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CAR WASH GUYS INTERNATIONAL, INC.

INTERNATIONAL FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made by and between CAR WASH GUYS INTERNATIONAL, INC., a California corporation, ("Franchisor") and _____ ("Franchisee").

RECITALS

A. Franchisor owns a major amount of proprietary know-how and trade secrets relating to the establishment, marketing, promotion and operation of businesses in the United States that provide washing and cleaning of automobiles, trucks, etc. and related services ("The Car Wash Guys System").

B. Franchisor has expended time, effort and money to develop and protect business plans, procedures, training programs and marketing identity in connection with the operation of The Car Wash Guys System.

C. Franchisor has rights in the United States and has applied in your country for such rights, to use and to license the use of the service mark and name "The Car Wash Guys" and accompanying distinctive logo and anticipates developing additional trademarks, trade names, service marks and other commercial symbols (such as marks now existing or as they may be developed hereafter being referred to herein as the "Marks"). The status of the Marks in your country is set forth in the attached Exhibit 2.

D. Franchisor maintains high standards of quality for its products and services such that valuable goodwill is attached to the Marks.

E. Franchisee desires to obtain the right to own and operate a franchised Car Wash Guys business on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the promises contained herein, the parties agree as follows:

1. FRANCHISE AND TERM

1.1 Grant of Franchise

Franchisor grants to Franchisee, and Franchisee accepts, the right to use the Marks and the Car Wash Guys System of Franchisor in the operation of a business (the "Franchised Business") at a location (as defined below) in the country of Spain (the Marketing Area") on the terms and conditions set forth in this Agreement. Franchisee may not use the Marks in any other business or offer any products or services which are not included within the Franchised Business without the prior written consent of Franchisor. Franchisee must provide: (1) mobile car washing and waxing services (the "Core Services"). At Franchisee's election (which election may be made at the date hereof or at any time during the term of the Agreement), Franchisee may provide fleet washing ("Optional Services"). Franchisor reserves the right to introduce or eliminate any Core Services and Optional Services during the term of this Agreement as part of the Car Wash Guys System, provided any such additions must relate solely to cleaning, washing and waxing of automobiles and fleets of trucks. Franchisee shall be required to provide all such services that Franchisor designates as Core Services. In the event that, subsequent to the date hereof, Franchisee elects to provide any Optional Services offered as part of The Car Wash Guys System other than those listed herein, they must receive written permission. To the extent that Franchisee elects to provide any Optional Services during the term of this Agreement, including any renewal hereof, Franchisee shall at all times thereafter continue to provide such Optional Services unless and until Franchisor eliminates such service from The Car Wash Guys System. The Core services and any Optional Services which Franchisor elects to provide during the term of this Agreement are collectively referred to as the "Services".

1.2 Marketing Area

Franchisee is hereby granted a nonexclusive Marketing Area defined by geographic boundaries as determined by Franchisor in its sole discretion after giving considerations to relevant demographic information, including the number of vehicles, population and demographics, the actual boundaries off which are set forth on Exhibit 1 attached to this Agreement. Franchisee may not conduct any advertising that is circulated outside the Marketing Area or otherwise solicit customer accounts that are located outside the Marketing Area without the prior written consent of Franchisor. Franchisee may not solicit customers within the Marketing Area with respect to Services that would be provided to such customers both within and outside the Marketing Area (such customer being referred to as a "National or International Account") without the prior written consent of Franchisor.

In the event Franchisee enters into an agreement to provide Services to a National or International Account, Franchisee's agreement in respect thereof must provide that Services for locations other than in the Marketing Area must be subcontracted to other Car Wash Guys franchisees in their licensed marketing areas ("Other Franchisees"), if any. Franchisor, in its discretion, may establish other franchisees who may advertise and solicit customer accounts within the Marketing Area and who may be in competition with Franchisee. In addition, Franchisor retains the right to solicit and sell National or International Accounts

within the Marketing Area, including but not limited to solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet and other on-line computer networks.

Franchisee may not, directly or indirectly, sell, offer to sell, or provide any of the Services to any person or legal entity that is under contract with, is a current customer of, or was invoiced within the previous six (6) months ("Customer Accounts") by, another Car Wash Guys franchisee who has been granted a marketing area that overlaps (in part or whole) with the Marketing Area described in this Section 1.2 and Exhibit 1 of this Agreement ("Overlapping Franchisee"). The provisions of this paragraph shall apply only to Customer Accounts in which the customer is located in both Franchisee's Marketing Area and in a Overlapping Franchisee's marketing area ("Overlapping Territory"), and are intended to be broadly interpreted to prevent Franchisee from directly or indirectly interfering with any of the customer relationships that have been established by an Overlapping Franchisee in Overlapping Territory. The provisions of this paragraph shall not apply if Franchisee obtains written permission, granted by the President, Vice President or Continent Franchisor Director (CFD) of the Franchisor, to engage in conduct that otherwise is prohibited in this paragraph. If Franchisee violates any of the provisions of this paragraph, Franchisee shall pay to the Overlapping Franchisee(s) forty-three point five percent (43.5%) of the revenue derived from the Customer Accounts that caused Franchisee to violate this paragraph. Such revenue must be paid to the Overlapping Franchisee(s) with ten (10) calendar days of receiving such revenue, for so long as Franchisee receives revenue from those Customer Accounts. This paragraph shall be effective only if an Overlapping Franchisee is subject to the same or similar provisions of this paragraph.

Franchisee has the option to subdivide the Marketing Area. If Franchisee exercises their option to subdivide the Marketing Area the following provisions must be satisfied:

- (a) Franchisee must prepare in the English language, and translate into the language of the Marketing Area, if necessary, a Franchise Agreement for use in the subdivision of the original Marketing Area at Franchisee's sole expense.
- (b) This Franchise Agreement must state that the Franchise System under consideration is part of a larger international system based in the United States with a California Franchisor.
- (c) This Franchise Agreement must state that, if the original Franchisee of the master Marketing Area is terminated or leaves the System, all rights and obligations of this original Franchisee will revert back to the Franchisor, Car Wash Guys International, Inc.
- (d) This Franchise Agreement must state that, if the original Franchisee of the master Marketing Area is terminated or leaves the System, all contracts and agreements of this Franchisee are or may be terminated. If the contracts and agreements are terminated the Franchisees of the subdivisions of the original Marketing Area must will cease and desist from all use of the Marks. All rights of the Franchisees of the subdivisions will terminate and they will be required to fulfill the duties delineated in Section 6.2 Rights and Duties of Parties Upon Expiration or Termination. The Franchisees of the subdivisions will be required to sign the standard form Franchisee Agreement then being offered to new System international franchisees should they wish to continue their Franchised Business.
- (e) Franchisor must approve this Franchise Agreement before it can be presented for use in the subdivision of the Marketing Area.

Franchisee, as an individual, a corporation, a general or limited partnership, a limited liability company, any other legal entity or upon transfer to such entity, may not prepare for nor participate in the conversion of

their Franchised Business to a public offering or for the merger, consolidation or reorganization of their Franchised Business into a legal entity that is a public company without prior written consent of Franchisor.

1.3 Term

1.3.1 Initial Term

This Agreement is effective and binding for an initial term of ten (10) years commencing on the date of its execution by Franchisor, unless sooner terminated as provided herein.

1.3.2 Renewal Term

Subject to Section 1.3.3, Franchisee may renew its right to operate as a franchisee of Franchisor for three (3) successive ten (10) year terms on the same terms and conditions on which Franchisor is then customarily granting new franchises; or, if Franchisor is not then granting any new franchises, then on the same terms and conditions on which Franchisor is then customarily granting renewal franchises by executing the then current form of such agreement. Franchisee will not be required to pay a renewal fee upon exercise of such right. The Franchisee must give Franchisor written notice of intent to renew such right not more than one hundred eighty (180) calendar days nor less than ninety (90) calendar days prior to the expiration of the preceding term.

1.3.3 Refusal to Renew

Notwithstanding the foregoing provisions, Franchisor will not be obligated to renew Franchisee's rights to operate as a franchisee of Franchisor if Franchisee has failed to perform fully Franchisee's duties, obligations and covenants during the preceding term or is then in default of any provisions of this Agreement.

1.4 Possible Expansion

After the fourth (4th) month following the opening and operation of the Location, Franchisor and Franchisee will discuss the possibility of Franchisee's expansion to other cities or other marketing area in the country. However, this Agreement does not require Franchisor to grant any additional rights to Franchisee.

