LLC

STATEMENTS OF INCOME

For the year ended December 31,

	2018	2017
REVENUES		
Franchise fees	\$ 4,552,823	\$ 3,548,465
Management fees	621,934	534,257
Rental and lease income	102,445	99,116
Commissions and other income	100,895	91,668
Total revenues	<u>5,378,097</u>	<u>4,273,506</u>
OPERATING EXPENSES		
Salaries and benefits	1,513,684	1,415,367
Amortization	1,814	1,814
Bank and SBA charges	2,054	1,139
Computer support	119,022	95,670
Depreciation	76,100	69,795
Insurance	52,884	47,967
Marketing and franchise sales costs	285,611	265,440
Occupancy costs	71,821	67,512
Office expenses	182,726	134,006
Professional fees	643,851	516,920
Repairs and maintenance	11,349	6,104
Taxes, licenses and permits	13,940	17,214
Travel and meetings	322,964	259,412
Vehicle expense	86,057	68,663
Total operating expenses	<u>3,383,877</u>	<u>2,967,023</u>
Operating income	<u>1,994,220</u>	<u>1,306,483</u>
OTHER INCOME/(EXPENSE)		
Miscellaneous income	-	442
Interest expense	(37,074)	(36,412)
Gain/loss on disposal of assets	-	7,786
Total other income/(expense)	<u>(37,074)</u>	<u>(28,184)</u>
NET INCOME	<u>\$ 1,957,146</u>	<u>\$ 1,278,299</u>

The accompanying notes are an integral part of these statements.

SPF MGT. CO., LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31,

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 2,035,358	\$ 1,591,780
Net income	1,957,146	1,278,299
Distributions to members	<u>(676,688)</u>	<u>(834,721)</u>
Balance at end of year	<u>\$ 3,315,816</u>	<u>\$ 2,035,358</u>

The accompanying notes are an integral part of these statements.

SPF MGT. CO., LLC
STATEMENTS OF CASH FLOWS

For the year ended December 31,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Net income	\$ 1,957,146	\$ 1,278,299
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	77,914	71,609
Gain on disposal of fixed assets	-	(7,786)
Increase in accounts receivable	(199,229)	(33,564)
Decrease (increase) in prepaid expenses	6,134	(41,023)
Increase in deposits	-	(50,000)
Increase in accounts payable	86,297	95,899
Increase in accrued expenses	17,845	75,756
Decrease in insurance payable	(20,416)	(8,157)
Increase in deferred revenue	125,312	80,626
Total adjustments	<u>93,857</u>	<u>183,360</u>
Net cash provided by operating activities	<u>2,051,003</u>	<u>1,461,659</u>
Cash flows from investing activities		
Acquisition of property and equipment	(250,404)	(7,172)
Proceeds from sale of vehicles	<u>-</u>	<u>2,500</u>
Net cash used by investing activities	<u>(250,404)</u>	<u>(4,672)</u>
Cash flows from financing activities		
Payments on notes payable	(65,876)	(70,505)
Net advances to related company	(253,289)	(605,644)
Distributions to members	<u>(676,688)</u>	<u>(834,721)</u>
Net cash used by financing activities	<u>(995,853)</u>	<u>(1,510,870)</u>
Net increase (decrease) in cash	<u>804,746</u>	<u>(53,883)</u>
Cash at beginning of year	<u>1,011,944</u>	<u>1,065,827</u>
Cash at end of year	<u><u>\$ 1,816,690</u></u>	<u><u>\$ 1,011,944</u></u>
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	<u><u>\$ 37,074</u></u>	<u><u>\$ 36,412</u></u>
Taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the business and a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Business

SPF MGT. CO., LLC (the "Company") is a limited liability company organized in 1999 under the laws of the State of Florida. The Company has been authorized to use the RNR Tire Express name, logos, business systems, etc. for the purpose of selling franchises in RNR Tire Express. Additionally, the Company provides management support services to franchises and various companies located throughout the country. The Company is owned by Larry D. Sutton, Linda Petko and Vince Ficarrotta (collectively, the "Members") who have membership interest of 90%, 5% and 5%, respectively. The liability of each Member is limited to the balances in each Member's capital account. The Company will continue indefinitely, unless dissolved earlier pursuant to the terms of the operating agreement of the Company.

2. Basis of Accounting

The Company presents its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

3. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for uncollectible accounts has been established in the amount of approximately \$2,000 at December 31, 2018 and 2017. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

5. Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are cash and cash equivalents. The Company places its cash and cash equivalents in institutions it believes to be of high credit quality. Management does not believe that a significant credit risk is associated with cash and cash equivalents.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017

NOTE A - DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Company policy is to capitalize expenditures for property and equipment greater than \$5,000. Maintenance and repairs are charged to expense as incurred. Depreciation is provided in amounts to relate the cost of depreciable assets over their estimated useful lives ranging from three to forty years.

7. Intangible Assets

Intangible assets consist of loan closing costs. These costs are being amortized over the five-year term of the underlying loan payable on a straight-line basis and are included in other assets net of accumulated amortization of \$1,814 for the years ended December 31, 2018 and 2017 in the accompanying financial statements. Amortization expense totaled \$1,814 for the years ended December 31, 2018 and 2017.

8. Income Taxes

The Company is a limited liability company taxed as an S Corporation for income tax purposes. All income or loss is allocated to the members of the entity based on their respective pro-rata shares. Consequently, no provision for income taxes associated with the Company has been included in these financial statements, as income taxes are a liability of the members rather than of the entity.

The Company is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2014 remain subject to examination by federal and state taxing authorities.

9. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. Advertising costs amounted to approximately \$286,000 and \$265,000 for the years ended December 31, 2018 and 2017, respectively.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31,:

	<u>2018</u>	<u>2017</u>
Land	\$ 261,375	\$ 261,375
Land improvements	105,625	105,625
Buildings	857,464	857,464
Computers and equipment	228,996	228,996
Furniture and fixtures	260,974	14,069
Vehicles	<u>291,414</u>	<u>252,250</u>
	2,005,848	1,719,779
Less accumulated depreciation	<u>(692,729)</u>	<u>(616,629)</u>
	<u><u>\$ 1,313,119</u></u>	<u><u>\$ 1,103,150</u></u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$76,100 and \$69,795, respectively.

NOTE C - LONG-TERM DEBT

Long-term debt consisted of the following at December 31,:

	<u>2018</u>	<u>2017</u>
Loan payable to bank in monthly installments of \$4,415 including interest at 4.25% through November 2020 with balloon payment of remaining balance due in December 2020; secured by a mortgage on the property	\$ 641,628	\$ 666,382
Loan payable to bank in monthly installments of \$795 including interest at 3.40% through April 2019; secured by a lien on a vehicle	3,070	12,335
Loan payable to bank in monthly installments of \$1,365 including interest at 3.99% through April 2022; secured by a lien on a vehicle	51,182	63,910

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017

NOTE C - LONG-TERM DEBT – Continued

	<u>2018</u>	<u>2017</u>
Loan payable to bank in monthly installments of \$1,133 including interest at 4.89%, through May 2022; secured by a lien on a vehicle	42,641	53,809
Loan payable to bank in monthly installments of \$925 including interest at 6.19%, through October 2023; secured by a lien on a vehicle	46,244	54,205
Loan payable to bank in monthly installments of \$700 including interest at 6.49%, through January 2024; secured by a lien on a vehicle	<u>35,665</u>	<u>-</u>
Total long-term debt	820,430	850,641
Less current portion	<u>(71,021)</u>	<u>(67,265)</u>
Long-term maturities	<u><u>\$ 749,409</u></u>	<u><u>\$ 783,376</u></u>

Future maturities of long-term debt are as follows:

Year ending December 31,

2019	\$ 71,021
2020	659,068
2021	45,548
2022	27,353
2023	<u>17,440</u>
	<u><u>\$ 820,430</u></u>

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017

NOTE D - FRANCHISE FEE REVENUE

The Company has been authorized to use the RNR Tire Express name, logos, business systems, etc. for the purpose of selling franchises in RNR Tire Express. The franchise agreements are for a term of 10 years. Upon the expiration of the franchise agreement, the franchise will have the option to extend the license agreement for two additional periods of five years each, for a total of 10 years. Franchisees pay continuing fees of 3% - 5% of sales during the agreement period to the Company. During 2018, 7 new franchise stores opened, resulting in a total of 118 franchise stores operating at December 31, 2018.

Revenue from the sale of individual franchises is recognized when substantially all significant services to be provided by the franchisor have been performed and the franchise location commences business. Revenue from the sale of franchises totaled approximately \$174,000 and \$268,000 for the years ended December 31, 2018 and 2017, respectively, and is included in franchise fees revenue on the statements of income.

Deferred franchise fee revenue represents revenues from the sale of franchises. The Company has deferred this revenue until all material services or conditions of the sale have been substantially performed by the franchisor and business commences at the franchise location. The amount of deferred franchise fee revenue totaled \$464,375 and \$339,063 at December 31, 2018 and 2017, respectively, and is included in deferred revenue on the balance sheets.

NOTE F - RELATED PARTY

The Company entered into various management agreements with other companies. The majority member of the Company is also a stockholder of these companies. The management agreements call for the Company to provide accounting and administrative services for a specified fee. Revenues generated from these management agreements totaled approximately \$622,000 and \$534,000 during the years ended December 31, 2018 and 2017, respectively. In addition, the Company pays expenses on behalf of these companies.

Amounts receivable from other organizations related by common ownership of approximately \$532,000 and \$365,000 at December 31, 2018 and 2017, respectively, are included in accounts receivable.

The Company advanced funds throughout the year to a company related by common ownership. The net amount due from the related company approximated \$859,000 at December 31, 2018.

The Company leases its office space from a company controlled by a majority member of the Company on a month-to-month basis. Rent expense approximated \$64,000 and \$61,000 for the years ended December 31, 2018 and 2017, respectively. Annual rent is subject to review.

The Company leases a building and equipment to a franchisee that is controlled by the majority member of the Company. Rental income approximated \$102,000 and \$99,000 for the years ended December 31, 2018 and 2017, respectively.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017

NOTE G - COMMITMENTS

1. Operating Leases

The Company leases office equipment under terms meeting the classification requirements of an operating lease. Approximate future minimum payments under the operating lease agreements are as follows:

Year ending December 31,

2019	\$	3,500
2020		3,500
2021		3,500
2022		3,500
2023		1,800
		<hr/>
	\$	15,800
		<hr/>

2. Insurance Premiums

The Company financed a portion of their insurance premiums totaling approximately \$44,300 in 2018. These agreements bear interest at 7.42% per annum. Principal and interest of \$4,581 are due monthly through March 2019.

The Company financed a portion of their insurance premiums totaling approximately \$10,700 in 2017. These agreements bear interest at 10.85% per annum. Principal and interest of \$1,121 were due monthly through March 2018.

NOTE H - 401(K) PLAN

The Company has a 401(k) savings plan for the benefit of its employees that covers substantially all employees. The plan allows employees to make contributions from their compensation on a tax deferred basis. The Company's matching contribution was approximately \$43,000 and \$41,000 for the years ended December 31, 2018 and 2017, respectively.

NOTE I - NON-CASH INVESTING AND FINANCING ACTIVITIES

In April 2017, the Company acquired a vehicle which was financed by obtaining a loan payable for \$60,000.

In September 2017, the Company conferred a vehicle with a net book value of \$3,526 to an employee of the Company in exchange for the employee assuming the remaining loan payable balance of \$8,811.

SPF MGT. CO., LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018 and 2017

NOTE I - NON-CASH INVESTING AND FINANCING ACTIVITIES – Continued

In October 2017, the Company acquired a vehicle which was financed by obtaining a loan payable for \$55,353.

In November 2018, the Company acquired a vehicle which was financed by obtaining a loan payable for \$35,665.

NOTE J - SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to December 31, 2018 as of April 26, 2019 which is the date the financial statements were available to be issued.

Subsequent to year end the Company distributed \$190,000 to shareholders for income tax purposes.

SPF MGT CO., LLC
FINANCIAL STATEMENTS
MARCH 31, 2020
unaudited

SPF MGT CO., LLC
BALANCE SHEET
MARCH 31, 2020

	JAN 2020	FEB 2020	MAR 2020
ASSETS:			
Current Assets			
Cash in Bank	\$ 1,972,617	\$ 1,924,778	\$ 2,192,859
Accounts Receivable	1,697,886	1,774,463	1,718,808
Franchisee Receivables	523,961	581,204	432,846
Other Prepays	103,056	131,191	100,765
Total Current Assets	<u>4,297,519</u>	<u>4,411,636</u>	<u>4,445,277</u>
Property & Equipment			
Property & Equipment	764,509	787,480	787,480
Less: Accumulated Depreciation	(196,447)	(206,607)	(216,767)
Total Property & Equipment	<u>568,062</u>	<u>580,873</u>	<u>570,713</u>
Other Assets			
Investments	100,000	100,000	100,000
Deposits	50,000	50,000	50,000
Amortizable Fees	721	721	721
Total Other Assets	<u>150,721</u>	<u>150,721</u>	<u>150,721</u>
TOTAL ASSETS	<u>\$ 5,016,303</u>	<u>\$ 5,143,231</u>	<u>\$ 5,166,711</u>
LIABILITIES & MEMBERS' EQUITY:			
Current Liabilities			
Accounts Payable	\$ 14,138	\$ 12,656	\$ 30,881
Accrued Expenses	280,273	212,405	126,936
Current Portion Long Term Debt	278,828	278,828	278,828
Current Portion Capital Leases	-	-	-
Total Current Liabilities	<u>573,239</u>	<u>503,889</u>	<u>436,644</u>
Long Term Liabilities			
Deferred Revenue	631,875	691,875	698,438
Loan Payable FNBC	912,547	916,693	882,641
Less Current Portion	(278,828)	(278,828)	(278,828)
Loan Payable Vehicles	246,159	243,127	236,565
Loan Payable Equipment	266,403	263,296	260,103
Total Long Term Liabilities	<u>1,778,156</u>	<u>1,836,162</u>	<u>1,798,918</u>
Total Liabilities	<u>2,351,395</u>	<u>2,340,052</u>	<u>2,235,562</u>
MEMBERS' EQUITY:			
Members' Equity	2,534,588	2,528,627	2,521,691
Current Profit (Loss)	130,320	274,552	409,459
Total Members' Equity	<u>2,664,908</u>	<u>2,803,179</u>	<u>2,931,149</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	<u>\$ 5,016,303</u>	<u>\$ 5,143,230</u>	<u>\$ 5,166,711</u>

SPF MGT CO., LLC
INCOME STATEMENT
FOR THE THREE MONTHS ENDING MARCH 31, 2020

	JAN 2020	FEB 2020	MAR 2020	YTD 2020	%
Revenues					
Franchise Fees	\$ 30,000	\$ -	\$ 23,750	\$ 53,750	2.8%
Management Fees	1,821	2,377	3,527	7,725	0.4%
Sutton Adventures II, Inc.	5,119	5,194	6,870	17,183	0.9%
SA Leesburg, LLC	3,512	3,601	4,651	11,764	0.7%
Rent 'n' Roll, LLC	30,741	32,150	42,598	105,489	5.8%
HSK, LLC	3,454	3,593	4,570	11,617	0.6%
SPFK, LLC	7,190	7,718	9,893	24,801	1.4%
SPFP, LLC	3,896	4,166	5,850	13,912	0.7%
United Household Rentals, Inc.	4,515	4,726	4,488	13,728	0.8%
Gulf Coast L&P	30,918	33,441	31,207	95,566	5.9%
JACL, Inc.	3,420	3,346	2,812	9,577	0.6%
RIMS-USA	90,599	92,238	85,691	268,527	16.8%
Full-o-Pep Wheels, Inc.	5,323	5,520	4,902	15,744	1.0%
KLQ-RNR, LLC	2,973	3,021	3,003	8,996	0.5%
Rental Concepts, LLC	119,651	128,674	114,524	362,849	22.8%
RNR-Missouri, LLC	23,031	24,477	22,359	69,867	4.4%
RNR of Virginia, LLC	36,388	38,737	35,743	110,868	6.9%
B&B Rentals, LLC	13,344	13,577	11,996	38,918	2.5%
Daniel Vail Investments, LLC	28,297	31,006	25,292	84,595	5.4%
JSA Tires, Inc.	18,472	20,333	18,120	56,925	3.6%
HSAC, LLC	5,190	5,505	5,006	15,701	1.0%
RNR of TX, LLC	17,466	20,468	18,128	56,062	3.5%
Wright Leasing, LLC	16,163	16,426	14,879	47,469	3.0%
Rental Concepts-WEST	5,407	6,224	5,852	17,484	1.1%
Buckeye Wheel & Tire, LLC	4,912	6,059	4,958	15,929	1.0%
Ronik, Inc.	3,673	4,075	4,024	11,773	0.7%
COAZ, LLC	6,110	6,318	6,341	18,768	1.1%
OZARKGA, LLC	6,328	6,868	7,237	20,433	1.2%
NEVADA RTO, LLC	2,428	3,170	4,703	10,301	0.5%
East Coast Tire Biz, Inc.	3,604	4,342	4,884	12,830	0.7%
Commissions/Other Income	9,771	8,892	10,720	29,383	1.7%
Revenues	\$ 543,716	\$ 546,241	\$ 548,577	\$ 1,638,535	100.0%
Operating Expenses					
Employee Lease Expense	\$ 156,433	\$ 138,245	\$ 168,007	\$ 462,685	27.0%
Benefits	14,554	14,362	15,669	44,586	2.7%
Office	8,095	11,103	28,001	47,200	1.8%
Bank Charges	326	677	299	1,301	0.1%
Marketing / Development	38,326	35,873	53,773	127,971	6.8%
Legal & Accounting	5,656	3,449	8,680	17,784	0.8%
Computer / IFX Support	14,639	11,712	6,511	32,862	2.4%
Travel / Meetings	52,147	64,765	26,160	143,072	10.7%
Plane Lease/Expenses	18,302	10,205	9,073	37,581	2.6%
Telephone	2,764	2,051	1,590	6,404	0.4%
Rent	16,869	16,869	16,869	50,606	3.1%
Vehicle Expense	15,978	17,089	14,430	47,496	2.8%
Insurance	5,355	5,355	5,355	16,065	1.0%
Repair & Maintenance	3,897	5,699	2,352	11,948	0.9%
Depreciation	3,702	3,702	3,702	11,106	0.7%
Copier Lease	318	318	318	954	0.1%
Utilities	561	755	641	1,957	0.1%
Consulting Fees	53,139	55,695	48,723	157,558	10.0%
Taxes, Licenses & Permits	395	0	1,718	2,112	0.0%
Interest Expense (Income)	1,941	4,086	1,800	7,827	-0.5%
Total Operating Expense	413,397	402,009	413,670	1,229,076	73.6%
Net Profit (Loss)	\$ 130,320	\$ 144,232	\$ 134,907	\$ 409,459	26.4%

SPF MGT. CO., LLC
STATEMENT OF CASH FLOWS
MARCH 31, 2020

	JAN 2020	FEB 2020	MAR 2020	YTD 2019
Beginning Cash	2,671,089	\$ 1,972,617	\$ 1,924,778	\$ 2,671,089
Net Profit (Loss)	130,320	144,232	134,907	409,459
Add Depreciation/Amortization	10,160	10,160	10,160	30,480
Loss-Disposal of Assets	-	-	-	-
	<u>\$ 2,811,569</u>	<u>\$ 2,127,009</u>	<u>\$ 2,069,845</u>	<u>\$ 3,111,028</u>
Other Sources:				
Gain from Sales of Assets	-	-	-	-
Increase (dec) in Deferred Fees	(15,000)	60,000	6,563	51,563
Working Capital Loan-FNBC	-	-	-	-
Vehicle Financing	-	-	-	-
Other Financing	-	-	-	-
Net Sources	<u>(15,000)</u>	<u>60,000</u>	<u>6,563</u>	<u>51,563</u>
Uses:				
(Inc) Dec in Accounts Rec	(369,800)	(76,577)	55,655	(390,723)
(Inc) Dec in Fees Rec	(29,165)	(57,243)	148,358	61,951
(Inc) Dec in Fixed Assets	-	(22,971)	-	(22,971)
(Inc) Dec in Ppds & Other	27,937	(28,135)	30,426	30,228
(Dec) Inc in Payables	(9,429)	(69,350)	(67,245)	(146,024)
Loan Payments Iberia Bank	-	-	-	-
Loan Payments FNBC	(14,702)	4,146	(34,052)	(44,608)
Loan Payments Vehicles	(4,763)	(3,032)	(6,562)	(14,358)
Loan Payments Equipment	(3,094)	(3,107)	(3,193)	(9,394)
SH Distributions Cash	(420,935)	(5,961)	(6,936)	(433,832)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Uses	<u>(823,952)</u>	<u>(262,231)</u>	<u>116,451</u>	<u>(969,731)</u>
Cash Available	<u>\$ 1,972,617</u>	<u>\$ 1,924,778</u>	<u>\$ 2,192,859</u>	<u>\$ 2,192,859</u>

Exhibit B to the Disclosure Document

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, SPF Mgt. Co., LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which SPF Mgt. Co., LLC has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

<u>CALIFORNIA</u> Department of Business Oversight: 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 Agent: California Commissioner of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 1 Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	<u>CONNECTICUT</u> State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent: Banking Commissioner
<u>HAWAII</u> (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	<u>ILLINOIS</u> The Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

<p><u>INDIANA</u> (state administrator)</p> <p>Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p> <p>(agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531</p>	<p><u>MARYLAND</u> (state administrator)</p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p> <p>(for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u> (state administrator)</p> <p>Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street, 6th Floor Lansing, Michigan 48933 (517) 335-7567</p> <p>(for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909</p>	<p><u>MINNESOTA</u> (state administrator)</p> <p>Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600</p> <p>(for service of process) Minnesota Commissioner of Commerce</p>
<p><u>NEW YORK</u> (Administrator)</p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236 Phone (212) 416-6042 Fax</p> <p>(Agent for service of process) Attention: NY Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492</p>	<p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>

<p><u>OREGON</u></p> <p>Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4387</p> <p>Agent: Director of the Department of Consumer and Business Services</p>	<p><u>RHODE ISLAND</u></p> <p>Division of Securities Rhode Island Dept. of Business Regulation John O. Pastore Complex – Bldg. 69-1 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9500</p>
<p><u>SOUTH DAKOTA</u></p> <p>Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, South Dakota 57501-3168 (605) 773-3563</p>	<p><u>VIRGINIA</u></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p> <p>(for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p><u>WASHINGTON</u> (state administrator)</p> <p>Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760</p> <p>(for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501</p>	<p><u>WISCONSIN</u> (state administrator)</p> <p>Division of Securities Department of Financial Institutions 201 W. Washington Ave., 3rd Floor Madison, Wisconsin 53703 (608) 266-1064</p> <p>(for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W. Washington Ave., 3rd Floor Madison, Wisconsin 53703</p>

Exhibit C to the Disclosure Document

Franchise Agreement

(See attached.)