2. FEES

2.1 Initial Fee

In consideration of the license granted herein, Franchisee shall pay to Franchisor, within thirty (30) calendar days of the date this Agreement is executed, an initial fee of One Hundred Thousand U.S. Dollars (US \$100,000).

2.2 Continuing Fees

2.2.1 Royalties

The royalties for the Marketing Area will start at \$300.00 per month. This amount will increase by \$300.00 per month until the monthly royalty reaches \$20,000. The royalties for the Marketing Area will then be capped at \$20,000 per month for the next twelve (12) months. For each subsequent twelve (12) month period the royalties will increase by one percent (1%) to counteract inflation. This royalty fee is due and payable in full on the seventeenth (17th) calendar day of each calendar month beginning one hundred eighty (180) calendar days after the signing of this Franchise Agreement. Payments of continuing royalty fees are not refundable and must be made via bank wire or such other electronic funds transfer procedure as Franchisor may require. Termination will occur

immediately, in the event that Franchisee is delinquent in the payment of these royalty fees by more than sixty (60) calendar days.

2.2.2 Insurance Payments

Franchisee could be paying monthly for the insurance Franchisee is required to maintain for the operation of the Franchised Business. If Franchisee fails to keep in force their insurance requirements Franchisee may be terminated. (See Section 3.2.1 of this Agreement.)

2.3 Promotional Fund

2.3.1 Franchisee Contributions

Franchisee will pay to Franchisor each month as a contribution to a Car Wash Guys System promotional fund (the "Promotional Fund"), if and when established, thirty-five hundred dollars (\$3,500) per calendar month. Promotional Fund contributions are due and payable in full at the same time and in the same manner as continuing royalty fees. Payments of Promotional Fund contributions are not refundable.

2.3.2 Use

Franchisor will not commingle Promotional Fund contributions with its general funds, but will hold all Promotional Fund contributions from all its franchisees in one or more designated accounts.

The Promotional Fund may be used as determined by Franchisor:

- (a) to purchase national, regional, and local advertising in broadcast, print, and electronic media;
- (b) to prepare and distribute camera-ready advertising copy for use in local advertising, script or text for broadcast advertising, signs, posters, brochures, banners, and other point-of-sale advertising and promotional materials;
- (c) to acquire the services of in-house and outside advertising and public relations professionals;
- (d) to carry on other advertising and promotional activities as Franchisor may reasonably deem advisable to increase demand for Services offered by its franchisees, whether Core Services or Optional Services; and
- (e) to pay the reasonable expenses of administering the Promotional Fund, including the reasonable compensation of Franchisor's employees and expenses of the advisory committee described in Section 2.3.3 (if established by Franchisor) while working on behalf of the Promotional Fund.

2.3.3 Administration

The Promotional Fund will be administered by the Franchisor or by an advertising agency selected by the Franchisor. Franchisor, in its sole discretion, may establish a franchisee advisory committee from

time to time to provide input and suggestions regarding use of the Promotional Fund and the effectiveness of programs funded by the Promotional Fund. If the franchisee advisory committee is appointed, it will consist of representatives of Franchisor and representatives of the franchisees, with the representatives of franchisees constituting a majority of the members thereof. Franchisor shall retain sole discretion over the use of the Promotional Fund.

2.3.4 Accounting

Franchisor will account to Franchisee annually for all Promotional Fund contributions received and spent. The accounting will be made by written report within ninety (90) calendar days of the end of the year setting forth the total contributions received from all Car Wash Guys System franchisees as a group and all expenditures made by Franchisor, together with the balance on account in the Promotional Fund as of the date of the report.

2.3.5 Commercial Relationship

Franchisor and Franchisee agree that the rights and obligations of the parties arising from the Promotional Fund and all related matters are governed solely by this Agreement, and that this Agreement and the Promotional Fund are not in the nature of a "trust," "fiduciary relationship," or similar special relationship. Franchisor and Franchisee agree that the Promotional Fund and this Agreement are based on an ordinary commercial relationship between independent businesspersons.

2.4 Transfer Fee

Upon any transfer or assignment of this Agreement, Franchisee will pay to Franchisor a transfer fee in an amount equal to (i) US \$5,000 if transferred to an existing Car Wash Guys System franchisee, or (ii) US \$20,000, if the franchise is transferred to a new Car Wash Guys System franchisee.

2.5 Late Payment

Franchisee agrees that any payment to Franchisor that is not received within fifteen (15) calendar days after its due date will bear interest at the lower of one and one-half percent (1 1/2%) per month and the maximum rate permitted under applicable law in the Marketing Area, from the date payment was due to the date payment is received by Franchisor.

2.6 Currency

All fees, royalties and other payments referenced in this Agreement are stated in the currency of the United States of America ("U.S. Dollars"). All payments due to Franchisor under this Agreement shall be made in U.S. Dollars. Any fees or payments may be calculated and determined in the currency in which the receipts are denominated. However, payment of all such fees shall be made in U.S. Dollars based on the "Exchange Rate" in effect as of the last day of the date on which such fees or payments are due. As used herein, "Exchange Rate" shall mean the rate of exchange of the currency in which Gross Receipts of the Location are denominated and U.S. Dollars, as published in the United States edition of The Wall Street Journal on the next business day following the last day of the calendar month for which a fee or payment is due. In the event a payment is transmitted after the date payment is due, the currency exchange

rate used shall be the Exchange Rate as of the date payment was due or the Exchange Rate as of the date the payment is transmitted, whichever rate produces the larger amount in U.S. Dollars, and regardless of any Late Payment (as defined in Section 2.5 above) or of any other remedy for non-payment or untimely payment of sums due pursuant to this Agreement. Franchisee shall be responsible for obtaining and maintaining any and all necessary or appropriate governmental approvals or permits enabling Franchisee to make payments to Franchisor in U.S. Dollars.

Notwithstanding the above, royalty payments shall be made 50% in U.S. Dollars and 50% in the euro currency. Should the euro cease to be a viable currency in the Marketing Area, then all subsequent royalty payments shall be made in U.S. Dollars.

2.7 Transfer Restrictions

If at any time any legal restrictions shall be imposed upon the purchase of U.S. currency or the transfer to or credit of a non-resident corporation with payments in such currency, Franchisee shall notify Franchisor immediately. Franchisee shall use its best efforts to obtain any consents or authorizations which may be necessary to effect payment in U.S. currency. If Franchisee, despite its best efforts, is unable to effect payment in U.S. currency, Franchisor may direct Franchisee to make payment to Franchisor in such other currency and in such other territory or jurisdictions as Franchisor may select. Franchisor may (to the extent permissible by law) require Franchisee to make such payments to a separate account for the exclusive and sole use and benefit of Franchisor and provide Franchisor with evidence of such payments. Franchisor's acceptance of payment in a currency other than that of the U.S. shall not relieve or release Franchisee of or from its obligations to make future payments in U.S. currency to the extent permitted by law. If, having used its best efforts, Franchisee is unable to obtain consent to or authorization of a method and manner of payment acceptable to Franchisor, then Franchisor may, by written notice to Franchisee, forthwith terminate this Agreement without any claim being made by either party against the other with respect to such termination, but subject to the provisions of this Agreement which expressly or by implication become effective or continue in effect subsequent to such termination.

2.8 Tax Payments

If any amount payable by Franchisee to Franchisor hereunder is subject to withholding or other taxes that Franchisee is required to deduct from such payments, Franchisee shall withhold such amount, remit the withholding to the appropriate tax authority, and promptly deliver to Franchisor receipts of applicable governmental authorities for all such taxes withheld or paid. Franchisee shall be responsible for and shall indemnify and hold Franchisor harmless against any penalties, interest and expenses incurred by or assessed against Franchisor as a result of Franchisee's failure to withhold such taxes or to timely remit them to the appropriate taxing authority. Franchisee agrees to fully and promptly cooperate with Franchisor to provide such information and records Franchisor requests in connection with any application by Franchisor to any taxing authority with respect to Franchisee. If Franchisor is required to refund to Franchisee any amounts paid hereunder, Franchisor shall not be required to refund such amounts which were so withheld by Franchisee until Franchisor receives a refund of such amounts from the applicable government and/or agency thereof or Franchisor utilizes a foreign tax credit directly attributable to such amounts on its United States Federal income tax return which

is accepted in full by the United States Treasury or with respect to the period within which such credit may be reduced or disallowed has expired.

3. OBLIGATIONS OF FRANCHISEE

3.1 Lease

Franchisee must execute a lease or otherwise secure a sales office for the operation of the Location, if the operation of Franchised Business is not run from their residence, within ninety (90) calendar days after execution of this Agreement by Franchisor. If Franchisee does not secure premises within such 90-day period, Franchisor may terminate this Franchise Agreement.

3.2 Tenant Improvements

Upon execution of the lease for the Location, if applicable, Franchisee must commence construction and installation of all tenant improvements, trade fixtures, displays and interior décor necessary or appropriate to commence business. The leased or owned premises must be maintained in a safe and orderly manner, present a neat and businesslike appearance and be adequately staffed. A generalized space plan and layout must meet Franchisor approval. Franchisor will make itself reasonably available to assist Franchisee in the design or layout of such premises and in the types of improvements appropriate.

3.3 Owner Participation

If Franchisee is an individual, Franchisee must devote his full time and best efforts to the day to day operation of the Franchised Business with no operational or management commitments in other businesses except other franchises offered by Franchisor. If Franchisee is a partnership, corporation, limited liability company or other legal entity, then Franchisee must designate a principal of the Franchisee who will devote his full time and best efforts to the day to day operation of the Franchised Business. Notwithstanding the foregoing, Franchisee may continue to operate such other business(es) in which Franchisee is engaged as of the date hereof, which business(es) (if any) is/are family owned. In the event Franchisee does continue to operate such other business(es), Franchisee will employ separate personnel for the same, market such services under one or more trading designations separate from the Marks, maintain separate offices and customer reception space (although such space may be located on the premises at the Location), and have the personnel related to such other business(es) wear apparel that does not feature any of the Marks. Notwithstanding the above, to the extent that any business in which Franchisee is engaged provides: (1) cleaning, washing and waxing of automobiles; or (2) Advisory Services, franchisee shall be permitted to continue to operate such business only for a period of one hundred eighty (180) calendar days from the date thereof; but thereafter, if Franchisee has not disposed of its interest in such business, Franchisor shall have the immediate right to terminate this Agreement.

3.4 Managers; Training

No matter what form of business Franchisee decides to use, the person assigned to running the day to day operations of the business must have completed the initial training course. Anyone in Franchisee's employ

who is a manager or crew leader of a mobile car wash truck must also have completed the required training course.

3.5 Employees

Franchisee must hire and train all employees who are necessary for the operations of the Franchised Business. Franchisee will be solely responsible for the terms of employment of its personnel, including compensation, training, supervision and payroll withholding.

3.6 Training

3.6.1 Initial Training

An eighty (80) hour initial training course is provided with the Franchised Business. Franchisee will be allowed to have up to three people including themselves take this course. This initial training course is required and anyone who will be operating Franchisee's initial car wash truck unsupervised is required to complete the training. At least one person is required to take the training course.

3.6.2 Associated Costs

Franchisee agrees to pay any travel and living expenses which may be incurred by Franchisee and/or another designee in connection with this initial training program.

3.6.3 Failing Training Initially

If Franchisee fails the initial training course, the franchise may be terminated. Franchisee or Franchisee's manager may retake the training program at no cost to Franchisee up to one additional time providing Franchisee gives Franchisor written notice of their intent to do so no later than one week after Franchisee or Franchisee's manager fails training. If Franchisee's general manager, whom Franchisee intends to have run Franchisee's business, fails the required initial training program, the franchise may be terminated. If Franchisee or Franchisee's manager fails the retake of the training course, the franchise will be terminated. One hundred percent of the initial franchise fee will be deemed fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting the franchise and for our lost or deferred opportunity to other potential franchisees. If Franchisee or Franchisee's manager fails to satisfactorily complete the initial training course, one hundred percent of the initial franchise fee will be retained by Franchisor.

3.6.4 Failing On-Going Training

Franchisee will be required to take refresher training courses from time to time. These courses will be taught to Franchisee either at our headquarters or in Franchisee's Marketing Area. When Franchisor determines that it is in Franchisee's best interest to take additional training courses, Franchisor will notify Franchisee either by newsletter, by e-mail or in writing. Franchisee will have up to six months to schedule this required training. If Franchisee fails to schedule the required training, Franchisee will be notified that Franchisee is in default of this Agreement. Franchisee will then have fifteen (15) business days to cure this default. If Franchisee fails an on-going training course, Franchisee may be deemed in default and Franchisee have fifteen (15) business days to cure this default by re-taking and passing the required course or courses.

3.6.5 On-Going Training and Associated Costs

Franchisee is required to pay their own travel and living expenses while taking any refresher training courses which Franchisor may, in its sole discretion, require from time to time.

3.7 Specifications of Initial Equipment, Inventory and Supplies

All transactions with vendors must be negotiated by Franchisee prior to the opening of the Franchised Business. Franchisee must purchase the required items through a list of approved vendors and sources, have taken receipt of, installed in Franchisee's mobile car wash truck and have fully operational all required items within one hundred twenty (120) calendar days of signing the Franchise Agreement. Franchisee will find all specifications for the initial equipment in the Confidential Operations Manual. If Franchisee does not have all required equipment ready within one hundred twenty (120) calendar days due to circumstances beyond Franchisee's control, Franchisee agrees to borrow a loaner truck to start the Franchised Business if one is available and Franchisor offers it to Franchisee.

3.8 Opening of Business

Franchisee must commence business operations within ninety (90) calendar days of the signing of this Franchise Agreement or, if applicable, upon completion of the tenant improvements and the issuance of a certificate of occupancy or your city or town's equivalent for Franchisee's business premises at the Location which must be within sixty (60) calendar days from the date on which the Location is deemed approved by the Franchisor. Thereafter, Franchisee must continually operate the Franchised Business as a full-time business enterprise. If Franchisee is delayed in commencing business operations for causes reasonably beyond the control of Franchisee, then the time for performance by Franchisee will be extended for a period equivalent to the time of the delay.

3.9 Business Hours

Franchisee must keep the Franchised Business open for business for the number of hours needed to service customer demand unless otherwise authorized in writing by Franchisor.

3.10 Apparel

Franchisee and its employees must wear shirts, jackets or other approved apparel with The Car Wash Guys logo as designated by Franchisor when performing Services for the Franchised Business. In the event Franchisee operated any business(es) other than the Franchised Business or other franchises offered by Franchisor to the extent expressly permitted in Section 3.3, the personnel employed in such other business(es) must wear apparel that does not feature any of the marks or color schemes of the Franchised Business.

3.11 Use of Marks

Franchisee must conduct the Franchises Business only under the Marks and in strict compliance with the Confidential Operations Manual. If Franchisee is a partnership, corporation, limited liability company or other legal entity, Franchisee may not use any portion of the Marks as part of Franchisee's trade/entity name.

3.11.1 Proprietary Rights

Franchisee acknowledges the exclusive right, title and interest of Franchisor in and to the Marks and will not take any action contesting or impairing the right, title and interest of Franchisor in any Marks. Franchisee will not represent that Franchisee has any ownership rights in the Marks and acknowledges that its use of the Marks will not create in its favor any right, title or interest in or to the Marks, but that all uses will inure to the benefit of Franchisor. Neither Franchisee nor any officer, director, agent or employee of Franchisee shall in any way register or attempt to register the Marks, whether within or outside the Marketing Area, with any government or any other authority, nor dispute or impugn the validity of the Marks, any registration or application to register any of the Marks, Franchisor's rights to the Marks, or Franchisor's rights to use Marks or grant licenses to others to use the marks. Franchisee must affix and change trademark notices and indications of registration when and as instructed by Franchisor and must adopt and use in the Franchised Business any new trademarks or service marks owned by Franchisor as they are created or introduced from time to time during the term of this Agreement. Franchisee will assist Franchisor to the extent reasonable requested in obtaining or maintaining any registration of any of the Marks to the extent reasonably requested, including by providing advertising samples.

3.11.2 Display of Name

At the times during the term of this Agreement, Franchisee will use the Marks, in a form and manner approved by Franchisor, in all advertising promotions and communications involving the Franchised Business, including telephone yellow pages listings, signs, banners, business cards, stationary, promotional and advertising materials, forms, contracts and all other materials which identify the Franchised Business. All uses of the Marks by Franchisee must be prominently displayed and must clearly state that Franchisee is independently owned and operated. In the event that Franchisee is expressly permitted by Section 3.3 to own any business(es) other than the Franchised Business unless such business is also a franchise offered by Franchisor, neither Franchisee nor the personnel engaged in such other business(es) may conduct the same under any of the Marks or color schemes of the Franchised Business, or operate in any manner so as to cause confusion of origin or sponsorship between The Car Wash Guys related services and products and the services or products offered or rendered by such other business(es).