SPF MGT CO., LLC
JNR TIRE EXPRESS
FRANCHISE AGREEMENT

NAME OF FRANCHISEE

DATE OF AGREEMENT

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ATTACHMENT

- 1 – Guaranty, Indemnification and Acknowledgment
- 2 – Data Sheet
- 3 – Conditional Assignment of Lease/Consent & Agreement of Lessor
- 4 – Confidentiality and Non-Competition Agreement
- 5 – Franchisee Disclosure Acknowledgment Statement
- 6 – Internet Website and Listing Agreement; Telephone Listing Agreement
- 7 – Electronic Funds Transfer Authorization
- 8 – SBA Addendum
- 9 – State Addendum

**ЯNR TIRE EXPRESS
FRANCHISE AGREEMENT**

This franchise agreement ("Agreement") is dated, made and entered into this day _____, by and between SPF Mgt. Co., LLC, a Florida limited liability company with its principal place of business at 13922 Monroes Business Park, Tampa FL 33635 ("we", "us" or "our"); and _____, whose mailing address is _____ ("you" or "your").

W I T N E S S E T H:

WHEREAS, we and our affiliate, as the result of the expenditure of time, skill, effort and resources have developed and own a distinctive format and system (the "System") relating to the establishment and operation of ЯNR Tire Express stores, which sell and rent wheels, tires, and other automotive accessories;

WHEREAS, the distinguishing characteristics of the ЯNR Tire Express System include the proprietary marks described herein, distinctive interior and exterior designs, distinctive logos and printed material designs and content, confidential operating procedures, standards, and specifications for equipment, parts, products, services, and management and marketing programs, all of which may be changed, improved, and further developed by us from time to time at our sole discretion;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the marks "Rent-n-Roll", "ЯNR Custom Wheels & Tires" and "ЯNR Tire Express", and such other trade names, service marks, and trademarks as are now designated and may hereinafter be designated by us in writing for use in connection with the System (the "Proprietary Marks");

WHEREAS, we continue to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, cleanliness, appearance and service;

WHEREAS, you recognize and understand the benefits to be derived from being identified with the System and the value of the Proprietary Marks and the continued uniformity of our image to you, us, and other franchisees of the System, as well as the public;

WHEREAS, you recognize and understand that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on you, including strict adherence to all of our present and future requirements regarding the types of products and services offered, advertising, physical facilities, operational techniques, policies, practices, designs, and related matters;

WHEREAS, you desire to enter into the business of operating an ЯNR Tire Express store under our System and Proprietary Marks at the location within the territory specified in this Agreement and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance provided by us in connection therewith; and

WHEREAS, you have read this Agreement and our Franchise Disclosure Document and have had adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of your choosing; and you understand and accept the terms, conditions, and covenants herein contained as being reasonably necessary to maintain our high standards of quality, appearance, and service.

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

1. GRANT

1.1 Grant of Franchise

We hereby grant to you the right, and you undertake the obligation, to establish and operate an ЯNR Tire Express store (the “ЯNR Tire Express Store” or “Franchised Business”), and the right to use in the operation of the ЯNR Tire Express the Proprietary Marks and the System, as they may be changed, improved, and further developed from time to time in our sole discretion, only at the location set forth on the data sheet which is attached as Attachment 2 hereto (the “Data Sheet”).

1.2 Approved Location

The exact street address of the location authorized and approved hereunder for the operation of the ЯNR Tire Express Store is set forth in the Data Sheet (the “Approved Location”). If, at the time of execution of this Agreement, a location for the ЯNR Tire Express Store has not been both obtained by you and approved by us, you shall lease or acquire a location, subject to our approval.

You shall, within six (6) months after the date you execute this Agreement, provide to us all of the information we require in order to evaluate the site you propose for your ЯNR Tire Express Store, including, but not limited to, a description of the proposed site and information or materials as we may reasonably require, including a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site, the name of the landlord, if any, photographs of the site from all angles, a description of the zoning for the site, a description of the road(s) on which the site is located, a description of neighboring businesses, ease of access to the site, and traffic counts and plans for the proposed location. We will have thirty (30) days after receipt of all required information to notify you whether the proposed site is approved. If we approve of your proposed site, it will be included on the Data Sheet as the Approved Location. You understand and acknowledge that our approval of a proposed site for your ЯNR Tire Express Store is not a representation, warranty or guaranty that you will be successful at that site or that you will achieve any level of profitability. Our approval only indicates that the site meets our minimum criteria for an ЯNR Tire Express Store at the time of our review.

If an Approved Location is not obtained within six (6) months after you sign the Franchise Agreement, we may terminate your Franchise Agreement and refund a portion of the initial franchise fee, as described in Section 4.1.

You shall not relocate the ЯNR Tire Express Store without obtaining our prior written consent in the manner required by Section 5.6 hereof.

1.3 Your Territory

Except as otherwise provided in this Agreement, we shall not, during the term of this Agreement or any extension thereof, establish and operate, nor license any party other than you to establish and operate, any ЯNR Tire Express Store under the System and the Proprietary Marks within the territory set forth in the Data Sheet attached as Attachment 2 (the “Territory”); provided, however, that you acknowledge and agree that we retain the rights, among others, to (a) use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other ЯNR Tire Express Stores at any location outside of the Territory; and (b) establish and operate, and license others to establish and operate, a business similar to an ЯNR Tire Express Store under different Proprietary Marks at any location, except within the Territory or an existing ЯNR Tire Express franchisee’s established territory.

1.4 Alternative Channels of Distribution

You acknowledge and agree that we and our affiliates may sell products under the Proprietary Marks within and outside your Territory through any method of distribution other than a dedicated ЯNR Tire Express Store, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Territory except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except that if we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any proprietary products or other products offered by an ЯNR Tire Express Store calling for delivery or performance in your Territory, then we will offer the order to you. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this.

1.5 Rights Limited to Retail Sale

The rights granted to you hereunder shall only include the right to sell products and services from the Approved Location to retail customers for their use and consumption. The rights granted to you hereunder shall specifically exclude, among others, any right to sell any product or service for resale or to sell any product or service at or from any place other than the Approved Location.

2. TERM AND RENEWAL

2.1 Term

This Agreement shall commence upon its acceptance and execution by us and shall expire ten (10) years from the date this Agreement is executed by us, unless this Agreement is terminated as provided herein.

2.2 Renewal

You may, subject to the following conditions, renew this Agreement for two (2) additional, consecutive terms of ten (10) years each. Your right to renew shall be specifically subject to the following conditions, all of which must be satisfied prior to the time when you shall have the right to exercise your right to renew:

2.2.1 You shall give us written notice of your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the then-current term;

2.2.2 You shall make or provide for, in a manner satisfactory to us, such renovation and modernization of the ЯNR Tire Express Store, its signs and equipment and effectuate and incorporate any changes in products, services or the System in accordance with our then-current standards, practices and image of the System, at your expense;

2.2.3 As of the date of renewal you shall not be, nor shall have been at any time during the initial term, in default in any material respect of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you (or, if you are a corporate entity, your officers, directors, shareholders, partners, members or managers, as applicable) or your affiliates and us, our affiliates, or any principal of ours or our affiliates;

2.2.4 You shall have satisfied all monetary obligations owed by you, or your officers, directors, shareholders, partners, members, managers and affiliates to us, our affiliates, and any principal of ours or our affiliates, under this and any other agreement between them and shall have timely met those obligations throughout the term of this Agreement;

2.2.5 You shall present evidence satisfactory to us that you have the right to remain in possession of the Approved Location for the duration of the renewal term or shall obtain our approval of a new location for the JNR Tire Express Store for the duration of the renewal term;

2.2.6 You shall, at our option, execute our then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including a higher Royalty Fee, National Advertising Fund Fee and other fees payable to us pursuant to the renewal franchise agreement;

2.2.7 You shall execute a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our respective officers, directors, agents, and employees;

2.2.8 You shall comply with our then-current qualifications and training requirements;
and

2.2.9 You shall pay us a renewal fee in an amount equal to One Thousand Five Hundred Dollars (\$1,500), which shall be due and payable to us at the time of signing of the renewal franchise agreement.

2.3 Renewal Under Law

Even though we may decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

2.4 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us the renewal franchise agreement and other ancillary documents required by us for a renewal franchise, together with the renewal fee.

2.5 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Approved Location is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

3. OUR DUTIES

3.1 Manuals

We shall provide you, on loan, one (1) copy of our Confidential Operating Manuals (the “Manuals”), as more fully described in Section 9 hereof.

3.2 Plans and Specifications

We shall provide you, at no charge to you, our standard floor plans for a prototypical ЯNR Tire Express Store. You acknowledge that such plans shall not contain or address the requirements of any federal, state or local law, code or regulation, including, without limitation, those concerning the Americans with Disabilities Act (the “ADA”) or similar rules governing public accommodations or commercial facilities for persons with disabilities. You acknowledge that you are solely responsible, at your own cost, for obtaining additional plans or specifications necessary to construct the ЯNR Tire Express Store.

3.3 Training

We shall provide training as set forth in Section 6 of this Agreement.

3.4 Pre-Opening Assistance

We shall provide on-site pre-opening and opening supervision and assistance as set forth in Section 6.2 of this Agreement.

3.5 Advertising and Promotional Material

We shall provide to you from time to time such advertising plans and promotional materials as we deem necessary in our sole discretion, which may include sample outdoor advertisements, sample radio advertisements, coupons, recommended advertising schedules, special promotions, direct mail materials, and similar advertising and promotional materials.

3.6 Products Recommended or Disapproved for Sale

We have the right, from time to time, to recommend for sale, as specified in the Manuals or otherwise in writing, various additional products and services, and to recommend additional suppliers. We reserve the right to disapprove specific products, which thereafter cannot be sold or offered for sale at any ЯNR Tire Express Store, and to disapprove specific suppliers from which you are thereafter prohibited from purchasing products. We also reserve the right to require you to purchase all products from suppliers who have been expressly approved by us in writing.

3.7 Ongoing Advice

We shall provide to you from time to time, as we deem appropriate, advice and written materials concerning techniques of managing and operating the ЯNR Tire Express Store, including, but not limited to, required and suggested inventory and sales methods, new developments and improvements in Franchised Business layout and design, and new developments in products and marketing techniques.

3.8 Inspections

We shall conduct from time to time such inspections of your operation of the ЯNR Tire Express Store as we deem advisable.

3.9 National Advertising Fund

We shall have the right, without the obligation, to establish and administer a brand promotion fund in the manner set forth in Section 12 hereof.

3.10 Computer System

We shall have the right to specify, suggest, or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the ЯNR Tire Express Store, between or among ЯNR Tire Express Stores, and between or among you and/or your ЯNR Tire Express Store and us; (b) physical, electronic, and other security systems; (c) printers and other peripheral hardware or devices; (d) archival back-up systems; and (e) Internet access mode and speed (collectively, the “Computer System”). Compliance with such requirements shall be at your sole cost and expense.

We shall also have the right, but not the obligation, to designate: (a) computer software programs that you must use in connection with the Computer System (the “Required Software”), which you shall install at your sole cost and expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install at your expense; (c) the tangible media upon which such you record data; and (d) the database file structure of the Computer System. You acknowledge that all data stored by the Required Software or on the Computer System, including, but not limited to, any customer database, is our sole property.

3.11 Performance by Designee

You acknowledge and agree that any duty or obligation imposed on us by this Agreement may be performed by any designee, employee, or agent of ours, as we may direct.

3.12 Generally

We will offer you such other initial and continuing services as we deem necessary or advisable in our sole discretion to further the Franchised Business and the System as a whole and in connection with protecting our Proprietary Marks and goodwill. Our failure to provide any particular service, either initially or continually, will not excuse you from paying any fees or other amounts due under this Agreement.

3.13 Promotions

We may offer promotions on products to be offered at the Franchised Business. You may choose to participate in such promotional programs.

4. FEES

4.1 Initial Franchise Fee; Location Study Fee

In consideration of the franchise granted herein, you shall pay to us an initial franchise fee (the “Initial Franchise Fee”) equal to Thirty-Five Thousand Dollars (\$35,000) concurrently with your execution of this Agreement, receipt of which is hereby acknowledged. The Initial Franchise Fee is fully earned, in consideration of administrative and other expenses incurred by us in entering into this Agreement and for our lost or deferred opportunity to enter into this Agreement with others, and is not refundable except as follows:

4.1.1 if you and/or your General Manager are not able to complete our initial training program to our satisfaction (after giving you an opportunity to designate a replacement General Manager), we have the right to terminate this Agreement and refund fifty percent (50%) of the Initial Franchise Fee that you paid to you;

4.1.2 if you are unable to find a location for your Store within six (6) months after you sign this Agreement, we have the right to terminate this Agreement and refund fifty percent (50%) of the Initial Franchise Fee you paid to you; or

4.1.3 if your Store has not opened for business within twelve (12) months after you sign this Agreement, we have the right to terminate this Agreement and refund fifty percent (50%) of the Initial Franchise Fee you paid to you.

If this Agreement is being executed pursuant to a Multi-Unit Development Agreement, and this Agreement is for your second (2nd) through third (3rd) Store, then the Initial Franchise Fee payable hereunder shall be reduced to Thirty Thousand Dollars (\$30,000). If this Agreement is for your fourth (4th) store and for each additional Store developed thereafter then the Initial Franchise Fee payable hereunder shall be reduced to Twenty Thousand Dollars (\$20,000).

If this Agreement is being executed pursuant to a Multi-Unit Development Agreement, then the Initial Franchise Fee payable hereunder shall be reduced by the applicable portion of the Development Fee paid to us pursuant to such Multi-Unit Development Agreement, and you shall pay any balance due on such Initial Franchise Fee upon execution of this Agreement.

In addition to the Initial Franchise Fee, you shall pay to us, in a lump sum, upon execution of this Agreement a location study / demographic analysis fee in the amount of Two Thousand Five Hundred Dollars (\$2,500). This fee shall not be refundable.

4.2 Royalty Fee

During the term of this Agreement, you shall pay to us five percent (5%) of the Gross Revenues, as defined in Section 4.4 hereof, for your ЯNR Tire Express Store ("Royalty Fee"). The Royalty Fee is payable to us bi-weekly on Tuesdays (or the next business day if any payment date is not a business day) for the immediately preceding two (2) week period.

4.3 Advertising Expenditures and Contributions

You shall make monthly expenditures and contributions for advertising and promotion as specified in Section 12 hereof.

4.4 "Gross Revenues" Defined

As used in this Agreement, "Gross Revenues" means the entire amount of the receipts from all business conducted in or from the facility, including without limitation all sales or rentals or leases of wheels, tires, or other automotive accessories and services. Gross Revenues shall not include any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority.

If you do not report the Store's Gross Revenues, we may debit your account for one hundred twenty percent (120%) of the last Royalty and National Advertising Fund Fees that we debited. If the Royalty and National Advertising Fund Fees we debit are less than the Royalty and National Advertising Fund Fees you actually owe us, once we have been able to determine your true and correct Gross Revenues, we will debit your account for the balance on a day we specify. If the Royalty and National

Advertising Fund Fees we debit are greater than the Royalty and National Advertising Fund Fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following period.

4.5 Overdue Payments

All payments shall be timely delivered to us or our affiliates together with any reports or statements required under Section 11 hereof. Any payment or report not actually received by us on or before its date due shall be deemed overdue. If any payment is overdue, you shall pay us, in addition to the overdue amount, interest on such overdue amount at eighteen percent (18%) per annum or the maximum legal rate of interest we can charge, whichever is less, from the date it was due until paid, together with reasonable attorneys' fees and costs, and costs of investigation. Entitlement to such payments shall be in addition to any other remedies we may have under this Agreement, at law or in equity. You shall not be entitled to set-off any payments required to be made under Sections 4, 7, and 12 hereof against any monetary claim you may have against us. We reserve the right to require that payments to us or our affiliates required by this Agreement be made by electronic funds transfer, as provided in Section 4.6 hereof.

4.6 Electronic Funds Transfer

If we designate that payments required under this Agreement be made by electronic funds transfer, you shall deposit into one bank account and maintain sufficient revenue to cover payments due to us and our affiliates. You shall execute and deliver any authorizations required by us, our bank or your bank, including, but not limited to, the Electronic Funds Transfer Authorization attached hereto as Attachment 7, in order to authorize us to withdraw funds from your bank account via electronic funds transfer without further consent or authorization for your payments to us and our affiliates under this Agreement. In the event you change banks or accounts for the bank account required by this Section 4.6, you shall, prior to such change, provide such information concerning the new account and an authorization to make withdrawals therefrom. Your failure to provide such information concerning the bank account required by this Section 4.6 or any new account, or your withdrawal of consent to electronic funds transfers for whatever reason and by whatever method, shall be a breach of this Agreement.

4.7 Statement of Gross Revenues

Each Royalty Fee payment shall be accompanied by a statement of the Gross Revenues for the previous two (2) week period on a form approved by us and certified by you or, in the case of a partnership or corporation, by your general partner or the president or manager.

4.8 Effect of Force Majeure on Royalty Fee Payments

If you are unable to operate the ЯNR Tire Express Store due to damage or loss at the Approved Location caused by fire, flood, earthquake, or other natural disaster, war, or governmental act not arising actually or allegedly from your failure to comply with all applicable laws and regulations, then the Royalty Fee shall be waived for the lesser of six (6) months or the time reasonably necessary with due diligence to resume operation, commencing with the month in which the damage or loss occurs. In lieu of the Royalty Fee and Gross Revenues statement otherwise required by this Agreement, during such period you shall provide to us by the tenth (10th) day of each month a written statement describing the nature of the damage or loss and your efforts to resume operation of the Franchised Business, certified in the same manner as required for the statement of Gross Revenues.

4.9 Insufficient Funds Fee

If, for any reason, any payment owed by you to us is denied by your bank due to insufficient funds in your account, then you shall, in addition to applicable interest as described in Section 4.5 above, pay us an insufficient funds fee in the amount of One Hundred Dollars (\$100). If you incur three (3) insufficient funds fees within any twelve (12) month period, we will have the right to terminate this Agreement without providing you an opportunity to cure the default.

5. OPENING OF FRANCHISED BUSINESS; RELOCATION

5.1 Construction; Opening

You shall construct or renovate and equip the ЯNR Tire Express Store at your own expense in a good, workmanlike manner in compliance with our specifications, and shall commence operations of the ЯNR Tire Express Store not later than twelve (12) months after you execute this Agreement. Your failure to open the ЯNR Tire Express Store within this time period shall be considered a material breach and default under this Agreement and will entitle us to terminate this Agreement pursuant to Section 15 hereof. The construction or renovation shall conform with all applicable requirements of local authorities and shall be in accordance with our standards and general specifications, including specifications relating to architectural and design requirements, specified elements, color standards, and signage. Before commencing any renovation or construction of the ЯNR Tire Express Store, you, at your expense, shall employ a qualified architect or engineer, if required by law, to prepare preliminary and final architectural and engineering drawings and specifications of the Franchised Business in accordance with our standard floor plans, which will be provided to you at no cost. Such preliminary and final drawings and specifications shall be submitted to us for our prior written approval. Upon our approval, the drawings and specifications shall not thereafter be changed or modified without our prior written approval. Our approval shall not relate to your obligations with respect to any federal, state or local laws, codes or regulations including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the ЯNR Tire Express Store, which shall be your sole responsibility.

5.2 Permits and Clearances

You shall be responsible, at your expense, for conforming the Approved Location to local ordinances, building codes and the ADA, and for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and mall clearances, which may be required by federal, state or local laws, ordinances, or regulations. We reserve the right to require you to certify in writing, and provide such other evidence as we may request, that you are in compliance with all laws, ordinances, and codes applicable to the Franchised Business and the Approved Location.

5.3 Pre-Opening Inspection

You shall provide at least fourteen (14) days' prior notice to us of the date on which you propose to open the ЯNR Tire Express Store for business. We shall have the right, at our option, to inspect, approve, and require changes to the ЯNR Tire Express Store prior to its opening for business at your own expense. You shall not open the ЯNR Tire Express Store without our prior written approval, which approval shall not be unreasonably withheld. The parties agree that time is of the essence in the opening of the ЯNR Tire Express Store. **You must have written approval prior to opening.**

5.4 No Liens; Failure to Timely Begin Operation

You shall have discharged, released of record, or fully bonded any construction liens or other liens that may be recorded or perfected which may be attached to the Approved Location as a result of work done by or for you. In the event that the Franchised Business is not open for business when

required (other than as a result of force majeure, unforeseen unavailability of raw materials, supplies, equipment, approvals, permits, or licenses, or labor disputes or our acts or omissions), you shall be deemed in default of this Agreement and we may, at our option, terminate this Agreement upon notice to you, without affording you any opportunity to cure the default pursuant to Section 15.2.1 herein, and refund a portion of the Initial Franchise Fee. No act or omission by you will excuse any delay in beginning operation of the Franchised Business beyond twelve (12) months after you sign this Agreement.

5.5 Certification Prior to Operation

The Franchised Business may not be operated until such time as you certify in writing, to our satisfaction, that all construction and equipment has been satisfactorily acquired or completed, your managers and all employees have been trained as required by this Agreement, the ЯNR Tire Express Store is ready for opening in all other respects, certificates of insurance have been furnished in accordance with Section 13.3 herein, you are in compliance with all the terms of this Agreement, and all items contained in our opening checklist have been completed to our satisfaction. You acknowledge that any opening for business prior to the satisfaction of all of the above conditions will be seriously detrimental to the financial prospects of the Franchised Business and will cause irreparable damage to our goodwill and reputation, for which we shall be entitled to injunctive relief.

5.6 Relocation

You shall not relocate the ЯNR Tire Express Store without our prior written approval. We shall have the right, in our sole discretion, to withhold approval of relocation. If we permit you to relocate your ЯNR Tire Express Store, the relocated site must be within your Territory.

6. TRAINING

6.1 Initial Training Program

Prior to the opening of the ЯNR Tire Express Store, you, your general managers and up to two (2) additional employees (a minimum of four (4) trainees) must attend and successfully complete to our satisfaction the standard initial training program for franchisees offered by us.

6.1.1 Our standard initial training program shall consist of approximately two (2) weeks of training on-line, at our offices in Tampa, Florida, at an operating ЯNR Tire Express Store, or at another location designated by us. You and your general manager must complete our mandatory initial training program to our satisfaction. If we determine that you or your general manager cannot complete our initial training program to our satisfaction, after giving you the opportunity to designate a replacement general manager to attend our initial training program at your expense, we may terminate your Franchise Agreement and refund a portion of your initial franchise fee.

6.1.2 At our option, any persons subsequently employed by you in the position of manager shall, prior to the assumption of duties, also attend and complete to our satisfaction our initial training program for franchisees, at your expense.

6.1.3 You, or one (1) of your principals, and your manager(s) and other employees shall also attend such additional courses, seminars, conventions, and programs as we may reasonably require from time to time.

6.2 Opening Assistance

In addition to the initial training program, we shall provide you with one (1) of our representatives to provide on-site pre-opening and opening assistance for a period of up to fourteen (14) days around the opening of your ЯNR Tire Express Store. You must reimburse all expenses our representative incurs while providing such opening assistance including, but not limited to, travel, lodging and meals.

6.3 Franchisee Meetings; Refresher Training

We reserve the right to conduct periodic refresher training and/or an annual meeting of our franchisees, and we may designate that attendance by you and/or your general manager is mandatory. We reserve the right to specify the location of any refresher training or annual meeting, but we will not designate any unreasonably expensive location.

6.4 Expenses

All training shall be conducted at such times, dates and places as we designate from time to time, and shall be subject to the availability of our personnel. For the initial training program and all additional courses, seminars, conventions and programs described in this Section 6, you shall be responsible for any and all expenses incurred by you and your employees in connection with any such courses, seminars, conventions, and programs, including, without limitation, the costs of travel, lodging, meals and applicable wages.

6.5 Additional Training or Assistance at the Approved Location

If you request that we provide additional training or assistance on-site at your ЯNR Tire Express Store, subject to the availability of our personnel, you agree to pay our then-current per diem fee for each representative we send to provide such training or assistance, and you agree to reimburse our representatives' expenses while providing such training or assistance, including, but not limited to, travel, lodging and meals expenses.

7. YOUR DUTIES

7.1 Standard of Operation

You understand and acknowledge that every detail of the Franchised Business is important to you, us, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the products and services sold by all Franchised Businesses operating under the System, and to protect our reputation and goodwill.

7.2 Store Operation

You shall use the ЯNR Tire Express Store premises solely for the operation of the business franchised hereunder; shall keep the ЯNR Tire Express Store open and in normal operation for such minimum hours and days as we may specify, subject to applicable law or the terms of the lease for the premises; shall refrain from using or permitting the use of the ЯNR Tire Express Store premises for any other purpose or activity at any time without first obtaining our written consent, including, without limitation, storing at the premises of the ЯNR Tire Express Store any products not authorized by us; and shall operate the ЯNR Tire Express Store in strict conformity with such methods, standards, and specifications as we may from time to time prescribe in the Manuals or otherwise in writing. You shall refrain from deviating from such standards, specifications, and procedures without our prior written consent.

7.3 Adherence to Standards and Specifications

To insure that the highest degree of quality and service is maintained, you shall operate the ЯNR Tire Express Store in strict conformity with such methods, standards, and specifications as we may from time to time prescribe in the Manuals or otherwise in writing. You agree:

7.3.1 To maintain in sufficient supply (as we may prescribe in the Manuals or otherwise in writing), and to use at all times, only those products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs, and other items as conform with our standards, specifications, processes, procedures, requirements, and instructions, and to refrain from deviating therefrom by the use of nonconforming items, without our prior written consent.

7.3.2 To sell or offer for sale only such products and services that comply with our standards and specifications and that are authorized under the System as described in the Manuals or otherwise in writing by us from time to time; to use your best efforts to sell or offer for sale all types of products and services recommended by us; to refrain from any deviation from our standards and specifications without our prior written consent; to discontinue selling and offering for sale any products or services which we may, in our discretion, disapprove in writing at any time; and to refrain from purchasing products from suppliers which we may, in our discretion, disapprove in writing at any time.

7.3.3 To, consistent with the terms of this Agreement, diligently develop the business of the ЯNR Tire Express Store and use your best efforts to market and promote the required products and services.

7.3.4 To use only signs, advertising, and promotional materials, services, equipment, supplies, uniforms, furnishings, and fixtures that meet our standards and specifications.

7.3.5 To acquire products from such suppliers, which may include us or our affiliates, that conform to our standards and specifications; and to use your best efforts to acquire products from suppliers recommended by us.

7.3.5.1 You acknowledge and agree that we may from time to time expressly approve for sale in writing as specified in the Manuals or otherwise certain other products and services that may be offered for sale at the ЯNR Tire Express Store as we deem appropriate in our sole discretion.

7.3.5.2 You acknowledge and agree that we shall have the right to require that any product or category of product be immediately removed from sale if we, during any inspection, reasonably believe the product does not meet our standards and specifications. You agree immediately to remove such product from sale upon our request.

7.3.5.3 You acknowledge and agree that we shall have the right to require you to purchase all products from suppliers who have been expressly approved by us in writing.

7.3.6 To refrain from offering or selling any of the products or services offered for sale hereunder from catalogs, through mail-order, interactive television, the World Wide Web, the Internet, or other electronic order-placement or entry system, without our prior written consent, which we are not required to provide.

7.3.7 To refrain from installing or permitting to be installed, unless specifically approved in writing, in advance, by us any vending machine, game or similar coin-operated device; any

pay telephones, newspaper racks, concession stands, jukeboxes, gum machines, games, rides or coin vending machines.

7.3.8 To comply with all reasonable restrictions on maximum prices of specific products or services to be offered or sold hereunder by you as required in the Manuals, in any advertising program described in Section 12 hereof, or as otherwise reasonably specified in writing from time to time by us. We shall provide guidance in determining prices charged by you for products and services but will not control such prices. Nothing contained herein shall be deemed a representation by us that if you follow such reasonable restrictions on minimum or maximum prices that you will, in fact, generate or optimize profits.

Your failure to adhere to these standards could result in termination of this Agreement.

7.4 Fixtures, Furnishings and Equipment

You shall purchase and install, at your expense, all fixtures, furnishings, equipment (including, without limitation, a Computer System, facsimile machine and telephone), computer software, décor, and signs as we may reasonably direct from time to time. You shall refrain from installing or permitting to be installed on or about the ЯNR Tire Express Store premises, without our prior written consent, any fixtures, furnishings, equipment, décor, signs, or other items that do not conform to our standards and specifications.

7.5 Sources of Products

Except for purchases made directly from us or our affiliates, you shall purchase all products, supplies, materials, fixtures, furnishings, and equipment used or offered for sale at the ЯNR Tire Express Store solely from suppliers (including manufacturers, distributors, and other sources) which demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications and who possess adequate quality controls and capacity to supply your needs promptly and reliably. We may from time to time disapprove, or revoke our approval of, particular products or suppliers when we determine, in our sole discretion, that such products or suppliers do not meet our standards. Upon receipt of written notice of such decision, you shall cease to sell and remove any disapproved products and cease to purchase products from any disapproved supplier. It is your responsibility to return all disapproved products to the vendor within fourteen (14) days. We may also approve additional products or suppliers from time to time in our sole discretion. We will promptly advise you of such changes. You agree that you shall use products offered for sale at the ЯNR Tire Express Store solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale. All dealings and transactions with customers and suppliers must be fair and honest.

We reserve the right to require you to purchase all products from suppliers who have been expressly approved by us in writing. If wheels (rims) and tires carried by approved suppliers are considered approved for you to offer and sell from your ЯNR Tire Express Store. Certain other automotive related products, such as bulbs, car wash products, upholstery cleaners, etc., must be approved by us before you may offer them from your ЯNR Tire Express Store. If you thereafter desire to purchase other automotive related products from a party other than an approved supplier, you shall submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our specifications as we may reasonably require. We shall use our best efforts to promptly notify you in writing of our approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld. You shall not purchase any products from the proposed supplier until our written approval of the proposed supplier is received. We may from time to time revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our

standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved products and cease to purchase from any disapproved supplier.

7.6 Grand Opening Advertising Requirement

Related to the grand opening of the Franchised Business, you shall conduct, at your expense, such pre-opening promotional and advertising activities as we reasonably may require as set forth in Section 12.2 hereof.

7.7 Inventory

Before the Franchised Business opens, you shall stock the initial inventory of products, accessories, equipment, inventory and supplies prescribed by us in the Manuals or otherwise in writing. Thereafter, you shall stock and maintain the foregoing in quantities sufficient to meet reasonably anticipated customer demand.

7.8 Permitted Entry and Inspection

You shall permit us and our agents to enter upon the ЯNR Tire Express Store premises and all other facilities used for service or storage, or the sale and transportation of products or services, at any time during normal business hours for the purpose of conducting inspections; shall cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. We, through our agents, shall have the right to immediately remove any product from sale if we reasonably believe the product fails to meet our standards and specifications. Should you, for any reason, fail to correct any deficiencies within a reasonable time as determined by us, we shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by us and to charge you a reasonable fee for our expenses in so acting, payable by you upon demand. The foregoing shall be in addition to such other remedies we may have.

7.9 Proprietary Marks

You shall ensure that all advertising and promotional materials, signs, decorations, and other items specified by us bear the Proprietary Marks in the form, color, location, and manner prescribed by us.

7.10 Maintenance of ЯNR Tire Express Store

You shall maintain the ЯNR Tire Express Store premises (including adjacent public areas and parking lots) in a safe, clean, sanitary, orderly condition and in excellent repair, and keep the inside and outside of the premises adequately lighted in conformance with our requirements and specifications; and, in connection therewith, you shall, at your expense, make such additions, alterations, repairs, and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct. All employees must be clean and neat in appearance and in compliance with the ЯNR Tire Express dress code, as described in the Manual or otherwise in writing.

7.11 Remodel or Upgrade

At our request, which shall not be made more frequently than every five (5) years during the term of this Agreement, you shall remodel or upgrade the ЯNR Tire Express Store premises, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary

Marks in a manner consistent with the then-current image for new Franchised Businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements. You acknowledge that an additional investment may be required pursuant to this Section 7.11.

7.12 On-Premises Supervision

The ЯNR Tire Express Store shall at all times be under the direct, on-premises supervision of you (or if you are a corporation, partnership or limited liability company, a principal of yours acceptable to us) or, if you or your principal will not manage the ЯNR Tire Express Store, a manager who has satisfactorily completed our training program. You shall maintain a competent, conscientious, trained staff, including a fully trained manager (who may be you). You shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

7.13 Customer Service Requirements

You must adhere to the following customer service requirements:

7.13.1 Maintain a positive image in the community as an ethical and competent business owner; ensure that your employees avoid any appearance or practice of poor quality, poor service, or dishonesty;

7.13.2 Strive to give customers better service, quality, and value than they expect in their dealings with the ЯNR Tire Express Store;

7.13.3 Treat all customers that visit the ЯNR Tire Express Store in a friendly, positive, and respectful manner;

7.13.4 Hire employees who are eager and willing to learn, honest, helpful, and able to clearly communicate factual information about our products and services;

7.13.5 Handle telephone calls from customers in a highly professional manner, warmly, politely, and clearly;

7.13.6 Manage customer complaints in a professional manner and treat such complaints as an opportunity to create goodwill with the customers; identify resolutions to problems and tell the customers specifically how their complaints will be addressed; never promise a customer something that you do not intend to do or do not reasonably believe can be done; and

7.13.7 Ensure that all information provided to you by your customers, including, but not limited to, names, addresses, telephone numbers, e-mail addresses, other contact information, and credit or debit card information, is maintained securely and is kept completely confidential. You acknowledge and agree that, in the event you fail to keep this information private according to our requirements or the requirements of local (whichever requirements are more stringent), you will indemnify us, our parent, affiliates and all of our respective officers, directors and employees from any damages resulting from any disclosure of confidential customer information, whether inadvertent or intentional.

7.14 Modifications to the System

Should we modify or alter the System during the term of this Agreement, we will notify you of such modifications and changes in writing and you shall implement such changes within sixty (60) days of receipt of our notice and instructions at your expense.

7.15 No Changes by You

You shall not implement any change, amendment, or improvement to the System without our express prior written consent. You shall notify us in writing of any change, amendment, or improvement in the System, including, without limitation, suggested new products or services, which you propose to make, and shall provide to us such information as we request regarding the proposed change, amendment, or improvement. You acknowledge and agree that we shall have the right to incorporate the proposed change, amendment, or improvement into the System and shall thereupon obtain all right, title, and interest therein without compensation to you.

7.16 Lease Requirements

You shall comply with all terms of your lease or sublease, and all other agreements affecting the operation of the Franchised Business.

7.17 System Advertising and Promotion

If you elect or are obligated hereunder to participate in any System promotion, you shall use such displays and promotional materials as we shall authorize and specify from time to time, and shall coordinate your participation with us and other System franchisees as we may direct.

7.18 Health and Safety Standards

You shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the ЯNR Tire Express. You shall furnish to us, within five (5) days after receipt thereof, a copy of any violation or citation which indicates your failure to maintain local health or safety standards in the operation of the ЯNR Tire Express Store.

7.19 Notice of Defaults or Claims

You shall immediately notify us in writing upon your receipt of a notice of default or termination under any lease or mortgage for the premises or any lawsuit or other legal claim against you, and will promptly provide us with a copy of the notice. You shall provide us written notice of any material event related to any such notice of default or termination or lawsuit or other legal claim. You shall also give us immediate written notice of any proposed taking of the premises, the Approved Location, or any portion thereof through the exercise of the power of eminent domain or through foreclosure or the execution of any judgment. If the premises or a substantial part thereof is to be taken through eminent domain, the franchise may be relocated within your Territory, or elsewhere upon our written approval in accordance with our location selection procedures.

7.20 Damage to Approved Location

If the Approved Location is damaged, you shall expeditiously repair the damage. If the damage or repair requires closing the Franchised Business, you shall immediately notify us in writing and, upon our written approval, shall:

7.20.1 Relocate the Franchised Business within the Territory in accordance with our location selection procedures; or

7.20.2 Repair or rebuild the Approved Location in accordance with our then-existing standards and general specifications and location construction and improvement procedures, and reopen the Franchised Business for continuous business operations as soon as practicable, but in any event within six (6) months after the damage occurred.

7.20.3 If the Franchised Business is not (or, in our sole discretion, cannot be) reopened or relocated in accordance with this Section 7.20, this Agreement shall terminate upon written notice to you.

7.21 Computer System and Required Software

At our request, you shall purchase or lease, and thereafter maintain, the Computer System and the Required Software at your expense. We shall have the right at any time to retrieve and use such data and information from your Computer System or Required Software that we deem necessary or desirable without compensation to you. You must make sure that we have electronic access to your Computer System, at your expense. You expressly agree to strictly comply with our standards and specifications for all items associated with your Computer System and Required Software in accordance with our standards and specifications. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, upgrades, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. You understand that this Agreement does not place any restrictions on our right to require you to upgrade or update your Computer System or Required Software, or to replace them entirely, nor are there any limitations on the cost of any such updates, updates or replacements.

7.22 No Extension of Time or Waiver of Fees

The term of this Agreement will not be extended by any interruption in the operation of the Franchised Business. Except as specifically provided for herein, no event during the term of this Agreement will excuse you from paying any fees required to be paid by this Agreement.

7.23 Customer Payment Options

You agree to accept for your products and services the forms of payment we authorize or designate, as set forth in the Manuals or otherwise in writing. You shall sell or otherwise issue gift cards or certificates (together “Gift Cards”) that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another ЯNR Tire Express Store. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other ЯNR Tire Express Stores and for making timely payment to us, other operators of ЯNR Tire Express Stores, or a third-party service provider for Gift Cards issued from the ЯNR Tire Express Store that are honored by us or other ЯNR Tire Express Store operators.

We reserve the right to alter the terms and conditions of any gift card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.

7.24 Your Principals

7.24.1 Your Principals shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality and Non-Competition Agreement which forms Attachment 4 to this Agreement. The Principals shall, jointly and severally, guarantee your performance of all of your obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein.

7.24.2 If, after the execution of this Agreement, any person ceases to qualify as one of your Principals (as defined below) or if any individual succeeds to or otherwise comes to occupy a position which would, upon designation by us, qualify him as one of your Principals, you shall notify us within ten (10) days after any such change and, upon designation of such person by us as one of your Principals, such person shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by us to be executed by others in such positions.

7.24.3 As used in this Agreement, the term “Principal” shall include, collectively and individually, (1) your spouse, if you are an individual, (2) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of you and (3) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of any Principal that itself is an entity, in each case whom we designate as your Principals and all holders of an ownership interest in you and of any entity directly or indirectly controlling you, and any other person or entity controlling, controlled by or under common control with you. As used in this Section 7.24, the terms “control” and “controlling” shall mean the power to influence the management decisions of the specified person and shall in any case be deemed to exist where the second person holds ten percent (10%) or more of the total ownership interest in the specified person, serves on any board of directors or comparable body of such specified person or acts as an officer, general partner or manager thereof (or holds a comparable position in a non-corporate entity). The initial Principals shall be listed on Attachment 2.

7.25 Roll-Safe/Roll-Pro Program

You agree that during the term of this Agreement, and if permitted by laws applicable to your ЯNR Tire Express Store, you will offer our Roll-Safe/Roll-Pro Program, or other similar program as we may direct from time to time, as an option to your customers. We reserve the right to amend this program at any time, provided that such program shall comply with all applicable state and federal laws. We also reserve the right to terminate this program at any time, and upon notice from us you shall discontinue offering the program to your customers.

7.26 Required Memberships

You agree that during the term of this Agreement you will enroll the ЯNR Tire Express Store and maintain a membership with the Tire Industry Association (TIA) and the Association of Progressive Rental Organizations (APRO) on an annual basis. Membership in TIA is One Hundred Eighty Dollars (\$180) annually and membership in APRO is Three Hundred Ninety-Five Dollars (\$395). We reserve the right to amend or terminate these membership requirements at any time. The annual cost of membership is subject to change from time to time.

8. PROPRIETARY MARKS

8.1 Representations

We represent with respect to the Proprietary Marks:

8.1.1 We have the right to use and to license others to use the Proprietary Marks; and

8.1.2 The trademark owner has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2 Use of the Proprietary Marks

With respect to your use of the Proprietary Marks pursuant to this Agreement, you agree that:

8.2.1 You shall use only the Proprietary Marks designated by us, and shall use them only in the manner authorized and permitted by us;

8.2.2 You shall use the Proprietary Marks only for the operation of the ЯNR Tire Express Store and only at the Approved Location, or in advertising and promotion for the business conducted at or from the Approved Location;

8.2.3 Unless otherwise authorized or required by us, you shall operate and advertise the ЯNR Tire Express Store only under the names “Rent-n-Roll”, “ЯNR Custom Wheels & Tires” and “ЯNR Tire Express”, and shall use all Proprietary Marks without prefix or suffix. You shall not use the Proprietary Marks as part of your corporate or other legal name;

8.2.4 During the term of this Agreement and any extension thereof, you shall identify yourself as the independent operator of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as we may designate in writing;

8.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of the trademark owner’s rights and will entitle us to exercise all of our rights under this Agreement in addition to all rights available at law or in equity;

8.2.6 You shall not use the Proprietary Marks to incur any obligation or indebtedness on our behalf;

8.2.7 You shall comply with our instructions in filing any requisite trade name or fictitious name registrations. The only costs to be borne by you in this respect are the cost and expense of your counsel and applicable filing fees. You shall execute any documents deemed necessary by us to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

8.2.8 You shall promptly notify us of any suspected, known, or threatened infringement or unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, any challenge to the ownership of, or our right to use and to license others to use, or your right to use, the Proprietary Marks, trade secrets, designs, confidential information, Manuals, methods, or procedures used in the System or any other interest of ours in the System. You acknowledge that we have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary

Marks, including any settlement thereof. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We shall defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by us. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Proprietary Marks, you shall execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in doing such acts;

8.2.9 You shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks;

8.2.10 You shall not take any action in derogation of our claimed rights in the Proprietary Marks whether now existing or later obtained; and

8.2.11 You shall cause the Proprietary Marks to be reproduced exactly and accurately in the exercise of your rights hereunder, in the manner prescribed by us.