3.11.3 Name Infringement

Franchisee will promptly notify Franchisor of any unauthorized use of any of the Marks or any colorable variation thereof, by third parties. Franchisee will promptly notify Franchisor of any claim, demand or suit against Franchisee based upon or arising in connection with Franchisee's use of any of the Marks. Franchisee acknowledges that Franchisee has no authority to defend or prosecute any action relating to the Marks, and that Franchisor, at its sole discretion, may elect to defend or prosecute any action relating to the Marks. In the event that Franchisor undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee will execute any and all documents and do all acts which may be necessary or of aid, at the determination of Franchisor's legal counsel and at the expense of Franchisor, to carry out the litigation.

3.12 Confidential Operations Manual

3.12.1 Franchisee Agrees to Operate in Accordance

In order to protect the reputation and goodwill associated with the Marks and to maintain the uniform standards of quality and operations thereunder, Franchisee must conduct the Franchised Business in strict accordance with the Confidential Operations Manual as modified from time to time by Franchisor. Franchisee will insert any updated pages in the Confidential Operations Manual upon receipt from Franchisor and will remove all superseded pages and return them to Franchisor within five (5) business days.

3.12.2 On Loan to Franchisee

Franchisee copy of the Confidential Operations Manual is on loan to Franchisee for the duration of this Agreement. It is not Franchisee's to keep. Franchisee must return it to Franchisor upon termination or expiration of this Agreement. If Franchisee fails to return it, Franchisee agrees to pay Franchisor for any expenses incurred by Franchisor, including all attorneys' fees, to retrieve the Confidential Operations Manual.

3.13 Proprietary Products

In order to maintain the high standards of quality associated with The Car Wash Guys System, Franchisee must purchase Proprietary Products or equipment from Franchisor or a person designated by Franchisor referred to in Section 4.5. Franchisee must not alter, amend or modify any of such Proprietary Products or equipment or use any other products instead of the Proprietary Products or equipment without the written authorization of the President of the Franchisor.

Franchisee will not resell CAR WASH GUYS INTERNATIONAL, INC. supplies.

3.14 Equipment and Supplies

Franchisee will display, sell and use only such equipment and supply items of independent suppliers which have been approved by Franchisor in accordance with Section 4.6 hereof. In the event Franchisee desires Franchisor approval of a particular supplier, equipment or supply item, Franchisee will provide the documentation contemplated by Section 4.6 at its sole expense and will reimburse Franchisor for costs of further testing as contemplated by Section 4.6. Franchisee may not enter into or renew any agreement with a third-party vendor of services, supplies or equipment if such agreement requires that Franchisee disclose information regarding the identity of its customers or the Services performed by Franchisee for any of its customers. If, as of the date of this Agreement, Franchisee is already a party to an agreement of the sort described in the preceding sentence, Franchisee will not be deemed to be in violation of any of the provisions of this Agreement by virtue thereof for the remainder of the current term of such agreement.

3.15 Pricing

Franchisee may determine the prices at which Franchisee sells the products and Services, as well as the terms and conditions of sale for such products and Services. Franchisor may from time to time suggest prices to Franchisee for the sale of The Car Wash Guys products and Services, but the Franchisee will not be required at any time to sell at or above such suggested prices.

3.16 Advertising and Promotion

3.16.1 Independent Advertising

Franchisee, at its own expense, must conduct local advertising and promotional activities as reasonably required to enhance the public awareness, goodwill and image of the Franchised Business. Franchisee may not use any advertising, sales or promotional materials of any kind or conduct any broadcast advertising or promotion, without first obtaining the written approval of Franchisor, which approval will not be withheld unreasonably. To obtain approval, Franchisee must submit a copy of the proposed advertising to Franchisor for review. If Franchisor does not give Franchisee written notice of disapproval within fifteen (15) business days after receipt of the proposed advertising, then such advertising will be deemed to be approved. Notwithstanding the foregoing, Franchisor may from time to time, in its reasonable discretion, provide Franchisee with such marketing programs and brochures developed by Franchisor as Franchisor deems appropriate for use in the Marketing Area. Franchisee may use such of Franchisor's marketing materials in connection with Franchisee's local advertising in accordance with Franchisor's advertising standards and without Franchisor's prior approval unless Franchisor sends written notice to Franchisee that the use of such marketing material is thereafter prohibited. Except as permitted under Section 3.15 above, Franchisor's approval will not be required and Franchisor will not review any portion of the materials referenced in this Section 3.16, with respect to pricing or the other terms of sale of the Services to be provided by Franchisee.

3.16.2 Website

Franchisee specifically acknowledges and agrees that any Website (as defined below) shall be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval under this Section 3.16.2. (As used in this Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software, that Franchisee operates or authorizes others to operate and that refers to the Franchised Business, Proprietary Marks, Franchisor and/or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages.) In connection to any Website, Franchisee agrees to the following:

- (a) Before establishing the Website, Franchisee shall submit to Franchisor a sample of the Website format and information in the form and manner Franchisor may reasonably require.
- (b) Franchisee shall not establish or use the Website without Franchisor's prior written approval.
- (c) In addition to any other applicable requirements, Franchisee shall comply with Franchisor's standards and specifications for Websites as prescribed by Franchisor from time to time in the Confidential Operations Manual or otherwise in writing. If required by Franchisor, Franchisee shall establish its Website as part of Franchisor's Website and/or establish electronic links to Franchisor's Website.
- (d) If Franchisee proposes any material revision to the Website or any of the information contained in the Website, Franchisee shall submit each such revision to Franchisor for Franchisor's prior written approval.
- (e) You shall use only approved key words, meta tags and titles pertaining to our industry. We will e-mail or respond via facsimile approved key words, meta tags and titles upon your request by e-mail or facsimile.
- (f) An electronic link to our Website shall be established and we will provide a reciprocal electronic link to your Website five (5) days after approval or launching of your Website.
- (g) You may only offer approved products or services on your Website. Any Website changes made without our approval will put you in default of this Franchise Agreement.

- (h) The website must be able to be viewed in all languages spoken by ten (10) percent or more of the population of the Marketing Area.
- (i) The website must be e-commerce compatible.
- (j) You must update the website as Franchisor requires within thirty (30) calendar days of such request.

3.16.3 Mass Electronic Mail

Any more than fifty (50) electronic mailings of an unsolicited nature per week are prohibited unless approved by us.

3.16.4 Community Events

Franchisee must perform twelve (12) car wash fundraisers, one for each month, for their local community(s) each year.

During rainy months Franchisee may substitute one community service project per quarter in lieu of three car wash fundraisers as outlined in the Confidential Operations Manual. All community events are to be performed no further than fifteen (15) miles from any border of their Marketing Area or within their Marketing Area. There are several business plans for community type service projects in the Confidential Operations Manual and Franchisor will help Franchisee with these projects.

3.17 Accounting Records and Reports

3.17.1 Maintenance of Books; Reports

Franchisee must maintain full and complete records of the Franchised Business in accordance with generally accepted accounting principles employed in the Marketing Area or the United States and the standards and Confidential Operations Manual provided by Franchisor. Franchisee will furnish Franchisor with unaudited financial statements for the Franchised Business within ninety (90) calendar days of the end of each calendar year signed by the Franchisee, if the Franchisee is an individual, or the majority partner, shareholder or member of the Franchisee if the Franchisee is a partnership, corporation or limited liability company, which shall include an income statement and balance sheet. If Franchisee is a division of a corporation, then the financial statements need only relate to the operations of such division.

3.17.2 Right of Inspection

Franchisor has the right, upon a minimum of forty-eight (48) hours notice, to inspect and audit Franchisee's books, records, ledgers, journals, bank statements, sales tax reports, income tax returns, cash control systems and other accounting records pertaining to the Franchised Business. If any audit shows that the Franchisee has underpaid any royalties or other amounts due to Franchisor, Franchisee must immediately make payment to Franchisor to correct the underpayment. If the underpayment exceeds two percent (2%) of the total royalties, Promotional Fund contributions or other amounts due in any twelve (12) month period, which includes the date when the underpayment occurred, Franchisee must also pay or reimburse Franchisor for the costs of conducting the audit, in addition to any Late Payment owed to Franchisor.