8.3 Acknowledgments

You expressly understand and acknowledge that:

8.3.1 Our affiliate, Rent “N” Roll, LLC, is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and we have the right to use, and license others to use, the Proprietary Marks;

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System as well as to protect the uniformity of the System;

8.3.3 During the term of this Agreement and after its expiration or termination, you shall not directly or indirectly contest or aid in contesting the validity of the trademark owner’s ownership of, or our right to use and to license others to use, the Proprietary Marks;

8.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks;

8.3.5 You took no part in creating or developing, had no prior knowledge of, and have no rights or claims in or to, any element of the System;

8.3.6 Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to the benefit of the trademark owner, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to you or any of your principals, affiliates, subsidiaries, successors, licenses or assigns as attributable to any goodwill associated with your use of the System or the Proprietary Marks; and

8.3.7 You acknowledge that you do not have any right to deny the use of the Proprietary Marks to any other franchisees. In consideration therefor, you shall execute all documents and take such action as may be requested to allow us or other franchisees to have full use of the Proprietary Marks.

8.4 Non-Exclusive License

Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to you is non-exclusive, and we and our affiliates retain the following rights, among others: (a) to use the Proprietary Marks ourselves in connection with selling the same or similar products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to you.

8.5 Modification of Proprietary Marks

We reserve the right, in our sole discretion, to modify, add to, discontinue use of or substitute different proprietary marks for use in identifying the System and the ЯNR Tire Express Stores operating thereunder, and you agree to use such modified or substituted marks. You shall bear the costs of modifying your signs, displays, and promotional and advertising materials to conform to the Proprietary Marks designated by us. We shall have no obligation or liability to you as a result of such modification, addition, substitution or discontinuance. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

8.6 Cessation of Use after Expiration, Termination or Non-Renewal

Upon the expiration, termination or non-renewal of this Agreement, you shall immediately cease using the Proprietary Marks, color combinations, designs, symbols or slogans; and we may cause you to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, you shall not represent or imply that you are associated with us. To this end, you irrevocably appoint us or our nominee to be your attorney-in-fact to execute on your behalf any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use. You acknowledge and agree that the unauthorized use of the Proprietary Marks will result in irreparable harm to us for which we shall be entitled to obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

9. OPERATING MANUALS

9.1 Store Operation

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you shall operate the ЯNR Tire Express Store in strict accordance with the standards, methods, policies, and procedures specified in the Manuals, and any subsequent revisions or amendments thereto, one (1) copy of which you shall receive on loan from us for the term of this Agreement, or make available by electronic means, receipt of which is hereby acknowledged by you. You agree to immediately return the Manuals to us at the expiration or termination of this Agreement.

9.2 Confidentiality

You shall treat the Manuals, any other manuals created for or approved for use in the operation of the ЯNR Tire Express Store, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. You shall not copy, duplicate, record, or otherwise reproduce the

foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person without our written consent.

9.3 Exclusive Property

The Manuals shall remain our sole property and shall be kept in a secure place on the premises of the ЯNR Tire Express Store, or at such other location approved by us in writing.

9.4 Revisions to Manuals

We may from time to time revise the contents of the Manuals, and you expressly agree to comply with and implement each new or changed standard, method, policy and procedure.

9.5 Updating Manuals

You shall ensure that the Manuals are kept current at all times and all changes and additions shall be inserted in the Manuals by you immediately upon your receipt thereof. In the event of any dispute as to the contents of the Manuals, the terms of the master copy maintained by us at our home office shall be controlling.

9.6 Electronic Access to Manuals

We have the right to maintain all or any portions of the Manuals in written or electronic form, including, without limitation, on one or more Websites. If we maintain the Manuals in electronic form or on one or more Websites, you agree (a) to install, maintain, and upgrade continually throughout the term of this Agreement and as required by us in the Manuals and in writing from time to time, at your sole expense, high-speed Internet connection approved by us to provide access to such portions of the Manuals; (b) to make one (1) copy of such portions of the Manuals and to maintain such copies and their contents as secret and confidential; and (c) neither you nor any of your principals or employees shall make any electronic copy of any portion of the Manuals.

10. CONFIDENTIAL INFORMATION

10.1 Confidential Information

We possess certain proprietary and confidential information relating to the operation of the System, which includes trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information"). Any and all information, knowledge, know-how, and techniques which we specifically designate as confidential shall be deemed to be Confidential Information for purposes of this Agreement. You acknowledge and agree that we will disclose the Confidential Information to you in furnishing to you the training program and subsequent ongoing training, the Manuals and general assistance during the term of this Agreement. You acknowledge and agree that you will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, involves our trade secrets, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you shall: (1) not use the Confidential Information in any other business or capacity during and after the term of this Agreement; (2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) not make unauthorized copies of any portion of the Confidential Information and maintain restrictions on disclosure thereof to your employees by

reasonable methods; and (4) not disclose or permit access to any Confidential Information by any person, except for your employees requiring such access for you to fulfill your obligations under this Agreement.

10.2 Confidentiality Agreements

At our request, you shall obtain execution of the covenants described in Section 17 from the individuals described therein. We shall be a third party beneficiary of such agreements with the independent right to enforce their terms. You must provide us with a copy of each executed confidentiality agreement within ten (10) days after it is executed.

11. ACCOUNTING AND RECORDS

11.1 Recordkeeping

You shall keep, maintain and record all sales on such recordkeeping or reporting system(s) designated by us, or on any other equipment specified by us in the Manuals or otherwise in writing from time to time. You shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, complete and accurate books, records, and accounts, which fully and correctly record and disclose all transactions relating to or involving the operation of the ЯNR Tire Express Store, in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.

11.2 Recording Procedures

All Gross Revenues, sales tax, and charges collected on behalf of third parties shall be recorded by you in accordance with the procedures prescribed in the Manuals, and on such point-of-sale recording system as we may specify pursuant to Section 7 hereof.

11.3 Reports

You shall, at your expense, submit to us in the form prescribed by us, the following reports, financial statements, and other data, in addition to the report of Gross Revenues required by Section 4 above:

11.3.1 Within fifteen (15) days of our request, an accurate profit and loss statement and a report accurately reflecting all Gross Revenues during the preceding calendar month or any other period we specify;

11.3.2 Within ninety (90) days after the end of each fiscal year of the ЯNR Tire Express Store, financial statements prepared by an independent certified public accountant approved by us, including, without limitation, a complete and accurate profit and loss statement for the preceding year and balance sheet as of the end of such year, showing the results of operations of the ЯNR Tire Express Store during said fiscal year, which may be unaudited, unless you have received written notice from us requiring an audit and, in such event, you shall have ninety (90) days from receipt of the notice of audit requirement to provide us with the audited financial statements;

11.3.3 Within ten (10) days after their completion, all federal tax returns filed by you;

11.3.4 Upon our request, within ten (10) days after their timely completion, all state and local sales, income or other tax returns filed by you; and

11.3.5 Such other forms, reports, records, information, and data as we may reasonably designate from time to time or as may be described in the Manuals.

11.4 Inspection and Audit

We and our designated agents shall have the right at all reasonable times to examine and copy, at our expense, your books, records, accounts, and tax returns. We shall also have the right, at any time, to have an independent audit made of your books. If an inspection or audit should reveal that any payments have been understated in any report to us, then you shall immediately pay to us the amount understated upon demand, together with interest on such understated amount from the date such amount was due until paid at the interest rate provided in Section 4.5 above. If an inspection or audit discloses an understatement in any report of five percent (5%) or more, you shall, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the inspection or audit (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement.

12. ADVERTISING AND PROMOTION

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 Generally

With regard to advertising generally for the ЯNR Tire Express Store, you shall place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and advertising materials that comply with our standards and specifications. We shall have the right, in our sole discretion, to require you, upon our written request, to submit to us samples of all promotional and advertising materials desired to be used by you prior to their use. We shall have the right, in our sole discretion, to prohibit the use of any promotional or advertising materials used, or intended to be used, by you.

12.2 Grand Opening Advertising and Promotional Program

You shall expend between Fifteen Thousand Dollars (\$15,000) and Thirty Thousand Dollars (\$30,000) to advertise and promote the opening of the Franchised Business, and you agree to work with our designated supplier in preparing and conducting the grand opening advertising campaign for your ЯNR Tire Express Store. We must approve of your proposed grand opening advertising program before it is conducted. We expect that your grand opening advertising campaign will be conducted through your first six (6) months of operation.

12.3 Local Advertising

For each month that the ЯNR Tire Express Store is open for business, after you have completed your grand opening advertising campaign, you shall expend a minimum of four percent (4%) of the Gross Revenues for the preceding month on local advertising in such manner as we may, in our sole discretion, direct in the Manuals or otherwise in writing from time to time (the "Minimum Advertising Expenditure"). You shall provide satisfactory evidence of your required Minimum Advertising Expenditure in such manner as we shall direct in the Manuals or otherwise in writing from time to time. At our request, you must provide to us proof of your expenditures for local advertising, including copies of the advertising used.

Each calendar quarter, not later than sixty (60) days before the start of each quarter, you must submit to us a formal marketing budget for our review and approval. We will notify you if we require any changes to your proposed marketing budget. If you choose to use our approved supplier for marketing services, then our approved supplier will develop your marketing budget.

12.4 National Advertising Fund

We do not currently administer or operate a national and/or regional fund for brand promotion (“National Advertising Fund”) and do not require any franchisee to pay a fee for brand promotion other than the fees described in this Section 12. We currently have an Executive Advisory Board (“EAB”) for the National Advertising Fund. The EAB is comprised of franchisee representatives who are elected by other franchisees in the System. The EAB has the right to establish, administer, or control the National Advertising Fund and to require you to contribute to the National Advertising Fund each month an amount not to exceed two percent (2%) of your Gross Revenues for the preceding month, which fees shall be collected in accordance with Section 4 hereof. Such National Advertising Fund, if established, shall be maintained and administered by the EAB as follows:

12.4.1 The EAB shall direct all advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the purpose of the National Advertising Fund will be to maximize general public recognition, acceptance, and use of the System; and that the EAB will not be obligated, in administering the National Advertising Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the National Advertising Fund.

12.4.2 The National Advertising Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which the EAB believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering in-store promotions; and providing promotional and other marketing materials and services to the businesses operating under the System.

12.4.3 We and our affiliates shall make contributions to the National Advertising Fund for each ЯNR Tire Express Store operated by us (or our affiliates) in an amount equivalent to the percentage contributions required of franchisees generally within the System. We agree that we will exercise our best efforts to collect required contributions to the National Advertising Fund from all franchisees required to contribute to the National Advertising Fund.

12.4.4 All National Advertising Fund contributions may be commingled with our other monies, but shall be accounted for separately, and shall not be used to defray any of our expenses. The National Advertising Fund and any earnings thereon shall not inure to our benefit. The National Advertising Fund shall not be considered a trust fund nor shall we be considered a trustee thereof.

12.4.5 It is anticipated that all contributions to the National Advertising Fund will be expended for their intended purposes during the National Advertising Fund’s fiscal year in which contributions are made. However, if any monies remain in the National Advertising Fund at the end of any fiscal year, such monies shall carry over to be spent in the next fiscal year.

12.4.6 The National Advertising Fund will not be our asset. An unaudited statement of the income and expenses of the National Advertising Fund will be prepared annually by the National Advertising Fund, and such unaudited statement shall be available to you upon your written notice.

12.4.7 The EAB has the right to establish, change or terminate the National Advertising Fund, and to determine the amount each ЯNR Tire Express Store shall contribute to the National Advertising Fund; provided, however, that such decisions shall require the affirmative vote of not less than two-thirds (2/3) of the franchisees in the System.

12.5 Advertising Cooperative

There does not currently exist any regional advertising and promotional cooperative (“Cooperative”) for ЯNR Tire Express Stores, and franchisees are not required to pay any cooperative advertising fee other than the fees described in this Section 12. However, we expressly reserve the right, in our sole discretion, to designate any geographical area for purposes of establishing a Cooperative, and to determine whether a Cooperative is applicable to the ЯNR Tire Express Store. If a Cooperative applicable to the geographical area in which the ЯNR Tire Express Store is located is established at any time during the term of this Agreement, you shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the ЯNR Tire Express Store is within the territory of more than one (1) Cooperative, you shall be required to be a member of only one (1) such Cooperative. If established, the following provisions shall apply to each Cooperative:

12.5.1 Each Cooperative shall be organized, governed, and administered pursuant to its Bylaws, in a form and manner, and shall commence operation on a date, approved in advance by us in writing;

12.5.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising and promotion;

12.5.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval; all such plans and materials shall be submitted to us in accordance with the procedure set forth in Section 12.6 hereof;

12.5.4 Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative by majority vote; each ЯNR Tire Express Store operated by us or an affiliate in a geographic area for which the Cooperative operates shall have voting power on any fees imposed by the Cooperative;

12.5.5 Each member franchisee shall submit to the Cooperative, no later than the tenth (10th) day of each month, for the preceding calendar month, its contribution as provided in Section 12.5.4 hereof, together with such other statements or reports as may be required by us or by the Cooperative with our prior approval;

12.5.6 Your contribution to the Cooperative shall be in lieu of your then-minimum local advertising and sales promotion expenditure as described in Section 12.3 hereof; provided, however, if your contribution to the Cooperative does not at least equal the minimum required local advertising and sales promotion expenditure, you shall nevertheless spend the difference on local advertising and sales promotion as provided for in Section 12.3 hereof;

12.5.7 Pursuant to its Bylaws, an unaudited accounting of the operation of the Cooperative will be prepared annually by the Cooperative and will be made available to you during regular business hours, once during each calendar year;

12.5.8 Although each Cooperative when established is intended to be of perpetual duration, we maintain the rights to change, dissolve, merge, or terminate any Cooperative. A Cooperative shall not be terminated, however, until all monies in that Cooperative have been expended for advertising and/or promotional purposes.

12.6 Advertising Materials

All advertising, printed materials, and promotion by you shall conform to such standards and requirements as we may specify. Any advertising materials you propose to use in your local market must first be submitted to us for our review and approval, and we will have fifteen (15) days to review your proposed materials and inform you of our approval or disapproval. If materials are approved you may use them, if not approved you may not use them, but you may change the materials and resubmit them to us for our consideration. Any advertising materials you submit for our review will become our property and there will be no restriction on our use or distribution of these materials. At our request, all advertising must include certain language, such as “Franchises Available” and our telephone number and website address.

12.7 Signage

You will install and maintain at all times signs in prominent locations at the Approved Location in accordance with our specifications or as otherwise approved in writing by us, if applicable laws or regulations prohibit our approved signage. You will use your best efforts to obtain all permits or variances required to allow installation and maintenance of signs meeting our specifications.

12.8 Advertising By Us

We expressly reserve the right, in our sole discretion, to conduct, at our own expense, advertising and promotion intended for the benefit of the System generally; however, we are not obligated to ensure that any particular franchisee benefits directly from such expenditures. We also reserve the right, in our sole discretion, to provide you with information and content for advertising, marketing, and promotion for the general benefit of all franchisees, including the creation of advertising and promotional materials.

12.9 Minimum Requirements

You understand and acknowledge that the required expenditures and contributions in this Section 12 are minimum requirements only, and that you may, and are encouraged by us to, expend additional funds for advertising and promotion.

12.10 Compliance With Laws

You shall comply in all material respects with all federal, state, and local laws, rules, and regulations applicable to the marketing and promotion of goods and services offered by ЯNR Tire Express Stores.

12.11 Website

As used in this Agreement, the term “Website” means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet, any mobile applications (“apps”) that we may

introduce and World Wide Web home pages. In connection with any Website, you agree to the following:

12.11.1 We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, ЯNR Tire Express Stores and any or all of the products offered at ЯNR Tire Express Stores, the franchising of ЯNR Tire Express Stores, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

12.11.2 We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your ЯNR Tire Express Store, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

12.11.3 You shall not establish a separate Website related to the Proprietary Marks or the System without our prior written approval (which we shall not be obligated to provide). If approved to establish a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any Website owned or maintained by or for your benefit shall be deemed “advertising” under this Agreement, and will be subject to (among other things) our approval under this Article 12.

12.11.4 We shall have the right to modify the provisions of this Section 12.11 relating to Websites as we shall solely determine is necessary or appropriate.

12.11.5 You understand and agree that you are strictly prohibited from promoting your Store or using the Proprietary Marks in any manner on social or networking Websites, including, but not limited to, Facebook, LinkedIn, MySpace and Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Store’s operation, including prohibitions on your and the Store’s employees posting or blogging comments about the Store or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

12.12 Advisory Councils

In addition to the EAB described above, we reserve the right to form one or more advisory councils to work with us to improve the System, the products offered by ЯNR Tire Express Stores and other issues related to owning and operating an ЯNR Tire Express Store. If we form an advisory council, it will be comprised of elected franchisee members along with key members of our personnel. All franchisee representatives must be in good standing with us. The franchisee members may be chosen by us or by other franchisees in the System, but you may choose to not participate. If you are chosen to participate on an advisory council, you will pay all expenses you incur related to your participation, such as travel and living expenses for attending council meetings. If we form an advisory council, it will act in an advisory capacity only and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council at any time.

13. INSURANCE

13.1 Minimum Insurance Requirements

You shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, product liability, and broad form contractual liability, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Franchised Business. Such policy or policies shall be written by a responsible carrier or carriers acceptable to us and qualified to do business and in good standing in the state where the JNR Tire Express Store is located, shall name us and our affiliates and our respective officers, directors, partners, agents and employees as additional insured parties as specified by us, shall provide at least the types and minimum amounts of coverage as specified by us from time to time in the Manuals or otherwise in writing, and shall provide us with thirty (30) days' advance notice of any change to or cancellation of a policy. We may revise our insurance requirements during the term of this Agreement and you must comply with any revisions.

You must have the following insurance coverages. Each policy must be written on an occurrence basis and have limits of not less than One Million Dollars (\$1,000,000): (a) fire, extended coverage, vandalism and malicious mischief; (b) comprehensive garage liability insurance; (c) motor vehicle liability insurance (including motor vehicle liability coverage for the operation of motor vehicles not owned by you but used in the operation of your Store by hired employees); (d) umbrella insurance encompassing garage liability and motor vehicle liability policies; (e) worker's compensation insurance, employer liability insurance and other insurance coverages required by applicable law; and (f) any other insurance coverages required by the terms of your lease or that we may require in the future.

13.2 Non-waiver

Your obligation to obtain and maintain the policy or policies in the amounts specified in the Manuals shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 Certificate of Insurance

Not later than ten (10) days prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, you shall deliver to us Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given us in the event of material alteration to, or cancellation of, the coverages evidenced by such Certificates. Copies of your insurance certificates must be sent to us at the address provided in Section 22 to be kept in your file.

13.4 Our Right to Procure Insurance

Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in the Manuals or otherwise in writing, we shall have the right and authority (but not the obligation) to procure such insurance and to charge same to you, which charges, together with a reasonable fee for our expenses in so acting, shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies we may have. Your liability insurance shall not be limited in any way by reason of any insurance policy that may be maintained by us.

14. TRANSFER OF INTEREST

14.1 Our Right to Transfer

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of “SPF Mgt. Co., LLC” as Franchisor. Nothing contained in this Agreement shall require us to remain in the retail automotive products business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

14.2 Your Right to Transfer

You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or, if you are a corporation, partnership or limited liability company, your principals’) business skill, financial capacity, and personal character. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in you or in the ЯNR Tire Express Store, shall sell, assign, transfer, convey, pledge, encumber, merge, or give away this Agreement, any direct or indirect controlling interest in you (including any direct or indirect interest in a corporate, partnership or limited liability company franchisee), or in all or substantially all of the assets of the ЯNR Tire Express Store, either voluntarily or by operation of law, unless you shall have first tendered to us the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if we fail to exercise said right, only with our prior written consent, which consent will not be unreasonably withheld. Any purported assignment or transfer not having our prior written consent required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which we may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement.

14.3 Notification and Conditions of Approval

You shall notify us in writing of any proposed transfer of this Agreement, any direct or indirect interest in you, or in all or substantially all of the assets of the ЯNR Tire Express Store at least thirty (30) days before such transfer is proposed to take place. Such notice shall, at a minimum, identify the proposed transferee, all owners of any ownership or beneficial interest in such transferee, and certify that the requested transfer is not intended to avoid or reduce any of your obligations to any person or entity or to accomplish any other unlawful purpose. We shall not unreasonably withhold our consent to such a transfer; provided, however, that if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in you (as determined by us), or substantially all of the assets of the ЯNR Tire Express Store, we may, in our sole discretion, require any or all of the following as conditions of our approval:

14.3.1 That all of your accrued monetary obligations and all other outstanding obligations to us and our affiliates have been satisfied;

14.3.2 That you are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and us or our affiliates;

14.3.3 That the transferor (including all partners, shareholders and members and managers of a corporate, partnership or limited liability company transferor) shall have executed a general release, in a form satisfactory to us, of any and all claims against us, our affiliates and our respective officers, directors, shareholders, and employees;

14.3.4 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement; and, if your obligations were guarantied by the transferor, that the transferee guaranty the performance of all such obligations in writing in a form satisfactory to us;

14.3.5 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) demonstrate to our satisfaction (by providing us with such documentation and/or other information that we request) that it meets our educational, managerial, experience, and business standards applicable to new franchisees; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the ЯNR Tire Express Store (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the ЯNR Tire Express Store;

14.3.6 That the transferee execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements as we may require for the ЯNR Tire Express Store, which agreements shall supersede this Agreement in all respects, except that the transferee shall not be required to pay any initial franchise fee;

14.3.7 That the transferor, at its expense, refurbish the ЯNR Tire Express store to conform to our then-current standards and specifications, and complete the refurbishing and other requirements within the time specified by us;

14.3.8 That you remain liable for all of the obligations to us in connection with the ЯNR ЯNR Tire Express Store which arose prior to the effective date of the transfer and which extend beyond the term hereof and execute any and all instruments reasonably requested by us to evidence such liability;

14.3.9 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to us), and the transferee's manager (if transferee or transferee's principal will not manage the ЯNR Tire Express Store), at the transferee's expense, complete any training programs then in effect for franchisees and managers upon such terms and conditions as we may reasonably require;

14.3.10 That you pay a transfer fee in the amount of Five Thousand Five Hundred Dollars (\$5,500); provided, however, in the case of a one (1) time transfer from one or more individuals to a corporation or limited liability company formed for the convenience of ownership of the franchise no such transfer fee shall be required; and

14.3.11 That transferor shall have first offered to sell any such controlling interest to us, pursuant to Section 14.5 hereof.

14.4 No Security Interest

You shall not grant a security interest in the ЯNR Tire Express Store or in any of the assets of the ЯNR Tire Express Store unless the secured party agrees that in the event of any default by you under any documents related to the security interest, we shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of yours, and, in the event we exercise such option, any acceleration of indebtedness due to your default shall be void.

14.5 Our Right of First Refusal

If any party holding any direct or indirect controlling interest in this Agreement, in you, or in all or substantially all of the assets of the ЯNR Tire Express Store desires to accept any bona fide offer from a third party to purchase such interest, such party shall first offer to sell such interest to us on such terms and conditions as described in this Section 14.5. You shall notify us and shall provide such information and documentation relating to the offer as we may require. We or our designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that we or our affiliate intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event we or our affiliate elect to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to our right of first refusal. In the event we or our affiliate elect to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by us. During such time, you shall continue to operate the Franchised Business in accordance with this Agreement, to use your best efforts to maximize the value of the Franchised Business, and to maintain the Approved Location in the condition in which it existed on the date of our notice of our intent to exercise our right of first refusal, and we or our designee shall have the right to participate in the operation of the Franchised Business from the date of the notice until closing. In the event we or our affiliate elect not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by us or our affiliate as in the case of the third party's initial offer. Failure of us or our affiliate to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14 with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that we or our designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we or our affiliate may purchase the interest proposed to be sold for the reasonable equivalent in cash.

14.6 Death or Mental Incapacity

Upon the death or mental incapacity of any person with any interest in this Agreement, in you, or in all or substantially all of the assets of the ЯNR Tire Express Store, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by us within nine (9) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by us within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, we may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.7 Non-waiver

Our consent to a transfer of any interest in this Agreement, in you, or in all or substantially all of the assets of the ЯNR Tire Express Store shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.8 Personal Guaranty of Principals

If you are a corporation, partnership or limited liability company, we reserve the right to require you to have each shareholder, partner, member and manager (as the case may be) holding an interest in you execute a covenant with us agreeing not to transfer any interest in you except in accordance with the terms and conditions of this Agreement, including without limitation, our right of first refusal described in Section 14.5 hereof.

15. DEFAULT AND TERMINATION

15.1 Automatic Termination

You shall be deemed to be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the ЯNR Tire Express Store premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the ЯNR Tire Express Store shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Notice Without Opportunity to Cure

You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon receipt of notice by you, upon the occurrence of any of the following events of default:

15.2.1 If you fail to locate an approved site or to construct and open the ЯNR Tire Express Store within the time limits provided herein;

15.2.2 If you or your general manager fail to complete such training program to our satisfaction, after giving you the opportunity to designate a replacement general manager;

15.2.3 If you at any time cease to operate or otherwise abandon the ЯNR Tire Express Store, lose the right to possession of the Approved Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the ЯNR Tire Express Store is located; however, if, through no

fault of your own, the Approved Location is damaged or destroyed, then you shall relocate the Franchised Business or reconstruct the Approved Location in accordance with Section 7.20 herein;

15.2.4 If you or any of your principals are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

15.2.5 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the ЯNR Tire Express Store;

15.2.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in you, or in all or substantially all of the assets of the ЯNR Tire Express Store is made to any third party without our prior written consent, contrary to the terms of Section 14 hereof;

15.2.7 If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.6 hereof;

15.2.8 If you fail to comply with the covenants in Section 17.2 and Section 17.3 hereof or fail to obtain execution of the covenants required under Section 17.9 hereof;

15.2.9 If, contrary to the terms of Sections 9 or 10 hereof, you disclose or divulge the contents of the Manuals or other confidential information provided to you by us;

15.2.10 If you knowingly maintain false books or records, or submit any false reports or information to us;

15.2.11 If you misuse or make any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impair the goodwill associated therewith or our rights therein, or if you contest in any court or proceeding the validity of, or our or our affiliate's ownership of, the Proprietary Marks, trade secrets, intellectual property, or confidential information claimed by us;

15.2.12 If you refuse to permit us to inspect the ЯNR Tire Express Store premises, or your books, records, or accounts upon demand;

15.2.13 If you, upon receiving a notice of default under Section 15.3 hereof, fail to initiate immediately a remedy to cure such default;

15.2.14 If you, after curing a default pursuant to Section 15.3 hereof, commit another default within a twelve (12) month period, whether or not cured after notice, or if you incur three (3) insufficient funds fees in any twelve (12) month period during the term of this Agreement;

15.2.15 If you are or any affiliate or principal of yours is in default under any other agreement with us or any affiliate of ours; or

15.2.16 If you fail to comply with all applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws (as defined in Section 26.4), or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation.

15.3 Notice With 30-Day Opportunity to Cure

Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by you, we may terminate this Agreement by giving written notice of termination stating the nature of such failure to you at least ten (10) days prior to the effective date of termination for monetary defaults, or thirty (30) days prior to the effective date of termination for non-monetary defaults (or such longer period as applicable law may require); provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, notifying us in writing that the default has been remedied within the thirty (30) day period (or such longer period as applicable law may require), and curing it to our satisfaction. If any such default is not cured within the specified period, or such longer period as applicable law may require, this Agreement shall terminate automatically without further notice to you, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Such defaults shall include, without limitation, the following illustrative events:

15.3.1 If you fail to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manuals, or fail to carry out the terms of this Agreement in good faith;

15.3.2 If you fail, refuse, or neglect promptly to pay any monies owing to us or our affiliates when due, or to submit the financial or other information required by us under this Agreement;

15.3.3 If you fail to maintain or observe any of the specifications, standards or procedures prescribed by us in this Agreement, the Manuals, or otherwise in writing;

15.3.4 Except as provided in Section 15.2.6 hereof, if you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement;

15.3.5 If you act, or fail to act, in any manner which is inconsistent with or contrary to your lease or sublease for the Approved Location, or in any way jeopardizes your right to renewal of such lease or sublease;

15.3.6 If you fail to maintain adequate product and service quality and facility cleanliness of the ЯNR Tire Express Store, or fail to maintain necessary business licenses or any other local, state or other governmental authorization to conduct the business contemplated under this Agreement; or

15.3.7 If you engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to the Proprietary Marks.

15.4 Limitation of Services or Benefits

We shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to you hereunder in lieu of exercising our right to terminate this Agreement pursuant to the terms hereof, including, without limitation, suspending your web page on our Website, restricting or removing your right to purchase products directly or indirectly from us or our affiliates, limiting our advertising and promotional assistance, and restricting or removing your right to use our proprietary computer software, if any. Nothing in this Section 15.4 constitutes a waiver of any other right or remedy of ours under this Agreement. You acknowledge that our exercise of our rights pursuant to this Section 15.4 shall not be deemed a constructive termination. Any services or benefits removed or limited pursuant to this Section 15.4 may be reinstated at any time in our sole discretion.

15.5 Cross Defaults; Non-Exclusive Remedies

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, a development agreement, any lease and/or sublease, between us (or any affiliate of ours) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any affiliate of ours) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any affiliate of ours and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any affiliate of ours) and you (or any affiliate of yours).

In each of the foregoing cases, we (and any affiliate of ours) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

15.6 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

You may terminate the Franchise Agreement on any grounds available to you under state law.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination, expiration, transfer, or assignment of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

16.1 Cease Operations

You shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.

16.2 Cease Use of Confidential Information and Proprietary Marks

You shall immediately and permanently cease to use, in any manner whatsoever, any confidential information, methods, procedures, and techniques associated with the System, the Proprietary Marks, and other distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks. You shall also cease to use, without

limitation, all Internet domain names and URLs which display the Proprietary Marks or which are otherwise associated with the ЯNR Tire Express System.

16.3 Cancellation of Assumed Name and Registrations

You shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by you which contains the Proprietary Marks, any other service mark or trademark of us or our affiliates, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within ten (10) days after termination or expiration of this Agreement.

16.4 Assignment of Lease, Website and Telephone Numbers; De-identification

You shall, at our option, assign to us or our designee any interest which you have in any lease or sublease for the premises of the Franchised Business. In the event we or our designee does not elect to exercise our option to acquire the lease or sublease for the premises of the Franchised Business, you shall make such modifications or alterations to the premises (including, without limitation, the changing of, and the assigning to us or our designee of, any telephone number(s), telephone listing(s), Websites, domain names, and URLs) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of the Franchised Business under the System, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with the requirements of this Section 16.4, we shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. With respect to the assignment to us of the telephone number(s), telephone listing(s), Websites, domain names and URLs, you agree to execute the Internet Website and Listing Agreement and Telephone Listing Agreement attached hereto as Attachment 6.

16.5 Use of Proprietary Marks Prohibited

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in our sole discretion, is likely to cause confusion, mistake, or deception, or which, in our sole discretion, is likely to dilute our rights in and to the Proprietary Marks. You further agree not to utilize any designation of origin, description, or representation (including but not limited to reference to us, the System, or the Proprietary Marks) which, in our sole discretion, suggests or represents a present or former association or connection with us, the System, or the Proprietary Marks. You shall make no representation nor state that you are in any way approved, endorsed, or licensed by us or associated or identified with us, the System, or the Proprietary Marks in any manner.

16.6 Payment of Sums Owning

You shall promptly pay all sums owing to us and our affiliates. In the event of termination for any default of yours, such sums shall include all damages, costs, interest, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of us against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

16.7 Return of Manuals

You shall immediately deliver to us the Manuals and all other records, correspondence, newsletters, advertising layouts and instructions containing confidential information relating to the

operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property, and shall retain no copy or record of any of the foregoing, with the exception of your copy of this Agreement, any correspondence between the parties, and any other documents which you reasonably need for compliance with any provision of law.

16.8 Our Option to Purchase Assets

We or our designated affiliate shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from you any or all of the products, furnishings, equipment, signs, fixtures, stationery, letterhead, forms, packaging and advertising materials containing the Proprietary Marks, related to the operation of the Franchised Business at fair market value or at your depreciated book value, whichever is less, and to purchase any or all supplies and inventory of the Franchised Business at your cost or depreciated book value, whichever is less. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at our expense, and the appraiser's determination shall be binding. If we or our affiliate elects to exercise any option to purchase herein provided, we shall have the right to set off all amounts due from you and the cost of the appraisal, if any, against any payment thereof.

16.9 Post Term Covenants

You shall comply with the covenants contained in Section 17.3 of this Agreement.

16.10 Liquidated Damages

Upon termination of this Agreement for cause as provided herein, you agree to pay to us within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees you paid during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

17. COVENANTS

17.1 Best Efforts

You covenant that, during the term of this Agreement and any extensions thereof, except as otherwise approved in writing by us, you (or, if you are a corporation, partnership or limited liability

company, a principal, general partner or member or manager of yours) or your approved manager shall devote full time, energy, and best efforts to the management and operation of the Franchised Business hereunder.

17.2 In Term Covenants

You specifically acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of us and the System. You covenant that during the term of this Agreement and any extensions thereof, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

17.2.1 Divert or attempt to divert any business or customer of your ЯNR Tire Express Store or any other ЯNR Tire Express Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

17.2.2 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, an ЯNR Tire Express Store; or (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an ЯNR Tire Express Store (a “Competitive Business”). The prohibitions in this Section 17.2.3 shall not apply to interests in or activities performed in connection with an ЯNR Tire Express Store pursuant to a valid franchise agreement with us.

17.3 Post Term Covenants

You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted period commencing upon the expiration, termination, transfer, or assignment of this Agreement, regardless of the cause thereof, and continuing for three (3) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

17.3.1 Your Territory;

17.3.2 Fifty (50) miles of your Territory; or

17.3.3 Fifty (50) miles of any other ЯNR Tire Express Store operating under the System and the Proprietary Marks.

The prohibitions in this Section 17.3 shall not apply to interests in or activities performed in connection with an ЯNR Tire Express Store that is operated pursuant to a valid franchise agreement with us.

17.4 No Application to Equity Securities

Section 17.3 shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934 and traded publicly on a recognized exchange.

17.5 Independent Covenants

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

17.6 Our Reduction of Scope of Covenant

You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3 of this Agreement, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.7 No Defense

You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 17. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of this Section 17.

17.8 Injunctive Relief

You acknowledge that your violation of the terms of this Section 17 would result in irreparable injury to us for which no adequate remedy at law may be available; and you accordingly consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by us in obtaining an injunction prohibiting any conduct by you in violation of the terms of this Section 17.

17.9 Covenants by Related Persons

Upon our request, you shall provide us with executed covenants similar in substance to those set forth in Section 10 hereof and this Section 17 (including covenants applicable upon the termination of a person's relationship with you) from the following persons: (1) any other person employed by you who has received or will receive training from us; (2) if you are a corporation, all officers, directors, and unless you are a publicly held corporation, holders of a direct or indirect beneficial ownership interest of five percent (5%) or more in you; (3) if you are a partnership, the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner); and (4) if you are a limited liability company, all of the members and managers of the limited liability company. With respect to each person who becomes associated with you in one of the capacities described above subsequent to execution of this Agreement, you shall require and obtain such covenants from them and promptly provide us with executed copies of such covenant. In no event shall any person described above be granted access to any confidential aspect of the System or the Franchised Business prior to execution of such a covenant. All covenants required by this Section 17 shall be in the form attached as Attachment 4 and shall identify us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 17, and provide the same to us, shall constitute a material breach of this Agreement.

18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18.1 Corporate Franchisee

A franchisee which is a corporation shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement and any extensions thereof:

18.1.1 You shall furnish us with your Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. We shall maintain the right to review other of your corporate documents from time to time as we, in our sole discretion, deem advisable, including, but not limited to, minutes of the meetings of your Board of Directors, any other documents we may reasonably request, and any amendments thereto.

18.1.2 You shall be a newly organized corporation, and shall at all times confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the ЯNR Tire Express Store contemplated hereunder.

18.1.3 You shall maintain stop transfer instructions against the transfer on your records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with SPF Mgt. Co., LLC dated _____, 20____. Reference is made to the provisions of the said Franchise Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 18.1.3 shall not apply to a “publicly held corporation.” A “publicly held corporation” for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

18.1.4 You shall maintain a current list of all owners of record and, to your knowledge, all beneficial owners of any class of voting securities of you and shall furnish the list to us immediately.

18.2 Partnership Franchisee

A franchisee which is a partnership shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

18.2.1 You shall furnish us with your partnership agreement as well as such other documents immediately, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without our prior written consent.

18.2.2 You shall prepare and furnish to us, immediately, a list of all general and limited partners in you.

18.3 Limited Liability Company Franchisee

A franchisee which is a limited liability company shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

18.3.1 You shall furnish us with your operating agreement and other governing documents and any amendments thereto. We shall maintain the right to review other of your limited liability company documents from time to time as we, in our sole discretion, deem advisable including all documents we may reasonably request, and any amendments thereto.

18.3.2 You shall be a newly organized limited liability company, and shall at all times confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the ЯNR Tire Express Store contemplated hereunder.

18.3.3 You shall maintain a current list of all members and managers of record and shall furnish the list to us upon request.

19. TAXES, PERMITS AND INDEBTEDNESS

19.1 Prompt Payment

You shall: (i) promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and (ii) pay in accordance with normal business practice all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. You shall pay us an amount equal to any sales tax, or a pro rata share of any state income tax, imposed on us by the state in which the Franchised Business is located, allocated among all franchisees under the System in such state, or similar tax imposed on us with respect to any payments to us required under this Agreement, unless we use the tax as a credit against any tax based on or measured by net or gross income otherwise payable by us.

19.2 Disputes

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

19.3 Compliance with Applicable Laws

You shall comply in all material respects with all federal, state, and local laws, rules, and regulations applying to and regarding the construction, design and operation of the ЯNR Tire Express Store, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, at your own expense, including, without limitation, licenses to do business, health certificates, permits, fictitious name registrations, sales tax permits, and fire clearances.

19.4 Notification of Actions

You shall immediately notify us in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 Independent Contractor

Franchisee understands and agrees that Franchisee is and will be Franchisor's independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of Franchisee's employees will be considered to be Franchisor's employees. Neither Franchisee nor any of Franchisee's employees whose compensation Franchisee pay may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of Franchisee's employees for qualification to perform certain functions for Franchisee's ЯNR Tire Express store does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee.

Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of Franchisee's ЯNR Tire Express store and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of Franchisee's ЯNR Tire Express store, which Franchisee alone controls, but only constitutes standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of Franchisee's ЯNR Tire Express store.

Franchisee may not, without Franchisor's prior written approval, have any power to obligate Franchisor for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, Franchisor may not control or have access to Franchisee's funds or the expenditure of Franchisee's funds or in any other way exercise dominion or control over Franchisee's ЯNR Tire Express store. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and Franchisee is other than that of franchisor and franchisee. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the ЯNR Tire Express store.

20.2 Sole and Exclusive Employer of Franchisee's Employees

Franchisee hereby irrevocably affirms, attests and covenants Franchisee's understanding that Franchisee's employees are employed exclusively by Franchisee and in no fashion are any such employee employed, jointly employed or co-employed by Franchisor. Franchisee further affirms and attests that each of Franchisee's employees is under the exclusive dominion and control of Franchisee and never under the direct or indirect control of Franchisor in any fashion whatsoever. Franchisee alone hires each of Franchisee's employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/ unemployment insurance premiums). Franchisee alone has the

ability to discipline or terminate Franchisee's employees to the exclusion of Franchisor, which has no such authority or ability. Franchisee further attests and affirms that any minimum staffing requirements established by Franchisor are solely for the purpose of ensuring that Franchisee's ЯNR Tire Express store is at all times staffed at those levels necessary to operate Franchisee's ЯNR Tire Express store in conformity with the System and the products, services, standards of quality and efficiency, and other ЯNR Tire Express store brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. Franchisee affirms, warrants and understands that Franchisee may staff Franchisee's ЯNR Tire Express store with as many employees as Franchisee desires at any time so long as Franchisor's minimal staffing levels are achieved. Franchisee also affirms and attests that any recommendations Franchisee may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate Franchisee's ЯNR Tire Express store, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation. Moreover, Franchisee affirms and attests that any training provided by Franchisor for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems and operations of a ЯNR Tire Express store and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee's appearing at any such venue.

20.3 Franchisee Not Authorized

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee or any of the Controlling Principals to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any of the Controlling Principals or any claim or judgment arising therefrom.

20.4 Indemnification

It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall we be liable by reason of any act or omission of yours in your conduct of the Franchised Business or for any claim or judgment arising therefrom against you or us. You shall indemnify and hold us, our affiliates and our respective officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages (including punitive damages) arising directly or indirectly from, as a result of, or in connection with your operation, maintenance, or occupancy of the Franchised Business or Approved Location, as well as the costs, including attorneys' fees, of defending against them, and amounts paid in settlement or compromise. Nothing herein shall limit our right to be represented by counsel of our own choosing in any matter or proceeding.

21. APPROVALS AND WAIVERS

21.1 Approval and Consent

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

21.2 No Warranties or Guaranties

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

21.3 No Waiver

No failure of ours to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

22. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, facsimile or by other means which affords the sender evidence of delivery, which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt, or if delivery is refused, at the time and date of attempted delivery.

Notices to us:

SPF Mgt. Co., LLC
13922 Monroes Business Park,
Tampa FL 33635
Attn: President
Fax No. (813) 978-0584

With a copy to:

Harold L. Kestenbaum, Esq.
HLKPC
175 BroadHollow Road, Suite 175
Melville, New York 11747
Fax No. (516) 745-0293

Notices to You:

Fax No. _____

23. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Our internal policies shall not be part of this Agreement. Except for the covenants set forth in Section 17 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing.