3.18 Maintenance and Repair

3.18.1 Maintenance of Business Location

Franchisee must maintain the condition and appearance of the Franchised Business in a manner consistent with The Car Wash Guys System image. Franchisee will perform all maintenance that is reasonably required from time to time to maintain the condition, appearance and efficient operation of the Franchised Business, including replacement of worn-out or obsolete fixtures, equipment, signs, supplies and inventory, repair of the interior and exterior of the premises and periodic cleaning and decorating. If at any time in the Franchisor's reasonable judgement the general state of repair, appearance or cleanliness of the Franchised Business does not meet Franchisor's standards, then Franchisor will give Franchisee written notice specifying the action to be taken by Franchisee to correct the deficiency and Franchisee will initiate the required action immediately upon receipt of the notice.

3.18.2 Maintenance of Required Equipment

Maintenance and repair of Franchisee's car wash truck, washing equipment, credit card machine, car phone, pager and computer system are Franchisee's sole responsibility. Franchisee agrees to keep all tangible items used in the Franchised Business in excellent repair or fix any item which is worn, breaks, becomes obsolete or mechanically impaired. All items replaced or repaired shall be done so with strict accordance to the standards, specifications and procedures outlines in the loaned copy of the Confidential Operations Manual.

3.19 Confidentiality

3.19.1 Proprietary Information

Franchisee acknowledges that during the term of this Agreement, Franchisee will have access to, become acquainted with and have disclosed to it by Franchisor confidential information, programs, devices, methods, techniques and processes that are not generally known to the public pertaining to the promotion, marketing, operation and management of a business that offers the cleaning, washing and waxing of automobiles and fleet truck washing including the information contained in the Confidential Operations Manual (the "Proprietary Information").

Franchisee shall not, during the term of this Agreement or thereafter, communicate, fax, e-mail, divulge or use for the benefit or any other person, persons, partnerships, associations or corporations any proprietary information, knowledge or know-how concerning the methods of operation of the Franchised Business Franchisor has licensed to Franchisee or any information Franchisor has communicated to Franchisee in written, verbal or electronic form for the operation of the Franchised Business.

3.19.2 Covenant Not to Disclose or Misuse

Franchisee must take all steps necessary to preserve and protect the Proprietary Information from publication, communication or other unauthorized disclosure or misuse. Franchisee must not disclose any of the Proprietary Information, use it in any unauthorized way or assist any other person or entity to disclose or use it either during the term of this Agreement or at any time thereafter. In particular, Franchisee will require as a condition of the employment of any employee by Franchisee in the management and operation of the Franchised Business that the employee similarly covenants to maintain and protect the Proprietary Information, including the execution of its standard covenants and the Franchisee will be responsible for the compliance with such covenants by its managerial and staff employees, with such covenants being for the benefit of Franchisor and enforceable by

Franchisor. In the event Franchisee becomes aware of any actual or threatened violations of any such covenants by any of its employees, Franchisee will promptly and fully advise Franchisor in writing of all related facts known to Franchisee. Franchisee will further cooperate with Franchisor in all ways reasonably requested by Franchisor to prevent or stop any such violation, including without limitation institution or permitting to be instituted in the name of Franchisee any demand, suit or action that Franchisor determines is advisable, which demand, suit or action will be maintained and prosecuted solely by and at the expense of Franchisor. The Confidential Operations Manual (as it may be revised from time to time) is, and will be, the sole property of Franchisor and must be returned to Franchisor promptly upon the expiration, nonrenewal, transfer or other termination of this Agreement.

3.19.3 Injunctive Relief

The parties acknowledge that upon violation of any of these covenants, it will be difficult to determine the resulting damages to Franchisor. Therefore, in addition to any other remedies Franchisor may have, Franchisor will be entitled to make application to a court of competent jurisdiction for temporary and permanent injunctive relief without the necessity of proving actual damages.

3.20 Competition

3.20.1 Services

During the term of this Agreement, and for the period of two (2) years thereafter in the Marketing Area, Franchisee will not, directly or indirectly, without the consent of Franchisor, for Franchisee or on behalf of or in conjunction with any other person, partnership, corporation or limited liability company, own, maintain, engage in, participate in or have any interest in the operation of any business that offers products or services that are essentially the same as, or substantially similar to, the products, Core Services or Optional Services that are part of The Car Wash Guys System, except other franchises offered by Franchisor (any business carrying on such activities, being herein called a "Competing Business"). During the term of this Agreement and for the period of two (2) years thereafter, Franchisee will not, either directly or indirectly, on its own behalf or in the service or on behalf of others, solicit, divert, or hire away, or attempt to solicit, divert, or hire away, to the Franchised Business or any Competing Business, any person employed by Franchisor, whether or not such employee is a full-time or temporary employee of Franchisor, whether or not such employment was pursuant to written agreement and whether or not such employment was for a determined period or was "at will." Similarly, Franchisee will not solicit, divert, or hire away, or attempt to solicit, divert, or hire away, to the Franchised Business or any Competing Business, any such employee of any licensee or franchisee of Franchisor, without the prior written consent of such licensee or franchisee.

3.20.2 Severability of Covenants

Each of the covenants of Franchisee contained in Section 3.20.1 is a separate and independent covenant applicable to each of the separate counties and states in the United States in which Franchisor transacts business. To the extent that any such covenant may be determined to be judicially unenforceable in any country or state, that covenant will remain enforceable in every other country and state.

3.20.3 Covenants of Owners of Franchised Business

If Franchisee is a partnership, corporation, limited liability company or other legal entity, each partner, shareholder, member or other owner of Franchisee will execute and deliver in favor of Franchisor a non-compete covenant in form and substance satisfactory to Franchisor containing provisions substantially the same as those contained in Section 3.20.1 above.

3.21 Insurance

3.21.1 Limits of Liability

Prior to the commencement of any operations under this Agreement, Franchisee must maintain, at their sole expense, a business liability, comprehensive and completed operations insurance policy or policies in accordance with standards and specifications set forth in the Confidential Operations Manual which must include at a minimum the following coverage:

- (a) Comprehensive general liability insurance, in the amount of \$1,000,000 bodily injury per occurrence and \$500,000 property damage per occurrence;
- (b) Vehicle insurance in the amount of \$1,000,000 single limit, including comprehensive and collision;
- (c) Worker's Compensation and Employer's liability insurance (if Franchisee has employees); and
- (d) Equipment insurance for the value of all THE CAR WASH GUYS equipment.

If Franchisee finances the equipment, the lending institution may also require Franchisee to maintain fire/theft/comprehensive insurance for the value of that equipment.

3.21.2 Additional Insured

Franchisor shall be named as an additional insured under all insurance policies, as its interests may appear, and contain a waiver by the carrier of all subrogation rights against Franchisor. Maintenance of insurance under this paragraph shall not relieve Franchisee of liability under the default provisions set forth in this Agreement.

3.21.3 Other Requirements

Franchisor may, at its discretion, change the required coverage and the limits of liability for Franchisee's insurance during the term of this Agreement. In the event Franchisor does this, Franchisee may be paying a higher or lower premium.

3.22 Signage

Franchisee must maintain and display standard signs on Franchisee's car wash truck in accordance with the specifications established by Franchisor and outlined in the Confidential Operations Manual.

All signs on the car wash truck must conform to our sign criteria as to type, color, size, design and location. All signs must be approved in writing by Franchisor prior to installation or display if they do not conform to the Confidential Operations Manual.

3.23 Taxes

Franchisee will promptly pay when due all applicable taxes and assessments against the premises and the equipment used in the Franchised Business and cause to be discharged all liens or encumbrances of every kind or character created or placed upon or against any of its property in accordance with the terms of any agreement, law, ordinance or court order imposing the same and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business.

3.24 Compliance with Law

3.24.1 Government Licensing

Franchisee will comply with all federal, state and local laws and regulations pertaining to the operation of the Franchised Business and will timely obtain and maintain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Franchisee will pay promptly, as they become due, all state, city and county licensing and permit fees and charges in connection with the operation of the Franchised Business.

3.24.2 Drunk Driving

Franchisee agrees not to drink and drive a mobile car wash truck of the Franchised Business on a public highway when Franchisee may be over the legal limit of toxicity. Franchisee also agrees not to drive their personal vehicle in the manner described above. Such violation of the law resulting in the conviction of a felony or misdemeanor is subject to termination of the Franchise Agreement.

3.25 Operating Costs

Franchisee will maintain and pay its own cost of doing business, including rent, telephone, utilities, insurance and other fixed and variable expenses.