24. SEVERABILITY AND CONSTRUCTION

24.1 Severability

Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

24.2 No Rights or Remedies Conferred Upon Other Parties

Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us or you and such of our respective successors and assigns as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

24.3 Promises and Covenants

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

24.4 Captions and Headings

All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

24.5 Survival

All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

25. APPLICABLE LAW; DISPUTE RESOLUTION

25.1 Applicable Law

This Agreement takes effect upon its acceptance and execution by us, and shall be interpreted and construed exclusively under the laws of the State of Florida. In the event of any conflict of law, the laws of the State of Florida shall prevail without regard to the application of Florida conflict-of-law rules. If, however, any provision of this Agreement would be unenforceable under the laws of Florida, and if you are located outside of Florida and such provision would be enforceable under the laws of the state in which you are located, then such provision shall be interpreted and construed under the laws of that state.

25.2 Mediation

We and you acknowledge that during the term of this Agreement disputes may arise between us that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between us for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 25.3. If we and you cannot agree on a location, the mediation will be conducted in Hillsborough County, Florida. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 25.3.

25.3 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Hillsborough County under the authority of Florida Statutes. The arbitrator(s) will have a minimum of five (5) years experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Florida Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Florida Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the

pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

25.4 Limitation of Claims

Any and all claims that you may have relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, against us, our affiliates, officers, directors, and employees shall be made by filing a claim hereunder before the earlier of: (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) the expiration of one (1) year after you had become aware of facts or circumstances reasonably indicating that you may have a claim against us hereunder; or (c) one (1) year after this Agreement expires or is terminated, transferred, or assigned for any reason. You agree that any claim or action not brought within the periods required under this Section 25.4 shall forever be barred as a claim, counterclaim, defense, or set off.

25.5 Injunctive Relief

Nothing contained in this Agreement shall prevent us from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary restraining order, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests.

25.6 Jurisdiction and Venue; Waiver of Right to Jury

The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Hillsborough County, Florida, and the jurisdiction and venue of the United States District Court closest to our headquarters. All appeals from or relating to arbitration shall be heard before a federal court in that district. Except with respect to appeals from or relating to arbitration or an arbitrator's award being submitted for confirmation or relief sought pursuant to Section 25.5 hereof, this provision shall only apply where an arbitrator would not have jurisdiction or a claim cannot be arbitrated as a matter of law. THE PARTIES KNOWINGLY, VOLUNTARILY, AND INTELLIGENTLY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY JUDICIAL PROCEEDING, WHETHER AT LAW OR IN EQUITY, ABOUT ALL ISSUES THAT ARISE OUT OF, CONCERN, OR RELATE TO, THIS AGREEMENT, ANY AND ALL TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT, THE PARTIES' PERFORMANCE UNDER THIS AGREEMENT, OR OTHERWISE, DURING THE TERM OF THIS AGREEMENT AND AFTERWARDS.

25.7 No Class Actions

Neither you nor we shall initiate or participate in any class action litigation claim against or involving the other party.

25.8 Rights and Remedies Not Exclusive

No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

25.9 Best Efforts

The parties hereto agree to use their best efforts to fulfill the terms of this Agreement. In connection therewith, you agree to execute all documents necessary to fulfill the terms of this Agreement and hereby appoint us as your attorney in fact to do so in the event that you fail to do so after a reasonable request from us.

25.10 Cost of Enforcement

You shall pay all expenses, including attorneys' fees and costs, incurred by us, our affiliates, and our successors and assigns (a) to remedy any defaults of, or enforce any rights under, this Agreement; (2) to effect termination of this Agreement; and (3) to collect any amounts due under this Agreement.

26. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

26.1 Independent Investigation

You acknowledge that you have conducted an independent investigation of the business contemplated hereunder, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your ability as an independent businessperson, or if you are a corporation, partnership or limited liability company, your owners as independent businesspeople. We expressly disclaim the making of, and you expressly disclaim receiving any warranty, representation or guaranty, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. You also expressly disclaim relying upon any such warranty, representation or guaranty in connection with your independent investigation of the business contemplated hereunder.

26.2 Receipt of Disclosure Document

You acknowledge that you have received a disclosure document which is required by the Trade Regulation Rule of the Federal Trade Commission, and which contains a substantively identical copy of this Agreement, at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment was made to us or our affiliates.

26.3 No Conflict With Other Agreements

You represent and warrant that you are not a party to or subject to any agreement that might conflict with the terms of this Agreement or prevent you from fully performing your obligations under this Agreement, and you agree not to enter into any such agreement.

26.4 Compliance With Anti-Terrorism Laws

You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, you represent and warrant to us that as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you, is designated under the Order as a person with whom business may not be transacted by us, and that you (a) do not, and hereafter shall not, engage in any terrorist activity; (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

26.5 Opportunity to Consult with Advisors

You acknowledge that you have read and understood this Agreement, the attachments hereto, and agreements relating thereto, and that we have accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

26.6 Effectiveness of Agreement

This Agreement, including all corrections, changes, attachments, and addenda, shall only be binding upon us when executed or initialed by our President, Vice President or other authorized officer.

27. SECURITY INTEREST

27.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Store, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Store. All items in which a security interest is granted are referred to as the "Collateral".

27.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

27.2.1 All amounts due under this Agreement or otherwise by you;

27.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

27.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

27.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

27.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

27.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

27.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Florida (or

other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

27.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

28. MISCELLANEOUS PROVISIONS

28.1 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

28.2 Step-In Rights

If we determine in our sole judgment that the operation of your ЯNR Tire Express Store is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your ЯNR Tire Express Store for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your ЯNR Tire Express Store for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Franchised Business as a going concern.

We shall keep in a separate account all monies generated by the operation of your ЯNR Tire Express Store, less the expenses of the ЯNR Tire Express Store, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

28.3 Submission of Agreement

The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY OUR AUTHORIZED OFFICER. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO YOU OTHER THAN THOSE SET FORTH IN OUR FRANCHISE DISCLOSURE DOCUMENT, OR THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO YOU, YOU ARE NOT RELYING ON THEM. YOU HAVE READ ALL OF THE FOREGOING AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

SPF MGT. CO., LLC

FRANCHISEE

Name:
Title:

Name:
Title:

**ATTACHMENT 1 TO
JNR TIRE EXPRESS STORE
FRANCHISE AGREEMENT**

GUARANTY, INDEMNIFICATION AND ACKNOWLEDGMENT

As an inducement to SPF Mgt. Co., LLC (“we”, “us” or “our”) to execute the Franchise Agreement between us and _____ (“Franchisee”) dated _____ (the “Agreement”), the undersigned _____ (“Guarantor(s)”), jointly and severally, hereby unconditionally guaranty to us and our successors and assigns that all of Franchisee’s obligations under the Agreement will be punctually paid and performed.

Upon our demand, the undersigned will immediately make each payment required of Franchisee under the Agreement. The undersigned hereby waive any right to require us to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guaranty, we may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold us harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 10 and Section 17 of the Agreement as if each such covenant applicable to Franchisee therein applied to the undersigned individually.

This Guaranty shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by Franchisee, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration, termination, transfer or assignment of the Agreement shall remain in force according to their terms. This Guaranty shall not terminate upon the transfer or assignment of the Agreement or this Guaranty by us. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement and shall be interpreted and construed in accordance with Section 25 of the Agreement. This Guaranty shall be interpreted and construed under the laws of the State of Florida, which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 25 of the Agreement shall apply to this Guaranty.

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, facsimile or by other means which affords the sender evidence of delivery, which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt, or if delivery is refused, at the time and date of attempted delivery.

Notices to us:

SPF Mgt. Co., LLC
13922 Monroes Business Park,
Tampa FL 33635
Attn: President
Fax No. (813) 978-0584

With a copy to:

Spadea Lignana LLC
1315 Walnut Street
Philadelphia, PA 19107
Fax No. (516) 745-0293

Notices to Franchisee:

Fax No. _____

Notice shall be deemed to have been given at the date and time of delivery or of attempted delivery.

Each of the undersigned has accepts and has signed this Guaranty as of the date of the Agreement.

GUARANTORS:

Name:

Name:

Name:

**ATTACHMENT 2 TO
ЯNR TIRE EXPRESS STORE
FRANCHISE AGREEMENT**

DATA SHEET

A. The Company: SPF Mgt. Co., LLC

B. The Company's Address: 13922 Monroes Business Park,
Tampa FL 33635

C. Franchisee: _____

D. Franchisee's Approved Location:

E. Franchisee's Territory:

F. Franchisee's Owners and Principals:

The following is a list of all shareholders, partners or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name

Percentage of Ownership/Nature of Interest

In addition to the persons listed above as Franchisee's Owners, the following is a list of all of Franchisee's Principals described in and designated pursuant to Section 7.24 of the Franchise Agreement. Each of Franchisee's Principals shall execute the Confidentiality and Non-Competition Agreement substantially in the form set forth in Attachment 4 to the Franchise Agreement:

SPF MGT. CO., LLC

FRANCHISEE

Name:
Title:

Name:
Title:

**ATTACHMENT 3 TO
ЯNR TIRE EXPRESS STORE
FRANCHISE AGREEMENT**

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to SPF Mgt. Co., LLC, a Florida limited liability company (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the “Lease”) respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under the franchise agreement for an ЯNR ЯNR Tire Express s store between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

WITNESS:

ASSIGNOR:

WITNESS:

SPF MGT. CO., LLC

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the afore-described Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

DATED: _____

LESSOR:

**ATTACHMENT 4 TO
ЯNR TIRE EXPRESS STORE
FRANCHISE AGREEMENT**

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**(for trained employees, shareholders, officers, directors,
general partners, members and managers of Franchisee)**

In consideration of my being a _____ of _____
("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from SPF Mgt. Co., LLC (the "Company") to establish and operate an ЯNR Tire Express store (the "ЯNR Tire Express Store" or "Franchised Business") and the right to use in the operation of the ЯNR Tire Express Store the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Approved Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of ЯNR Tire Express Stores, which sell and rent wheels, tires, and other automotive accessories. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, Company's Operating Manuals (the "Manuals"), and other general assistance during the term of the Franchise Agreement.

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

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

has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, an ЯNR Tire Express Store; or (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an ЯNR Tire Express Store (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for three (3) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 Fifty (50) miles of Franchisee's Territory; or

7.3 Fifty (50) miles of any ЯNR Tire Express store operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with an ЯNR Tire Express Store. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

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

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

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

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

Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

**ATTACHMENT 5 TO
ЯNR TIRE EXPRESS STORE
FRANCHISE AGREEMENT**

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the SPF Mgt. Co., LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE SPF MGT CO., LLC AND ANY OF ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

FRANCHISEE:

By: _____

(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

**ATTACHMENT 6 TO
ЯNR TIRE EXPRESS STORE
FRANCHISE AGREEMENT**

**INTERNET ADVERTISING, SOCIAL MEDIA AND
TELEPHONE ACCOUNT AGREEMENT**

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between SPF Mgt. Co., LLC, a Florida limited liability company (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a ЯNR Tire Express business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the ЯNR Tire Express brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Websites, Social Media Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic

Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date

Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Florida, without regard to the application of Florida conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

SPF MGT CO., LLC

By: _____

_____, _____
(Print Name, Title)

FRANCHISEE:

By: _____

_____, _____
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

**ATTACHMENT 7 TO
JNR TIRE EXPRESS STORE
FRANCHISE AGREEMENT**

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND
PAYABLE TO SPF MGT. CO., LLC ("COMPANY")**

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of SPF Mgt. Co., LLC by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____ Account Number: _____

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

Date Signed

Signature(s) of Depositor, as Printed Above

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

**ATTACHMENT 8 TO
JNR TIRE EXPRESS STORE
FRANCHISE AGREEMENT**

**SBA ADDENDUM
RELATING TO A
SPF MGT CO., LLC
FRANCHISE AGREEMENT**

THIS AGREEMENT ("Agreement") is made and entered into as _____, by SPF Mgt. Co., LLC, a Florida limited liability company with its principal place of business at 13922 Monroes Business Park, Tampa FL 33635 ("Franchisor"), and _____, located at _____ ("Franchisee").

Recitals. Franchisor and Franchisee entered into a Franchise (or "License") Agreement on _____, 20__, (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit # _____ ("Unit"). Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which all of the parties acknowledge, the parties agree as follows:

1. The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

2. Section 28.1 of the Franchise Agreement provides that upon the absence or disability of Franchisee if the Franchisor determines that the business is not being managed properly they have the right to appoint a manager to run the business. This Section is amended to state that Franchisor may operate the business for ninety (90) days, which shall be renewable as necessary for up to one (1) year, and that Franchisor will periodically discuss the status with the Franchisee.

3. Section 28.2 of the Franchise Agreement provides step-in rights to Franchisor to manage the business for an extended period of time. This Section is amended to state that Franchisor may operate the business for ninety (90) days, which shall be renewable as necessary for up to one (1) year, and that Franchisor will periodically discuss the status with the Franchisee.

4. If the Franchise Agreement is terminated and the Franchised Site or its contents are to be sold under Section 16.8 of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

5. Section 27.1 of the Franchise Agreement provides that the Franchisor will be granted a security interest in all business collateral. This Section is amended to provide that the Franchisor shall subordinate its interest to any SBA financed franchisees.

6. Section 14.2 of the Franchise Agreement states that the Franchisor must consent to any encumbrance of the business assets. This Section is amended to state that any SBA financed franchise will be granted a lien on the business assets of the Franchisee as required in its loan application.

7. Section 14.5 of the Franchise Agreement provides that Franchisor (or any third party assignee of the Franchisor) may elect pursuant to its right of first refusal to exercise said option when Franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that Franchisor (or any third-party assignee of Franchisor) will not exercise the option for any partial sale of Franchisee's business. Franchisor (or any third -party assignee of Franchisor) may not become a partial owner of any SBA-financed franchises.

8. Section 14.4 of the Franchise Agreement states that the Franchisee cannot grant a security interest in any of the business assets unless, in the event of default, the secured party agrees to allow the Franchisor the right and option to be substituted as obligor and cure the default. This Section is amended that under no circumstances shall the Franchisor assume that SBA approved such condition and that SBA lenders will agree to this condition. Franchisor acknowledges that it is aware that this condition may be a potential issue in approving or the closing of such a loan.

9. Notwithstanding anything to the contrary in Section 7.3.8 of the franchise agreement, the franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the franchisor for its franchise system ; or (2) is at or above any minimum price threshold programs established by the franchisor for its franchise system ; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the franchisor for its franchise system.

10. If the Franchisee becomes disabled under Section 28.1 and 28.2 of the Franchise Agreement and the parties are unable to agree as to whether the franchisee is permanently disabled, the disability shall be determined by three Physicians chosen in the following manner. Franchisee shall select one and the Franchisor shall select one, and the two physicians so chosen shall select a third physician. The decision of the majority of the physicians so chosen shall be conclusive.

11. This Agreement automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

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

FRANCHISOR:

FRANCHISEE:

SPF MGT CO., LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ATTACHMENT 9 TO
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND**

This will serve as the State Addendum for SPF Mgt. Co., LLC for the State of Maryland for SPF Mgt. Co., LLC's Franchise Disclosure Document and for its Franchise and Multi-Unit Development Agreements. The amendments to the Franchise and Multi-Unit Development Agreements included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise and Area Multi-Unit Development Agreements may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 17 of the Franchise Disclosure Document is amended to state that the sections of the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby deemed to be amended accordingly.

3. The Franchisee Disclosure Acknowledgement Statements are amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Item 17 of the Franchise Disclosure Document is hereby amended to state that the Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In Light of the federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable. The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby deemed to be amended accordingly.

6. The registered agent authorized to receive process in Maryland is the Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202-2020.

FRANCHISOR:
SPF MGT. CO., LLC

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ATTACHMENT 9 TO
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF NORTH DAKOTA**

This addendum to the Disclosure Document, Franchise Agreement and Area Development Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Article 2.2 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.
2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 17.3 of the Franchise Agreement and Article 8.3 of the Area Development Agreement are amended accordingly.
3. Item 6 and Item 17(i) of the Disclosure Document, Article 16 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.
4. Item 17(u) of the Disclosure Document, Articles 25.2 and 25.3 of the Franchise Agreement and Article 14 of the Area Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.
5. Item 17(v) of the Disclosure Document and the provisions of Article 25.6 of the Franchise Agreement and Article 14 of the Area Development Agreement which require jurisdiction of courts in the State of Florida are deleted.
6. Item 17(w) of the Disclosure Document, Article 25.1 of the Franchise Agreement and Article 14 of the Area Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.
7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.
8. The provisions of Article 25.6 of the Franchise Agreement and Article 14.6 of the Area Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.
9. The provisions of Article 25.4 of the Franchise Agreement and Article 14 of the Area Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

10. In the State of North Dakota only, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

Exhibit D to the Disclosure Document

Multi-Unit Development Agreement

(See attached.)

JNR TIRE EXPRESS
MULTI-UNIT DEVELOPMENT AGREEMENT

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ATTACHMENT 1 – DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

ЯNR TIRE EXPRESS

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this “Agreement”) is being entered into this day of _____, (the “Effective Date”) by and between SPF Mgt. Co., LLC, a Florida limited liability company with its principal place of business at 13922 Monroes Business Park, Tampa FL 33635 (herein “Franchisor”) and _____, an individual residing at _____ and _____, an individual residing at _____ (herein “Developer”).

WITNESSETH

WHEREAS, we and our affiliate, as the result of the expenditure of time, skill, effort and resources have developed and own a distinctive format and system (the “System”) relating to the establishment and operation of ЯNR Tire Express stores, which sell and rent tires, wheels and other automotive accessories;

WHEREAS, the distinguishing characteristics of the ЯNR Tire Express System include the proprietary marks described herein, distinctive interior and exterior designs, distinctive logos and printed material designs and content, confidential operating procedures, standards, and specifications for equipment, parts, products, services, and management and marketing programs, all of which may be changed, improved, and further developed by us from time to time in our sole discretion;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the marks “Rent-n-Roll”, “ЯNR Custom Wheels & Tires” and “ЯNR Tire Express”, and such other trade names, service marks, and trademarks as are now designated and may hereinafter be designated by us in writing for use in connection with the System (“Proprietary Marks”);

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

WHEREAS, you wish to obtain certain development rights to open and operate ЯNR Tire Express Stores under the System, to be identified with the Proprietary Marks in the territory described in this Agreement, and to be trained by us to establish and operate ЯNR Tire Express Stores, as defined herein;

WHEREAS, you have read this Agreement and our Franchise Disclosure Document and have had adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of your choosing; and you understand and accept the terms, conditions, and covenants herein contained.

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

1. GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, the development rights, and you hereby undertake the obligation, to establish and operate _____ () ЯNR

Tire Express stores under the Proprietary Marks and the System (the “ЯNR Tire Express Stores” or “Franchised Businesses”), and to use the System solely in connection therewith, at specific locations to be designated in separate ЯNR Tire Express Franchise Agreements (the “Franchise Agreements”) executed by you or your affiliate as provided in Section 3.1 hereof, and pursuant to the development schedule set forth in Attachment “1” attached hereto (the “Development Schedule”). Each ЯNR Tire Express Store developed hereunder shall be located in the area described in Attachment “1” attached hereto (the “Development Area”).

1.2 Each ЯNR Tire Express Store developed hereunder shall be established and operated pursuant to a separate Franchise Agreement entered into between you or your affiliate and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, during the term of this Agreement, we shall not establish or operate, nor license any party other than you or your affiliate to establish or operate, any ЯNR Tire Express Store under the System and the Proprietary Marks in the Development Area; provided, however, that you acknowledge and agree that we retain the right, among others, to use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other ЯNR Tire Express Stores at any location outside of the Development Area.

1.4 You acknowledge and agree that certain of our or our affiliates’ products, whether now existing or developed in the future, may be distributed in the Development Area by us, our affiliates, or our licensees or designees, in such manner and through such channels of distribution other than through ЯNR Tire Express Stores as we, in our sole discretion, shall determine, including, but not limited to: electronic distributions via computer networks (including, without limitation, the World Wide Web, other areas of the Internet and/or other on-line networks); catalogs; direct mail; mail order; and other communications methods now or hereafter devised of any nature whatsoever. We reserve the right, among others, to implement any distribution arrangements relating thereto. You understand that this Agreement grants you no rights (1) to distribute such products through such channels of distribution as described in this Section 1.4, or (2) to share in any of the proceeds generated by such distribution.

1.5 This Agreement is not a franchise agreement and does not grant to you any right to use in any manner the Proprietary Marks or System. You shall have no right under this Agreement to license others to use in any manner the Proprietary Marks or System.

1.6 As used in this Agreement, an “affiliate” shall mean any legal entity controlling, controlled by, or under common control with another legal entity.

2. DEVELOPMENT FEE

2.1 In consideration of the development rights granted herein, you shall pay to us a development fee of _____ Dollars (\$_____) (“Development Fee”), which is calculated as Thirty-Five Thousand Dollars (\$35,000), representing the full initial franchise fee for the first Store to be developed hereunder, plus a deposit equal to Fifteen Thousand Dollars (\$15,000), representing fifty percent (50%) of the reduced initial franchise fee for each of the second (2nd) and third (3rd) stores to be developed and Ten Thousand Dollars (\$10,000) representing fifty percent (50%) of the reduced initial franchise fee for the fourth (4th) store and for each additional Store developed thereafter.

2.2 We will apply Thirty-Five Thousand Dollars (\$35,000) of the Development Fee toward satisfaction of the initial franchise fee payable for the first Store to be developed hereunder. The Franchise Agreement for this first Store shall be executed contemporaneously with this Agreement. Upon your signing each individual Franchise Agreement for additional Stores to be developed pursuant to this Agreement, we will apply a pro rata portion of the Development Fee received toward the then-current

reduced initial franchise fee for each Store, and the balance of the initial franchise fee for such Store will be payable in a lump sum at that time.

Pursuant to this Agreement, the initial franchisee fee payable for the second (2nd) and third Stores to be developed hereunder will be Thirty Thousand Dollars (\$30,000) and the initial franchisee fee payable for the fourth (4th) and each additional Store developed thereafter shall be Twenty Thousand Dollars (\$20,000)) less any Development Fee credit applied as described above.

3. EXERCISE OF DEVELOPMENT RIGHTS

3.1 In exercising your development rights and fulfilling your development obligations under this Agreement, you or your affiliate shall execute a Franchise Agreement for each ЯNR Tire Express Store at a site approved by us in the Development Area as hereinafter provided. The Developer shall execute and deliver to Franchisor, concurrently with the execution and delivery of this Agreement, Franchisor's current form of Franchise Agreement for the first ЯNR Tire Express Store to be established by Developer pursuant to the Development Schedule in Attachment "1". For each subsequent ЯNR Tire Express Store to be established hereunder, Developer shall execute and deliver to Franchisor Franchisor's then-current form of Franchise Agreement, which shall be presented to Developer together with Franchisor's then-current Franchise Disclosure Document. The then-current form of Franchise Agreement may differ from the current form of Franchise Agreement; provided however, the Royalty Fee and other fees payable to us shall be the same as your first Franchise Agreement. The Franchise Agreement for each additional ЯNR Tire Express Store shall be executed by you or your affiliate and submitted to us within sixty (60) days after the opening of the previous ЯNR Tire Express Store, but not sooner than fourteen (14) calendar days after your receipt from us of our then-current Franchise Disclosure Document and Franchise Agreement. At the time you submit to us the executed Franchise Agreement for each additional ЯNR Tire Express Store developed under this Agreement, you shall pay to us the balance of the applicable initial franchise fee due under the Franchise Agreement after application of the Development Fee credit applicable pursuant to Section 2.2 hereof).

3.2 Prior to your acquisition by lease or purchase of any site for an ЯNR Tire Express Store, you shall submit to us, in the form specified by us, a description of the proposed site and such information or materials as we may reasonably require and a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. This information shall include, but not be limited to, the address, the name of the landlord, if any, photographs of the site from all angles, a description of the zoning for the site, a description of the road(s) on which the site is located, a description of neighboring businesses, traffic counts and plans for the proposed location. We shall have thirty (30) days after receipt of such information and materials from you to approve or disapprove, in our sole discretion, the site as a location for the ЯNR Tire Express Store. In the event we do not reject a proposed site by written notice to you within such thirty (30) day period, such site shall be deemed not approved by us.

3.3 If you will occupy the premises at which the ЯNR Tire Express Store is operated under a lease, you shall, prior to the execution thereof, (1) execute the Conditional Assignment of Lease and obtain the lessor's execution of the Consent and Agreement of Lessor, in the form attached as Attachment "3" to the Franchise Agreement, and (2) submit such lease to us for our written approval.

3.4 Recognizing that time is of the essence, you agree to develop, open and operate in the Development Area the number of ЯNR Tire Express Stores by the dates described in the Development Schedule and Section 1.1 of this Agreement. Your failure to do so shall constitute a material default of this Agreement. Each ЯNR Tire Express Store to be developed pursuant to this Agreement may not be opened to the public without our prior written consent. You must notify us in writing within fourteen (14) days before you propose to open each ЯNR Tire Express Store. We shall have the right, at our option, to

inspect, approve, and require changes to the ЯNR Tire Express Store prior to its opening for business at your own expense. Under no circumstances may you open an ЯNR Tire Express Store until our requirements have been met for each such Store, including, but not limited to, having a fully executed Franchise Agreement in place for such Store, and you have received our written consent to open the Store.

4. TERM

4.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the earlier of: (1) the last date specified in the Development Schedule; or (2) the date when you have open and in operation all of the ЯNR Tire Express Stores required by the Development Schedule.

4.2 Upon expiration of this Agreement as set forth in Section 4.1 of this Agreement:

4.2.1 You shall not have any right to establish any ЯNR Tire Express Stores for which a Franchise Agreement has not been executed by us at the time of expiration; and

4.2.2 We shall be entitled to establish and operate, and license others to establish and operate ЯNR Tire Express Stores under the System and Proprietary Marks in the Development Area, subject to any exclusive territory granted under any Franchise Agreement which has been executed between us and you; provided, however, that if you are in good standing with us under all of your Franchise Agreements, and if we believe that the Development Area can support additional ЯNR Tire Express Stores, we will give you a right of first refusal to acquire the multi-unit development rights. You must notify us within thirty (30) days whether you will develop the additional ЯNR Tire Express Stores according to our then-current Multi-Unit Development Agreement and then-current Franchise Agreement. If you do not accept the additional development rights within this thirty (30) day period, we will have the right to sell the development rights or individual franchises to others, but any development area or territory granted will not conflict with your existing Territories granted pursuant to your existing Franchise Agreements.

5. DUTIES OF THE PARTIES

5.1 For each ЯNR Tire Express Store developed hereunder, we shall furnish to you the following:

5.1.1 Such site selection guidelines and consultation as we may deem advisable;

5.1.2 Such on-site evaluation as we may deem advisable as part of our evaluation of your request for site approval; provided, however, that we shall not provide on-site evaluation for any proposed site prior to our receipt of such information and materials required under Section 3.2 hereof. If on-site evaluation is deemed necessary and appropriate by us, we shall conduct up to one (1) on-site evaluation for each ЯNR Tire Express Store at our cost. For each additional on-site evaluation (if any) we may require, in our sole discretion, you shall reimburse us for our reasonable expenses, including, without limitation, the costs of travel, lodging, and food.

5.2 You accept the following obligations:

5.2.1 If you are a corporation, you shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

5.2.2 If you are a partnership, you shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

5.2.2.1 You shall furnish us with your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without our prior written consent.

5.2.2.2 You shall prepare and furnish to us, upon request, a list of all general and limited partners in you.

5.2.3 If you are a limited liability company, you shall comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement:

5.2.3.1 You shall furnish us with a copy of your operating agreement and other governing documents and any amendments thereto. We shall maintain the right to review other of your limited liability company documents from time to time as we, in our sole discretion, deems advisable including all documents we may reasonably request, and any amendments thereto.

5.2.3.2 You shall be a newly organized limited liability company, and shall at all times confine your activities, and your governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder.

5.2.3.3 You shall maintain a current list of all members and managers of record and shall furnish the list to us upon request.

5.2.4 You shall comply with all requirements of federal, state, and local laws, rules, and regulations.

5.2.5 You shall comply with all of your other terms, conditions and obligations under this Agreement.

6. DEFAULT AND TERMINATION

6.1 You shall be deemed in default under this Agreement, and all rights granted herein shall automatically terminate, without notice to you, if you falsify any information or material provided by you to us; if you terminate or repudiate this Agreement orally or in writing; if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and consented to by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your business or assets or any part thereof is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains

unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if execution is levied against your business or assets; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of any of your ЯNR Tire Express Stores shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 If you fail to comply with or to perform any of the terms, conditions or obligations of (1) this Agreement, including the development obligations described in Section 3.4 hereof, (2) any Franchise Agreement or any other agreement between you or any of your affiliates and us, our affiliates or subsidiaries, or (3) make or attempt to make a transfer or assignment in violation of Section 7.2 hereof, such failure or action shall constitute a default under this Agreement. Upon such default, we shall have the right:

6.2.1 To terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default, effective immediately upon receipt by you of written notice;

6.2.2 To terminate the territorial protection granted under Section 1.3 hereof, and we shall have the right to establish and operate, and license others to establish and operate, ЯNR Tire Express Stores within the Development Area;

6.2.3 To terminate the credit granted in Section 2.2;

6.2.4 To reduce the number of ЯNR Tire Express Stores which you have the right to develop pursuant to Section 1.1; and

6.2.5 To reduce the size of the Development Area for which you are granted territorial protection under Section 1.3.

6.3 Upon termination or expiration of this Agreement, you shall have no right to establish or operate any ЯNR Tire Express Stores for which a Franchise Agreement has not been executed by us at the time of termination. We shall have the right to establish and operate, and to license others to establish and operate, ЯNR Tire Express Stores under the System and the Proprietary Marks in the Development Area, subject to any territory granted under any Franchise Agreement which has been executed between us and you or your affiliate and subject further to the right of first refusal described in Section 4.2.2.

6.4 No default under this Multi-Unit Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto. Default under this Multi-Unit Development Agreement shall constitute default under any other Multi-Unit Development Agreement between the parties hereto.

6.5 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity.

7. TRANSFERS

7.1 Transfer by us: We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of

some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of “SPF Mgt. Co., LLC” as Franchisor. Nothing contained in this Agreement shall require us to remain in the retail automotive products business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

7.2 Transfer by you:

7.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and are granted in reliance on your or your owners’ business skill, financial capacity, and personal character. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in you, shall sell, assign, transfer, convey, pledge, encumber, merge, or give away this Agreement, any direct or indirect controlling interest in you (including any direct or indirect interest in a corporate, partnership or limited liability company multi-unit developer), or in all or substantially all of your assets, either voluntarily or by operation of law, unless you shall have first tendered to us the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if we fail to exercise said right, only with our prior written consent, which consent will not be unreasonably withheld. Any purported assignment or transfer, by operation of law or otherwise, not having our prior written consent, shall be null and void and shall constitute a material breach of this Agreement, for which we may immediately terminate without opportunity to cure pursuant to Section 6.2 of this Agreement.

7.2.2 You shall notify us in writing of any proposed transfer of this Agreement, any direct or indirect interest in you, or in all or substantially all of your assets at least thirty (30) days before such transfer is proposed to take place. Such notice shall, at a minimum, identify the proposed transferee, all owners of any ownership or beneficial interest in such transferee, and certify that the requested transfer is not intended to avoid or reduce any of your obligations to any person or entity or to accomplish any other unlawful purpose. We shall not unreasonably withhold our consent to such a transfer; provided, however, that if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in you (as determined by us), or substantially all of your assets, we may, in our sole discretion, require any or all of the following as conditions of our approval:

7.2.2.1 All of your accrued monetary obligations and all other outstanding obligations to us and our affiliates have been satisfied;

7.2.2.2 You are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and us, or our affiliates;

7.2.2.3 The transferor (including all partners, shareholders and members and managers of a corporate, partnership or limited liability company transferor) shall have executed a general release, in a form satisfactory to us, of any and all claims

against us, our affiliates and our respective officers, directors, shareholders, and employees;

7.2.2.4 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) shall enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement; and, if your obligations were guaranteed by the transferor, that the transferee guaranty the performance of all such obligations in writing in a form satisfactory to us;

7.2.2.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) shall demonstrate to our satisfaction that it meets our educational, managerial, experience, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated herein (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to comply with the Development Schedule;

7.2.2.6 The transferee shall, at our option, execute, for a term ending on the expiration date of this Agreement, the then-current form of multi-unit development agreement and other ancillary agreements as we may require, which agreements shall supersede this Agreement in all respects, except that the Development Schedule thereunder shall be the same as in this Agreement;

7.2.2.7 That you shall remain liable for all of your obligations prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

7.2.2.8 Each ЯNR Tire Express Store which has opened and been approved for operation by us is in full compliance with all the conditions and terms of the Franchise Agreements for such ЯNR Tire Express Stores;

7.2.2.9 You shall pay a transfer fee in the amount of Ten Thousand Dollars (\$10,000); provided, however, in the case of a one (1) time transfer from one or more individuals to a corporation or limited liability company formed for the convenience of ownership of the franchise no such transfer fee shall be required; and

7.2.2.10 The transferor shall have first offered to sell such interest to us pursuant to Section 7.3 hereof.

7.2.3 You shall use your best efforts in the event you grant a security interest in any of your assets to cause the secured party to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours, it being understood that our right may be subordinate to the rights of your lenders or landlord.

7.2.4 You acknowledge and agree that each condition which must be met by the transferee developer is necessary to assure such transferee's full performance of the obligations hereunder.

7.3 If any party holding any direct or indirect controlling interest in this Agreement, in you, or in all or substantially all of your assets, desires to accept any bona fide offer from a third party to purchase such interest, such party shall first offer to sell such interest to us on such terms and conditions as

described in this Section 7.3. You shall notify us as provided in this Section 7.3 and shall provide such information and documentation relating to the offer as we may require. We or our designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that we or our affiliate intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event we or our affiliate elect to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to our right of first refusal. In the event we or our affiliate elect to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by us. In the event we or our affiliate elect not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by we or our affiliate as in the case of the third party's initial offer. Failure of us or our affiliate to exercise the option afforded by this Section 7.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7, with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that we or our designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we or our affiliate may purchase the interest proposed to be sold for the reasonable equivalent in cash.

7.4 Upon the death or mental incompetency of any person with a controlling interest in this Agreement or in you, the executor, administrator, personal representative, guardian, or conservator of such person shall transfer such interest within nine (9) months after such death or mental incompetency to a third party approved by us. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 7, the executor, administrator, or personal representative of the deceased person shall transfer the decedent's interest to another party approved by us within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, we may terminate this Agreement.

7.5 Our consent to any transfer under this Section 7 shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

8. COVENANTS

8.1 You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you or, if you are a corporation, partnership, or limited liability company, a principal of yours approved by us, or your manager, shall devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the ЯNR Tire Express Stores to be developed hereunder.

8.2 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable confidential information, including, without limitation, information regarding our operational, sales, promotional, and marketing methods and techniques and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

8.2.1 Divert or attempt to divert any business or customer of your ЯNR Tire Express Stores or any ЯNR Tire Express Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by us or any franchisee or multi-unit developer of ours, or otherwise directly or indirectly to induce such person to leave his or her employment; or

8.2.3 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, an ЯNR Tire Express Store; or (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an ЯNR Tire Express Store (a "Competitive Business"). The prohibitions in this Section 8.2.3 shall not apply to interests in or activities performed in connection with an ЯNR Tire Express Store developed hereunder.

8.3 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for three (3) years thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

8.3.1 the Development Area;

8.3.2 fifty (50) miles of the Development Area; or

8.3.3 fifty (50) miles of any ЯNR Tire Express Store operating under the System and the Proprietary Marks.

The prohibitions in this Section 8.3 shall not apply to interests in or activities performed in connection with an ЯNR Tire Express Store developed hereunder.

8.4 Section 8.3 shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934 and traded publicly on a recognized exchange.

8.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.6 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.7 You expressly acknowledge that the existence of any claims which you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 8. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of this Section 8.

8.8 You acknowledge that your violation of the terms of this Section 8 would result in irreparable injury to us for which no adequate remedy at law may be available; and you accordingly consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by us in obtaining, an injunction prohibiting any conduct by you in violation of the terms of this Section 8.

8.9 At our request, you shall provide us with executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with you) from the following persons: (1) any other person employed by you who has received training from us; (2) if you are a corporation, all officers, directors, and unless you are a publicly held corporation, holders of a direct or indirect beneficial ownership interest of five percent (5%) or more in you; (3) if you are a partnership, the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner); and (4) if you are a limited liability company, all members and managers of the limited liability company. With respect to each person who becomes associated with you in one of the capacities enumerated above subsequent to execution of this Agreement, you shall require and obtain such covenants from them and promptly provide us with executed copies of such covenant. In no event shall any person enumerated be granted access to any confidential aspect of the System or any Franchised Business prior to execution of such a covenant. All covenants required by this Section 8.9 shall be in the form attached as Attachment "3" to the Franchise Agreement and shall identify us as a third-party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 8.9, and provide the same to us, shall constitute a material breach of this Agreement.

9. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

10.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that you shall be an independent contractor, and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

10.2 During the term of this Agreement, you shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such affirmative action as shall be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which we reserve the right to specify.

10.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and, that we shall in no event assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of you in your operations hereunder, or any claim or judgment arising therefrom against us. You shall indemnify and hold

us harmless against any and all such claims directly or indirectly from, as a result of, or in connection with, your operations hereunder, as well as the costs, including attorneys' fees, of defending against them.

11. APPROVALS AND WAIVERS

11.1 Whenever this Agreement requires our prior approval or consent, you shall make timely written request to us therefor; and, except as otherwise provided herein, any approval or consent granted shall be in writing.

11.2 We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, advice, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.3 No failure of ours to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

12. SEVERABILITY AND CONSTRUCTION

12.1 Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.2 Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us or you and such of our respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

12.3 You expressly agree to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be

unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

12.4 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

12.5 All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

13. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the attachments hereto, if any, constitute the entire, full, and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for the covenants set forth in Section 8 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing.

14. APPLICABLE LAW AND ARBITRATION

14.1 This Agreement takes effect upon its acceptance and execution by us and shall be interpreted and construed exclusively under the laws of the State of Florida. In the event of any conflict of law, the laws of the State of Florida shall prevail without regard to the application of Florida conflict-of-law rules. If, however, any provision of this Agreement would be unenforceable under the laws of Florida, and if you are located outside of Florida and such provision would be enforceable under the laws of the state in which you are located, then such provision shall be interpreted and construed under the laws of that state.

14.2 We and you acknowledge that during the term of this Agreement disputes may arise between us that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between us for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 14.3. If we and you cannot agree on a location, the mediation will be conducted in Hillsborough County, Florida. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 14.3.

14.3 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies

between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Hillsborough County under the authority of Florida Statutes. The arbitrator(s) will have a minimum of five (5) years experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Florida Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Florida Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

14.4 Any and all claims that you may have relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, against us, our affiliates, officers, directors, and employees shall be made by filing a claim hereunder before the earlier of: (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) the expiration of one (1) year after you have become aware of facts or circumstances reasonably indicating that you may have a claim against us hereunder; or (c) one (1) year after this Agreement expires or is terminated, transferred, or assigned for any reason. You agree that any claim or action not brought within the periods required under this Section 14.4 shall forever be barred as a claim, counterclaim, defense, or set off.

14.5 Nothing contained in this Agreement shall prevent us from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests.

14.6 The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Hillsborough County, Florida, and the jurisdiction and venue of the United States District Court closest to our headquarters. All appeals from or relating to arbitration shall be heard before a federal court in that district. Except with respect to appeals from or relating to arbitration or an arbitrator's award being submitted for confirmation, this provision shall only apply where an arbitrator would not have jurisdiction, or a claim cannot be arbitrated as a matter of law. THE PARTIES KNOWINGLY, VOLUNTARILY, AND INTELLIGENTLY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY JUDICIAL PROCEEDING, WHETHER AT LAW OR IN EQUITY, ABOUT ALL ISSUES THAT ARISE OUT OF, CONCERN, OR RELATE TO, THIS AGREEMENT, ANY AND ALL TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT, THE PARTIES' PERFORMANCE UNDER THIS AGREEMENT, OR OTHERWISE, DURING THE TERM OF THIS AGREEMENT AND AFTERWARDS.

14.7 Neither you nor we shall initiate or participate in any class action litigation claim against or involving the other party.

14.8 No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

14.9 You shall pay all expenses, including attorneys' fees and costs, incurred by us, our affiliates, and our successors and assigns (a) to remedy any defaults of, or enforce any rights under, this Agreement; (2) to effect termination of this Agreement; and (3) to collect any amounts due under this Agreement.

15. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

15.1 You acknowledge that you have conducted an independent investigation of the business contemplated hereunder, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your ability as an independent businessperson, or if you are a corporation, partnership or limited liability company, your owners as independent businesspeople. We expressly disclaim the making of, and you expressly disclaim receiving, any warranty, representation or guaranty, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. You also expressly disclaim relying upon any such warranty, representation or guaranty in connection with your independent investigation of the business contemplated hereunder.

15.2 You acknowledge that you have received a disclosure document which is required by the Trade Regulation Rule of the Federal Trade Commission entitled "Franchise Disclosure Document," and which contains a copy of this Multi-Unit Development Agreement, at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any money was paid to us or our affiliates.

15.3 You represent and warrant that you are not a party to or subject to any agreement that might conflict with the terms of this Agreement or prevent you from fully performing your obligations under this Agreement, and you agree not to enter into any such agreement.

15.4 You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, you represent and warrant to us that as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you, is designated under the Order as a person with whom business may not be transacted by us, and that you (a) do not, and hereafter shall not, engage in any terrorist activity, (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity, and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

15.5 You acknowledge that you have read and understood this Agreement, the attachments hereto, and agreements relating thereto; and that we have accorded you ample time

and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

15.6 This Agreement, including all corrections, changes, attachments, exhibits, and addenda, shall only be binding upon us when executed or initialed by our President or Vice President.

The parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

SPF MGT. CO., LLC

MULTI-UNIT DEVELOPER

By:
Title:

Name:
Title:

**ATTACHMENT 1 TO
ЯNR TIRE EXPRESS
DEVELOPMENT AGREEMENT**

DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. Each ЯNR Tire Express Store developed under this Development Agreement shall be located in the following area (the “Development Area”):

The vicinity of:

2. Recognizing that time is of the essence, Developer agrees to satisfy the development schedule set forth below (the “Development Schedule”):

Store #	To Be Open and Operating No Later Than [Date]	Initial Franchise Fee Payable
1		\$35,000
2		\$30,000
3		\$30,000
4		\$20,000
5		\$20,000

Exhibit E to the Disclosure Document

Standard Form Release Agreement

(See attached.)

RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20__ by and between SPF Mgt. Co., LLC, a Florida limited liability company having its principal place of business located at 13922 Monroe's Business Park, Tampa FL 33635 (the "Franchisor"), and _____, an individual residing at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Release by Releasor:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Florida law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein and said action must be filed in the State of Florida.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:

RELEASOR:

(Name)

Witness:

SPF MGT. CO., LLC:

By: _____
Name: _____
Title: _____

Exhibit F to the Disclosure Document

List of Franchisees and Multi-Unit Developers
(As of December 31, 2019)

FRANCHISEES:

Alabama	
RNR-Mobile Shannon Strunk 3819 Airport Blvd. Mobile, AL 36608 251-345-3347	RNR-Montgomery Shannon Strunk 1059 N. Eastern Blvd. Montgomery, AL 36116 334-279-0059
Gulfcoast L&P, LLC (GCLP) 2301 S. Oates Street Dothan, AL 36301 (334) 213-9121 Dated:12/15/2017	OZARKGA, LLC Mike Hultquist 3501 Pepperell Parkway Opelika, AL 36801 Signed 7/29/19 Opened 6/06/19
Arkansas	
RNR-Conway David Harrison* 1080 Fendley Drive Conway, AR 72032 501-327-7655	RNR-Fayetteville AR David Harrison* 2870 N. College Fayetteville, AR 72703 479-718-0500
RNR-Fort Smith David Harrison* 6612 Phoenix Avenue Ft. Smith, AR 72903 479-452-1717	RNR-Jonesboro David Harrison* 1848 Highland Drive Jonesboro, AR 72401 870-972-8802
RNR-Little Rock David Harrison* 10215 Mabelvale Plaza Dr. STE 103 Little Rock, AR 72209 501-570-0698	RNR-Rogers David Harrison* 817 W. Walnut Rogers, AR 72756 479-636-1441
RNR-Sherwood David Harrison* 4101 E. Keihl Ave. Sherwood, AR 72120 501-834-7368	RNR-Paragould David Harrison* 1601 W Kings Highway Paragould, AR 72450 870-236-5705
RNR-Little Rock (2) Rental Concepts, LLC 11324 W. Markham Little Rock, AR 72211 501-223-9993	Rental Concepts, LLC 338 N 6 th Street Blytheville, AR 72315 870-776-5344

Rental Concepts, LLC 2282 Albert Pike Road Hot Springs, AR 71913 501-760-4074	Rental Concepts, LLC 2421 Fayetteville Rd Van Buren, AR 72956 (479) 262-2679 opened: 02/16/2017
Rental Concepts, LLC 767 S 48 th Street, Suite A Springdale, AR 72762 479-321-3395 opened:6/4/2018	
Colorado	
COAZ, LLC 3240 E Platte Avenue Colorado Springs, CO 80909 719-602-4767 opened:8/17/2018	COAZ, LLC Todd Homberger 2865 North Avenue Grand Junction, CO 81501 970-822-8473 Signed 9/10/2019 Opened 10/21/2019
Florida	
RNR-Panama City Shannon Strunk 746 West 15 th Street Panama City, FL 32401 850-522-8445	RNR-Pensacola Shannon Strunk 7152 N. Davis Highway Pensacola, FL 32504 850-494-3178
Sutton Adventuress II, LLC 10742 US HWY 441 Leesburg, FL 34788 (352) 508-6434 opened: 08/01/17	East Coast Tire Biz, Inc 2360 N Military Trail, Ste 101 West Palm Beach, FL 33409 561-500-8473 opened: 11/26/2018
Georgia	
Rims USA, LLC 111 W. DeRenne Ave Savannah, GA 31406 912-354-6302	Rims USA, LLC 3740 Washington Road Augusta, GA 30907 706-860-6811

OZARKGA, LLC Mike Hultquist 5300 Veterans Parkway Columbus, GA 31904 706-887-6614 Signed 12/4/17 Opened 2/06/19	OZARKGA, LLC Mike Hultquist 2212 Watson Blvd Warner Robins, GA 31093 478-339-0189 Opened 12/27/2019
Illinois	
RNR-Fairview Larry Carrico 328 Lincoln Highway Fairview Heights, IL 62208 618-206-3200	RNR-Marion Larry Carrico 2402 Williamson County Parkway Marion, IL 62959 618-993-0600
RNR of Missouri 2833 Homer M Adams Pkwy Alton, IL 62002 618-433-8600 opened:2/8/2018	
Indiana	
HSAC, LLC 55 S Morton Street Franklin, IN 46131 806-771-3430 opened:5/20/2016	RNR-Evansville Larry Carrico 225 S. Green River Rd. Evansville, IN 47715 812-477-7467
HDH, LLC 1207 Eastern Blvd. Clarksville, IN 47129 (812) 913-4519 opened: 05/01/2017	
Kansas	
Daniel Vail Investment, LLC 101 S West Street Wichita, KS 67213 316-295-2323 opened:4/20/2016	Daniel Vail Investment, LLC 1418 E 30 th Ave Hutchinson, KS 67502 620-259-8285 opened:8/1/2016
Daniel Vail Investment, LLC 5010 S Broadway Wichita, KS 67211 316-440-3335 opened:11/1/2016	Daniel Vail Investments, LLC 2040 SW Topeka Blvd. Topeka, KS 66612 opened:04/01/2017
Kentucky	

RNR-Covington Ernie Lewallen 1613 Madison Ave. Covington, KY 41011 859-431-7777	RNR-Louisville David P. David* 5616 Preston Highway Louisville, KY 40219 502-964-84012
RNR of Missouri 5320 Hinkleville Rd Paducah, KY 42001 (270) 415-5635 opened:10/19/2017	
Louisiana	
RNR-Baton Rouge Shannon Strunk 8030 Florida Blvd. Baton Rouge, LA 70806 225-926-7466	RNR-West Monroe Rental Concepts LLC 703 Thomas Road West Monroe, LA 71292 318-855-3992
Rental Concepts, LLC 3904 Coliseum Blvd Alexandria, LA 71303 318-704-6018	Rental Concepts, LLC 501 S. Vienna Ruston, LA 71270 318-224-7036
Rental Concepts, LLC 2744 Barksdale Blvd. Bossier City, LA 71112 (318) 584-7310 opened:03/22/2017	Rental Concepts, LLC 2870 Derek Dr Lake Charles, LA 70607 (337) 602-6191 opened: 11/1/2017
Mississippi	
RNR-Gulfport Shannon Strunk 12407-4 Hwy 49 N. Gulfport, MS 39503 228-832-7467	
Gulfcoast L&P, Inc. 3827 Beinville Blvd, Suite 15 Ocean Springs, MS 39564 228-818-8647	RNR-Tupelo Shannon Strunk 1401 W. Main St. Tupelo, MS 38801 662-791-0409
Gulf Breeze Investments, Inc (GBI) 1815 Hardy Street Hattiesburg, MS 39401 (601) 402-9186 Opened: 12/27/2017	
Missouri	

RNR-St. Louis Larry Carrico* 9025 Page Ave. St. Louis, MO 63114 314-743-3500	RNR of Missouri, LLC 606 S. Kings Highway Cape Girardeau, MO 63703 573-335-7655
RNR – Springfield David Harrison* 2545 N. Glenstone Springfield, MO 65803 417-869-1225	Rental Concepts, LLC 1709 Porter Wagoner Blvd West Plains, MO 65775 417-255-8473
B & B Rentals LLC 8910 E. 350 Highway Raytown, MO 64133 816-340-6688	Rental Concepts, LLC 2301 N Rangeline Road Joplin, MO 64801 opened:2/29/2016
B & B Rentals LLC 5828 N Oak Trafficway Gladstone, MO 64118 816-318-5400 opened:7/23/2016	Rental Concepts, LLC 5640 S. Campbell Springfield, MO 65810 (417) 889-0427 opened: 11/01/2017
RNR of Missouri 1880 N. Westwood Blvd. Poplar Bluff, MO 63901 (573) 609-2699 opened: (573) 609-2699	B&B Rentals, LLC Jason Barton 519 S Belt Hwy St. Joseph, MO 64506 816-596-2006 Signed 4/4/2019 Opened 4/8/2019
Nebraska	
Daniel Vail Investments 4300 N 27 th Street Lincoln, NE 68521 402-975-8133 opened: 2/1/2018	
Nevada	
Nevada RTO, LLC Jonas Grant 590 Kietzke Lane Reno, NV 89502 775-786-8473 Signed 1/1/18 Opened 7/29/2019	
New Mexico	

JSA Tires, Inc 1101 N. Main Clovis, NM 88101 (575) 218-3505 Opened 12/18/2017	
North Carolina	
RNR-Charlotte Tony Raffo* 4400-B South Blvd. Charlotte, NC 28209 704-679-7655	RNR-Raleigh Tony Raffo* 3689 New Burn Avenue Raleigh, NC 27610 919-255-9788
RNR-Fayetteville NC Tony Raffo* 3121 Pamalee Drive Fayetteville, NC 28303 910-480-4846	RNR-Greensboro Tony Raffo* 1605 W. Lee St. Greensboro, NC 27403 336-299-4898
RNR – Gastonia Tony Raffo* 735 E. Franklin Road Gastonia, NC 28053 704-865-4048	
Ohio	
RNR-Eastgate Ernie Lewallen* 765 Eastgate S. Drive Cincinnati, OH 45245 513-943-9005	Buckeye Wheel and Tire 1379 Harding Hwy E Marion, OH 43302 740-309-8473 opened: 3/1/2018
Buckeye Wheel & Tire, LLC Keith Ferriman 150 S Sandusky Street Delaware, OH 43015 740-999-8473 Signed 11/5/19 Opened 12/12/19	
Oklahoma	
Rental Concepts, LLC 1906 N Main Street Muskogee, OK 74401 918-387-7991 opened:4/11/2016	Wright Leasing, LLC 6301 S Western Ave Oklahoma City, OK 73139 405-601-9850 opened: 11/14/2016

Wright Leasing, LLC 1308 N. Eastern Ave. Moore, OK 73160 (405) 790-0877 opened: 10/02/2017	Liberty Leasing Services, LLC 1289 E. Kenosha Street Broken Arrow, OK 74012 (918) 940-2929 opened:04/01/2017
Liberty Leasing Services, LLC 7405 E. Admiral Pl Tulsa, OK 74115 (918) 986-9889 opened:04/01/2017	Liberty Leasing Services, LLC 5301 S Peoria Tulsa, OK 74105 918-392-4488 opened: 7/2/2018
Wright Leasing, LLC Danny Wright 3207 NW 23 rd Street Oklahoma City, OK 73107 405-703-9330 Signed 6/24/2019 Opened 7/17/2019	
Pennsylvania	
RNR-Monroeville Daniel Cohen* 3944 William Penn Hwy Monroeville, PA 15146 412-361-1900	
South Carolina	
RNR-Columbia Tony Raffo* 2719 Broad River Rd. Columbia, SC 29210 803-731-9009	RNR-Greenville Tony Raffo* 3141 North Pleasantburg Dr. Greenville, SC 29609 864-672-7655
RNR-North Charleston Tony Raffo* 7540 Dorchester Road North Charleston, SC 29420 843-767-4712	Rims USA, LLC Tony Raffo* 1807 Cherry Road Rock Hill, SC 29732 803-325-2350
Rims USA, LLC 1415 S. Irby Street Florence, SC 29505 (843) 972.3740 10/02/2017	Rims USA, LLC 717 Broad Street Sumter, SC 29150 803-828-5840 opened: 9/25/2018

RNR – Spartanburg Tony Raffo* 1280 Asheville Highway Spartanburg, SC 29303 864-582-3837	RIMS USA, LLC 3322 N. Main Street Anderson, SC 29621 864-559-8550
RIMS USA, LLC Tony Raffo 599 Robert Smalls Hwy Beaufort, SC 29906 864-597-0157 Signed 7/23/2019 Opened 8/22/2019	
Tennessee	
RNR-Nashville Shannon Strunk* 715 Rivergate Pkwy. Goodlettsville, TN 37072 615-859-2150	RNR-Jackson Shannon Strunk* 2089 N. Highland, Ste. D Jackson, TN 38305 731-984-7391
RNR-Memphis Shannon Strunk* 2919 Covington Pike Road Memphis, TN 38128 901-381-9020	Rims USA LLC 3511 Ringgold Road Chattanooga, TN 37412 423-933-2360 opened:12/1/2016
Rims USA, LLC 4114 Chapman Hwy Knoxville, TN 37920 (865) 333-4446 Opened: 07/08/2017	
Texas	
Ronik, Inc* 8120 Research Blvd. #114 Austin, TX 78758 512-374-9933	JSAB Tires, Inc. A.J. Arthus 2203 Pine street Laredo, TX 78046 816-596-2006 Signed 5/10/2019 Opened 5/20/2019 956-539-7550

RNR Tire Express of Texas, LLC Cary McPherson 1509 S. Fort Hood Street Killeen, TX 76542 254-526-2200 Signed 7/19/2018 Opened 4/1/2019	
R&R of Texas, LLC. 1111 S Texas Ave Bryan, TX 77803 979-361-2200 opened: 9/1/2016	Rental Concepts, LLC 4710 College Street Beaumont, TX 77707 409-239-5615 opened: 10/10/2016
JSA Tires, Inc. 309 N University Lubbock, TX 79415 806-771-3430 Opened: 11/9/2016	JSA Tires, Inc 8603 S. University Ave Lubbock, TX 79423 (806) 712-0640 Opened 10/9/2017
RNR Tire Express of Texas 2110 West SW Loop 323 Tyler, TX 35701 (903) 707-2012 Opened: 9/15/2017	Rental Concepts, LLC 3905 New Boston Rd Texarkana, TX 75501 (903) 225-7882 opened 9/13/2017
RNR Tire Express of Texas 3110 S. John Redditt Drive Lufkin, TX 75904 (936) 632-1989 Opened: 10/27/17	Rental Concepts West, LLC 1357 S. Danville Abilene, TX 79605 325-232-8280 opened: 8/22/2018
JSAB Tires, LLC 1660 S Padre Island Drive Corpus Christi, TX 78416 361-420-7085 opened: 11/15/2018	
Virginia	
RNR-Hampton Richard Rose* 3418 West Mercury Blvd Hampton, VA 23666 757-826-7655	Richard Rose* 926 North Main Street Suffolk, VA 23434 757-766-7655

RNR-Norfolk Richard Rose* 818 A East Little Creek Rd. Norfolk, VA 23518 757-588-7555	RNR-Fredericksburg RNR of Virginia, LLC 2042 Plank Road Fredericksburg, VA 22401 540-371-7655
RNR-Richmond RNR of Virginia, LLC 7601 Broad Street Richmond, VA 23294 804-740-7655	RNR of Virginia, LLC 8321 Midlothian Turnpike N. Chesterfield, VA 23235 870-776-5344
RNR of Virginia, LLC 623 First Colonial Road Virginia Beach, VA 23421 757-531-7655 opened: 5/23/2016	RNR of Virginia, LLC 1420-L Battlefield Blvd Chesapeake, VA 23320 757-382-7655 opened: 7/15/2016
Washington	
RNR-Puyallup Kevin Quinn* 15011 Meridian East, Ste. A Puyallup, WA 98375 253-848-7655	

***MULTI-UNIT DEVELOPERS**

Franchisee signed but not opened:

Ozarkga
7201 W. Shadow Valley Rd
Rogers, AR 72758
(479) 903-2870
(479) 366-1841

Nevada RTO, LLC
20700 Ventura Blvd Suite 328
Woodland Hills, CA 91364
(310) 383-5410

Exhibit G to the Disclosure Document

Franchisees and Multi-Unit Developers Who Have Left the System
(As of December 31, 2019)

FRANCHISEES:

Mississippi	
RNR- Moss Point Gulfcoast L&P, Inc. 3436 Main Street Moss Point, MS 39563 228-312-0350 Closed June 17, 2019	

MULTI-UNIT DEVELOPERS:

NONE

Exhibit H to the Disclosure Document

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Exhibit I to the Disclosure Document

Multi-State Addenda

ADDENDUM TO SPF MGT. CO., LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Development Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The franchise agreement requires binding arbitration. The arbitration will occur in Florida with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. Business and Professions Code Section 20040.5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act. Section 20040.5 may still apply to any provision relating to judicial proceedings. A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability.
7. The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of Florida. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

10. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
11. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
12. OUR WEBSITE, www.rnrwheels.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.
13. In regard to Item 6, interest rate, please don't that in California, the highest interest rate permitted by California state law is 10%

**ADDENDUM TO THE SPF MGT. CO., LLC DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

1. The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State if void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State." This Section of the Act replaces any contradictory language contained in the Franchise Agreement and Multi-Unit Development Agreement.

2. Illinois law governs the Franchise Agreement and Multi-Unit Development Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. Under Illinois law at 200.608 and Section 705/4 of the Act, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state "Illinois law". The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended accordingly.

5. Section 25.4 of the Franchise Agreement and Section 14.4 of the Multi-Unit Development Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to

allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee and/or Multi-Unit Developer, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

**STATE ADDENDUM TO THE SPF MGT. CO., LLC
DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND
MULTI-UNIT DEVELOPMENT AGREEMENT FOR THE STATE OF INDIANA**

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 25 of the Franchise Agreement and Section 14.6 of the Multi-Unit Development Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

**ADDENDUM TO THE SPF MGT. CO., LLC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND**

This will serve as the State Addendum for SPF Mgt. Co., LLC for the State of Maryland for SPF Mgt. Co., LLC's Franchise Disclosure Document and for its Franchise and Multi-Unit Development Agreements. The amendments to the Franchise and Multi-Unit Development Agreements included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise and Area Multi-Unit Development Agreements may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 17 of the Franchise Disclosure Document is amended to state that the sections of the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby deemed to be amended accordingly.

3. The Franchisee Disclosure Acknowledgement Statements are amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are

not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Item 17 of the Franchise Disclosure Document is hereby amended to state that the Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of Maryland Franchise Law. In Light of the federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. The registered agent authorized to receive process in Maryland is the Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202-2020.

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 335-7567

**ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND
MULTI-UNIT DEVELOPMENT AGREEMENT FOR THE STATE OF MINNESOTA**

This addendum to the Disclosure Document is agreed to this ____ day of _____, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Development Agreement as follows:

1. Item 13 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein:

“Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Stat. Sec. 80C.14, Subd.3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Disclosure Document.”

3. Item 17 of the Disclosure Document and Sections 16.10 and 25.6 of the Franchise Agreement and Section 14.6 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the 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 jurisdiction.”

4. Item 17 of the Disclosure Document and Sections 2.2.7 and 14.3.3 of the Franchise Agreement and Section 7.2.2.3 of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. The Franchise Agreement is hereby amended in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Section 25.4 of the Franchise Agreement and Section 14.4 of the Multi-Unit Development Agreement regarding Limitations of Claims are hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required. See Minn. Rule 2860.4400J.

9. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

**ADDENDUM TO THE SPF Mgt. Co., LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Area Development Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Article 2.2 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 17.3 of the Franchise Agreement and Article 8.3 of the Area Development Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document, Article 16 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Articles 25.2 and 25.3 of the Franchise Agreement and Article 14 of the Area Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 25.6 of the Franchise Agreement and Article 14 of the Area Development Agreement which require jurisdiction of courts in the State of Florida are deleted.

6. Item 17(w) of the Disclosure Document, Article 25.1 of the Franchise Agreement and Article 14 of the Area Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the

franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 25.6 of the Franchise Agreement and Article 14.6 of the Area Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 25.4 of the Franchise Agreement and Article 14 of the Area Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

10. In the State of North Dakota only, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

ADDENDUM TO THE SPF MGT. CO., LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

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 of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDENDUM TO THE SPF MGT. CO., LLC
DISCLOSURE DOCUMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for SPF Mgt. Co., LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h:

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

ADDENDUM TO THE SPF MGT. CO., LLC
DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI UNIT AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

SPF Mgt. Co., LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

Exhibit J to the Disclosure Document

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the SPF Mgt. Co., LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE SPF MGT CO., LLC, AND ANY OF ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

FRANCHISEE:

By: _____

_____,
(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	August 9, 2019
Maryland	
Michigan	August 12, 2019
Minnesota	Pending
New York	Pending
North Dakota	October 31, 2019
Rhode Island	July 8, 2019
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	July 10, 2019

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

Exhibit K

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF SPF MGT. CO., LLC

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If SPF Mgt. Co., LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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

If SPF Mgt. Co., LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit B.

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

Vince Ficarrota 13922 Monroe's Business Park, Tampa, FL 336356 (813) 977-9800		
--	--	--

Issuance Date: April 26, 2020

I received a Disclosure Document dated _____, that included the following Exhibits:

EXHIBIT A: Financial Statements of SPF Mgt. Co., LLC
EXHIBIT B: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT C: Franchise Agreement with Attachments
EXHIBIT D: Multi-Unit Development Agreement
EXHIBIT E: Standard Form Release Agreement
EXHIBIT F: List of Franchisees and Multi-Unit Developers
EXHIBIT G: Franchisees and Multi-Unit Developers Who Have Left the System
EXHIBIT H: Operations Manual Table of Contents
EXHIBIT I: State Addenda
EXHIBIT J: Franchise Disclosure Acknowledgment Statement
EXHIBIT K: Receipt

DATED: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

PLEASE RETURN SIGNED RECEIPT TO SPF MGT. CO., LLC

13922 Monroe's Business Park,
Tampa, FL 33635

EXHIBIT K

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF SPF MGT. CO., LLC

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(Signature of recipient)

(Printed name of recipient)

Legal residence address

KEEP FOR YOUR RECORDS