3.26 Success of Business; Information

Franchisee acknowledges that the success of the business venture contemplated by this Agreement depends primarily upon the business acumen and ability of Franchisee as an independent business owner. Franchisee acknowledges that neither Franchisor nor any other person has guaranteed or warranted that Franchisee will succeed in the operation of the Franchised Business or has provided or made any sales or income projections of any kind to Franchisee. Franchisee specifically acknowledges that all material information relating to the offering and operation of the Franchised Business and the Franchisor are contained within the Franchisor's Offering Circular, this Agreement and the Confidential Operations Manual, which Franchisee has reviewed, that Franchisee has not relied on any other information in making the decision to enter into this Agreement and that Franchisor has no obligation to furnish any additional information in connection with this Agreement or the Franchised Business except as expressly contemplated herein. During the term of this Agreement and any time thereafter, Franchisee specifically agrees that no information (financial or otherwise) will be provided to Franchisee with respect to any company which is affiliated, directly or indirectly, with Franchisor. Franchisee further acknowledges that there have been no representations, promises, guarantees or warranties of any kind made by Franchisor to induce Franchisee to execute this Agreement, except as specifically set forth in the Franchise Offering Circular that has been delivered to Franchisee.

3.27 Indemnity

Franchisee will indemnify and hold Franchisor and its affiliates free and harmless from and against any and all costs (including reasonably attorney's fees), liabilities, expenses, claims, demands, actions or causes of action which may be incurred by or threatened against Franchisor or its affiliates and which arise out of (i) the Franchisee's operation of the Franchised Business, (ii) transactions between Franchisee and any third party, or (iii) Franchisee's improper use of the Marks.

3.28 National and International Accounts

In the event that Franchisee enters into an agreement to provide services to any National or International Account which has locations outside the Marketing Area, if any such locations is within the marketing area of another franchisee of Franchisor, Franchisee shall offer such other franchisee the right to service such account within such other franchisee's marketing area on such terms as Franchisee may elect prior to offering such right to any other party.

3.29 Contracts with Customers

Franchisee may enter into contracts having such terms as Franchisee wishes to negotiate, provided, however, that any contract for the performance of any of the Services shall provide that, upon the expiration of this Agreement or any termination of this Agreement by Franchisor in accordance with Section 6.1 or otherwise, either (i) for the termination thereof, or (ii) for the provisions of alternate services not involving the methods or products of Franchisor. In no event will Franchisor be liable for any damages to Franchisee or any customer of Franchisee due to either the violation of this Section 3.29 or Franchisee's failure or inability to perform Services due to such expiration or termination.

3.30 Promotion and Development of Business

Franchisee shall promote The Car Wash Guys System and the Services of the Franchised Business, thereby supporting and enhancing The Car Wash Guys System for the benefit of the Franchisor and all of its franchisees and offering the best possible service to customers. Franchisee shall fully develop and conduct the Franchised Business in strict compliance with the terms and conditions of this Agreement and the Confidential Operations Manual.

3.31 Computer System

Within three (3) months from the date thereof, franchisee must obtain a computer system meeting Franchisor's specifications and thereafter will be required to update such computer system at such times as Franchisor may reasonably require. Franchisee must establish Internet access and an electronic mail (e-mail) account within fourteen (14) calendar days of obtaining the specified computer system.

4. OBLIGATIONS OF CAR WASH GUYS INTERNATIONAL, INC.

4.1 Pre-Opening Obligations

4.1.1 Designate Marketing Area

Franchisor will designate for Franchisee a nonexclusive Marketing Area (See Exhibit 1). The boundaries of this area are clearly outlined. This is the area in which:

- Franchisee will receive the second half of their training.
- Franchisee will conduct all of their franchise operations.
- Franchisee's residence must be located.

4.1.2 Site Selection

The Franchised Business may be operated at such location within the Marketing Area as may be approved in advance by Franchisor in writing. Final site selection will be subject to the approval of Franchisor, which approval will not be reasonable withheld. To obtain approval, Franchisee must give Franchisor written notice of the proposed location, as well as photographs of inside and outside the premises of the proposed Location. If Franchisor does not give Franchisee written notice of disapproval within twenty (20) business days after receipt of the written notice of the proposed Location, then the proposed Location will be deemed to be approved by the Franchisor. Franchisee specifically acknowledges that site approval by Franchisor is not to be interpreted as a guarantee of success or profitability of the Franchised Business which is to be operated at the Location.

4.1.3 Facilities Layout

Franchisor will provide Franchisee with a generalized space plan, work flow and general layout of a typical Car Wash Guys System office and warehouse facility.

4.1.4 Initial Equipment Specifications

Franchisor will provide Franchisee with specifications for all initial equipment required to open the CAR WASH GUYS business as outlined in the Confidential Operations Manual.

4.1.5 Initial Training

Franchisor will conduct a comprehensive training program in the management, sales and operation of the Franchised Business. The training program will consist of one week of instruction at our headquarters or other location that Franchisor may select for Franchisee's benefit. One additional week of training will be provided in Franchisee's new Marketing Area during Franchisor's marketing mission. The Franchisee, if the Franchisee is an individual, or the majority partner, shareholder or member of the Franchisee, if the Franchisee is a partnership, corporation or limited liability company, and, if different, such individual who serves as the general manager of the Franchised Business ("General Manager"), must attend and successfully complete the initial training program to the satisfaction of the Franchisor prior to the opening of the Franchised Business. Three people may attend the initial training program without additional charge.

The initial training program must be completed by all the persons designated in this Section 4.1.5 to the extent required hereby prior to the opening of each Franchised Business. Franchisee will be responsible for all travel, food, lodging and other expenses incurred by Franchisee and any of its employees in connection with attendance at the initial training program. If Franchisee or any of its designated employees fails to complete the initial training program to the satisfaction of the Franchisor, then Franchisor will have the right to terminate this Agreement.

4.1.6 Confidential Operations Manual

Franchisor will lend Franchisee a copy of The Car Wash Guys System Confidential Operations Manual (as it may be revised, the "Confidential Operations Manual") to use during the term of this Agreement. Franchisor may revise the contents of the Confidential Operations Manual to convey to Franchisee advancements and new developments in sales, marketing, operational techniques and other items and procedures relevant to the operation of the Franchised Business. Franchisor will send new pages or a completely revised Confidential Operations Manual to Franchisee, at no cost to Franchisee. Franchisee shall bear the responsibility and the cost of translating the Confidential Operations Manual into any language other than English. Franchisee shall promptly arrange for any such translation and submit it to Franchisor for approval. All right, title and interest in and to such translated materials and directives shall vest in Franchisor and Franchisee shall execute (and cause to be executed by the translator and/or Franchisee's employees and agents) such documents as Franchisor may require for this provision to be given full effect.

4.1.7 Initial Cleaning Supplies and Uniforms

Franchisor will provide Franchisee with a start-up supply of initial cleaning products before Franchisee starts the Franchised Business. Franchisor will also provide Franchisee with uniforms, business cards, stationary and clipboards before the opening of the Franchised Business.

4.1.8 Insurance Standards

Franchisor will prescribe minimum standards and limits for certain types of insurance policies that Franchisee must have. Franchisor is obligated to assist Franchisee in locating such insurance coverage if Franchisee desires assistance and make the first monthly payment to start policy coverage.

4.1.9 Computer Software

4.1.91 Accounting Software

Franchisor will provide Franchisee with accounting software to help Franchisee keep track of the franchised operation as they grow the Franchised Business. This software can be used as a tool to monitor the business.

4.1.92 Other Software

Franchisor will provide Franchisee with the following software or upgrades of the following software:

- Microsoft Windows 98 or newer
- Microsoft Office 97 or newer

4.2 On-Going Obligations

4.2.1 Protection of Marketing Area

Franchisor will protect Franchisee's Marketing Area from any franchisee of our System who tries to encroach upon Franchisee's area.

4.2.2 Sales Leads

Franchisor will alert Franchisee to any National or International Accounts Franchisor acquires which may have offices in Franchisee's area. Franchisor will also refer to Franchisee any leads who call the U.S. national 800 number that are located in Franchisee's area. Franchisor will either fax, e-mail or telephone this information to Franchisee.

Franchisor will maintain Franchisee's name on certain bidder's lists for certain large corporations and government agencies in order to provide Franchisee with the opportunity to expand the Franchised Business in the Marketing Area.

4.2.3 Software Upgrades

Franchisor will send Franchisee software upgrades from time to time which will help Franchisee interface with the computer system at our headquarters. Franchisee must install and utilize this software as Franchisor prescribes from time to time in revisions to the Confidential Operations Manual.

4.2.4 Intranet System

Franchisor will provide Franchisee with an on-line continually updated Franchisee Forum intranet system containing information relevant to the Franchised Business as well as what's happening with other franchisees of the System.

4.2.5 Encouragement of Community Support

Franchisor will guide Franchisee in the community service projects through encouragement, advice, participation or community event project business plans.

4.2.6 Provide Spare Parts

Franchisor will provide spare parts for Franchisee to use in the Franchised Business from time to time. Franchisor will use its best judgment in the distribution of spare parts to Franchisee and other franchisees. This will be at our sole discretion as to which spare parts Franchisor gives to Franchisee. It will also depend upon availability.

4.2.7 Protect Proprietary Marks

Franchisor will protect the service marks in Franchisee's area against any competition Franchisee alerts Franchisor to that is copying, using or conducting business in association with any of the service marks.

4.2.8 Manager Training

Franchisor will make available the required training program for Franchisee's additional mobile car wash unit's managers and crew leaders for a fee of \$200 per person.

Franchisor are obligated to evaluate any managers or crew leaders that Franchisee sends to our training and determine for Franchisee if they are capable of operating a car wash truck in Franchisee's Marketing Area following Franchisor's standards, specifications and procedures as outlined in the Confidential Operations Manual.

Franchisor are obligated to require a manager or crew leader who has failed the training course a chance to retake the course one additional time.

4.3 On-Going Training

Franchisee will be responsible for all travel, food, lodging and other expenses incurred by Franchisee and its employees in connection with attendance at the training specified below, including any registration fee that may be charges by the Franchisor.

4.3.1 Specific Training

Franchisor will provide training on specific, job-related issues for technicians, administrative staff, operations managers and sales and marketing personnel on an ongoing basis as Franchisor deems appropriate. Ongoing training classes will typically be one (1) or two (2) calendar day sessions. Attendance requirements will be determined by the content of the class.

4.3.2 General Training

Franchisor will provide ongoing general training on an annual basis to introduce new products, services and equipment, to review sales and marketing practices and to discuss other topics that are relevant to the Services provided by Franchisee. Ongoing general training classes will be held on a regional, national or international basis, as determined by the Franchisor and will typically be two (2) or three (3) calendar day sessions. If Franchisor holds ongoing general training at The Car Wash Guys National Convention, Franchisee or the Location Manager is required to attend such training. Attendance requirements at other ongoing general training sessions will be determined by the content of the class.

4.3.3 New Hires

In the event that Franchisee hires a new location or operations manager or lead technician following completion of the initial training program described in Section 4.1.5, Franchisee will cause each of such new hires to attend a course providing the training required for such person's position within ninety (90) calendar days of the date such person is hired by Franchisee or not later that the date such course is next offered by Franchisor if more than three months after such person is hired by franchisee.

4.4 Advisory Services

Franchisor will provide, as and to the extent required in Franchisor's judgement, a continuing advisory service, which may include consultation on promotional, marketing and advertising techniques and customer relations. Representatives of Franchisor will consult regularly with Franchisee at no cost to the franchisee. At Franchisee's request, a representative of Franchisor will visit the Franchised Business at least once each year at a time mutually agreed upon. Field representatives will be available at Franchisee's request for extraordinary consultation and assistance on a fee basis by appointment only. Franchisor's current fee for extraordinary assistance is U.S \$250 per day, plus all related expenses and may be increased by Franchisor.

4.5 Proprietary Products and Proprietary Equipment

Proprietary Products and Proprietary Equipment ("Proprietary Products") are those products and equipment that serve to establish the superior quality of The Car Wash Guys System and for which no substitute is available that is as effective in accomplishing the product's or equipment's intended purpose. Franchisor or person designated by Franchisor (which may be an affiliate of Franchisor) will sell to the Franchisee any Proprietary Products which Franchisor may hereafter develop or obtain. The sale by Franchisor or such other person of such Proprietary Products or equipment to Franchisee will include a commercially reasonable markup. Franchisee may not become a wholesaler or distributor of Proprietary Products and may not re-sell Proprietary Products, except in connection with the provision of Services by franchisee.

4.6 Non-Proprietary Equipment and Supplies

Franchisee will have the right to purchase equipment and supply items, other than Proprietary Products, for use in providing Services, from any responsible source; provided, however, that Franchisor reserves the right to approve suppliers, equipment and supply items. Independent suppliers will be approved by Franchisor if their products meet the reasonable quality standards established by Franchisor. In order to obtain approval of any such proposed alternative equipment or supply item, Franchisee will provide Franchisor with documentation from a source independent of Franchisee or the proposed supplier which demonstrates, to the reasonable satisfaction of Franchisor, that the proposed alternative equipment or supply item performs as well as the item to be replaced. Notwithstanding such documentation, Franchisor will have the right to test further any such proposed equipment or supply item and Franchisor will be reimbursed by Franchisee for the costs of testing such items. In addition, Franchisor reserves the right at any time to require substitution of newly developed Proprietary Products for non-proprietary items, which would then be sold to Franchisee in accordance with Section 4.6. The sale by Franchisor of non-proprietary equipment and supplies to Franchisee shall include a commercially reasonable markup.

4.7 Inspection

In order to preserve the validity and integrity of the Marks, and to assure that Franchisee is properly employing The Car Wash Guys System in the operation of the Franchised Business, Franchisor and its agents will have the right of entry and inspection of Franchisee's premises, the right to observe the manner in which Franchisee is rendering the Services and the right to confer with Franchisee's employees, customers and business associates.

4.8 National and International Accounts

To the extent that Franchisor enters into an agreement to provide The Car Wash Guys System Services to any National or International Account which has a location within the Marketing Area, Franchisor may offer Franchisee the right to service such account at such location at the terms upon which Franchisor and the National or International Account have agreed. In the event that there is more than one franchisee licensed by Franchisor in the Marketing Area, Franchisor may allocate opportunities to service National or International Accounts between such franchisees, as Franchisor in its sole discretion deems appropriate. If, for any reason, Franchisee elects not to service a National or International Account that is offered to Franchisee, Franchisor may, in its sole discretion, service such account or appoint any other party to service such account.

4.9 No Customer Leads

Franchisor has no obligation to provide Franchisee with leads for potential customers.

5. TRANSFERABILITY

5.1 Transfer by Franchisor

There are no restrictions on the right of Franchisor to sell or assign this Agreement in whole or in part; provided, however, that Franchisor will not assign or otherwise transfer this Agreement unless the assignee agrees to assume Franchisor's obligations hereunder.

5.2 Transfer by Franchisee

5.2.1 Individual

If Franchisee is an individual, Franchisee may not sell, assign, transfer or convey any interest in this Agreement or in the Franchised Business without the prior written consent of Franchisor, which consent will not be unreasonably withheld.

5.2.2 Corporation

If Franchisee is a corporation, then any issuance, redemption or transfer of the equity or voting securities of the corporation, or any disposition of the assets of the corporation in one transaction or in a series of transactions which, in the aggregate, results in either (i) more than a twenty-five percent (25%) change in the beneficial ownership of the corporation, or (ii) a change in the voting control of the corporation, is a transfer which requires the consent of Franchisor. The bylaws of the corporation and all share certificates evidencing ownership of the corporation must contain the following provision:

“The transfer of stock in this corporation is subject to the restrictive provisions of a Franchise Agreement with Car Wash Guys International, Inc. Reference is made to the Franchise Agreement for all particulars.”

5.2.3 Limited Partnership or Limited Liability Company

If Franchisee is a general or limited partnership or a limited liability company, then the admission of a new partner or member, or the redemption, purchase, liquidation or transfer of a partnership or limited liability company membership interest or any disposition of the assets of the partnership or company, in one transaction or in a series of transactions which, in the aggregate, result in either (i) more than a twenty-five percent (25%) change in the beneficial ownership of the corporation, or (ii) a change in the voting control of the partnership or company, is a transfer which requires the consent of Franchisor. The partnership agreement or limited liability company operating agreement must contain the following provision:

“The transfer of a legal or beneficial interest in the (partnership) (limited liability company) is subject to the restrictive provisions of a Franchise Agreement with Car Wash Guys International, Inc. Reference is made to the Franchise Agreement for all particulars.”

5.2.4 Conditions to Transfer

In connection with any transfer provided for above (which requires Franchisee’s consent), the following requirements must be met to the full satisfaction of Franchisor as a condition to any transfer:

- (a) The proposed transferee or its principals must meet Franchisor’s reasonable requirements for experience, net worth and character, as applied by Franchisor on a nondiscriminatory basis in selecting new franchisees and must have or obtain before transfer all licenses required by law for operation of the Franchised Business.
- (b) The proposed transferee or its designee must attend and satisfactorily complete Franchisor’s initial training.
- (c) The proposed transferee (and each partner, member or shareholder) must have duly executed an agreement to be bound by, and to assume and perform all the duties of the Franchisee under, the Agreement (including, in the case of such partners, members or shareholders, the covenants not to compete required by Section 3.20.3).
- (d) All maintenance, repairs and renovations required to bring the Franchisee’s premises into compliance with Franchisor’s standards must have been completed.

- (e) The transferor and each of its partners, members, shareholders, officers and directors must execute a general release of any and all claims against Franchisor and its affiliates and their shareholders, officers, directors, employees and agents.
- (f) If the transfer results in more than a fifty percent (50%) change in the beneficial ownership of the Franchised Business, then the transferee must execute the then current form of the Franchise Agreement, except that the initial term will be the same as the remaining term of the original Franchise Agreement.
- (g) The transfer fee specified in Section 2.4 must have been paid in full, provided, however, that there will be no transfer fee if the transfer or assignment of this Agreement is to the spouse or an adult child of franchisee, if Franchisee is an individual; or the spouse or an adult child of the majority partner, shareholder or member of the Franchisee, if Franchisee is a partnership, corporation or limited liability company.

Any transfer by Franchisee must be approved by Franchisor in writing. The transferee must execute, for the term ending on the expiration date of the Franchise Agreement and with such renewal as may be provided, the standard form Franchise Agreement then being offered to new System franchisees and such other ancillary agreements as Franchisor may require for the Franchised Business, which agreements will supersede the original Franchise Agreement in all respects and the terms of which agreements may differ from the terms of this Franchise Agreement; provided, however, that the transferee will not be required to pay the initial franchise fee and the Marketing Area provided for in this Agreement will remain the same.

5.2.5 Effect of Transfer

No sale, assignment, transfer, conveyance, encumbrance or gift of any interest in this Agreement or in the Franchised Business will relieve Franchisee, or the shareholders, members or partners participating in any transfer, of the confidentiality or noncompetition provisions of this Agreement.

5.2.6 Prohibited Transfers

For purposes of this Section 5.2, without limiting the generality of the foregoing, Franchisor's withholding of consent will be considered reasonable if the proposed sale, assignment, transfer or conveyance is to a Competing Business or to a company in the automotive cleaning business that Franchisor deems to be a competitor of Franchisor or any affiliate of Franchisor. Any purported assignment without the prior written consent of Franchisor will be null and void and will constitute a material default under this Agreement.

5.3 Death or Disability

Upon the death or permanent disability of the Franchisee, if the Franchisee is an individual or upon the death or disability of the majority shareholder, member or partner of Franchisee if the Franchisee is a corporation, limited liability company or a partnership, the spouse, adult children or estate will have the right

to participate in the ownership of the Franchised Business under the terms of this Agreement for a period of one hundred eighty (180) calendar days from the date of death or disability. During that time, the spouse, adult child or estate must either:

- (a) satisfy all of the qualifications for a transferee or purchaser of a The Car Wash Guys franchise, except that no transfer fee or initial franchise fee will be charged; or
- (b) sell, transfer or assign the Franchised Business to a person who satisfies all of the qualifications for a transferee or purchaser of a The Car Wash Guys franchise.

In addition, during such time, Franchisor may enter the Franchised Business premises and take possession of the Franchised Business, its equipment, furniture, fixtures, records, lists and supplies and continue the operation of the Franchised Business for the benefit and account of Franchisee (after paying operating expenses, including a management fee to be established from time to time in the Confidential Operations Manual) pending the conclusion of whichever of the above options is chosen by Franchisee's spouse, adult children or estate.

5.4 Assignment to Corporation or Limited Liability Company

If Franchisee is a partnership or individual and hereafter desires to conduct the Franchised Business in an incorporated or limited liability company form, Franchisor will not unreasonably withhold its consent to the transfer of this Agreement and Franchisee's interest herein to any corporation or limited liability company formed for that purpose; provided that Franchisee and such corporation or company must, prior to such transfer, satisfy such reasonable requirements as Franchisor shall impose, which may include, without limitation, the following:

- (a) Franchisee or its partners will at all times be the record and/or beneficial owner of, and will have, by law or by written agreement satisfactory to Franchisor, voting control of, not less than fifty-one percent (51%) of the issued and outstanding shares or membership interests of each class of the capital stock or membership interests of such corporation or company;
- (b) No other person or entity, except members of Franchisee's or its partners' respective immediate families or trusts for the benefit of such family members, may own or have any right to acquire any capital stock, membership interests or other securities of such corporation or company;
- (c) The form and content of the articles or certificate of incorporation, organization or formation of such corporation or company and by-laws of any such corporation or operating agreement of any such company must contain provisions enforceable under applicable law restricting the issuance and transfer of capital stock, membership interests or securities of the corporation or company to such extent as Franchisor shall reasonably require;
- (d) Franchisor must have been furnished in writing the names and address of all existing or prospective shareholders or members of the corporation or company and Franchisee or its partners and (if requested by Franchisor) each such shareholder or member, or prospective shareholder or member, must have guaranteed in writing (in form and substance satisfactory to Franchisor) the

performance by the corporation or company of the obligations of the Franchisee under this Agreement; and

- (e) Each shareholder or member must have executed and delivered to Franchisor a non-competition covenant in form and substance satisfactory to Franchisor, containing the covenants not to compete required by Section 3.20.3 hereof.

After assignment of this Agreement to a corporation or limited liability company as above provided, or, if Franchisee is a corporation or limited liability company at the date of this Agreement, the sale, transfer, assignment or encumbrance or change in rights of any class or series of capital stock, membership interests or other securities of such corporation or company, whether by operation of law or otherwise, will be deemed a sale by Franchisee or (if a partnership) its partners or its or their interest(s) in this Agreement and will in all respects be subject to the limitations set forth in this Section 5 on the sale of Franchisee's interests in this Agreement. Any merger, consolidation or reorganization by any corporation or limited liability company having an interest in this Agreement will be deemed a sale of such interest and, unless the prior written consent of Franchisor has been obtained, will constitute a material breach hereof.

5.5 Right of First Purchase

We require you to give us the right of first purchase prior to soliciting offers from a third party if you choose to sell your franchised business. You agree to notify us in writing if you desire to sell or transfer your interest in your franchised business. We must elect to exercise our option to purchase your franchised business within thirty (30) business days after our receipt of your written notification. If we offer you an amount that you don't agree to, you may try to sell to a third party. You are obligated before any transfer to a third party to make sure that they meet all criteria set forth above under the heading "Transfer by Franchisee".

5.6 Right of First Refusal

If at any time during the term of this Agreement Franchisee receives a bona fide offer to purchase the Franchised Business, which offer Franchisee is willing to accept, Franchisee must give Franchisor written notice of the terms of the offer and the name of the offeror. Franchisor may elect to purchase the Franchised Business on the same terms as contained in the offer within sixty (60) business days after Franchisor's receipt of the offer, except that in place of any non-cash consideration described in such offer, Franchisor may pay the fair market value thereof in cash. If Franchisor fails to give written notice of election or declines election within the sixty (60) business days, Franchisee may sell to the offeror on the terms offered, subject to the provisions relating to transferability as set forth on this Section 5, provided that such sale must be consummated within ninety (90) calendar days after the expiration of such sixty (60) business day period; otherwise the restrictions of this Section 5.6 shall be renewed and any sale or transfer by franchisee of its interest in this Agreement, whether to such offeror or other individual or entity, shall again be subject to the restrictions of this Section 5.6. In the event Franchisor elects to purchase, the purchase must be completed within ninety (90) calendar days from the date of Franchisor's notice of election to purchase. For purposes of this Section 5.6, the term "fair market value" of any non-cash consideration shall mean the fair market value of such property as determined by agreement of Franchisee and Franchisor; provided, however, that if the parties are unable to reach such agreement within sixty (60) business days after Franchisor's receipt of the offer, then the fair market value of such property will be determined by one appraiser chosen by the parties, who will determine the value of such property. In the event that the parties are unable to agree upon such an appraiser, the parties agree that the Woodland Hills, California, United States office of the American Arbitration Association ("AAA") will be employed to choose an appraiser and such person will determine the fair market value for these purposes. In the event the appraisal process is

utilized, the party whose valuation of such property less closely approximated the value pursuant to the above-described appraisal process, measured by dollar amounts and not percentages, will pay all costs of the appraisal process. Any delay caused by such appraisal process or the parties' disagreement over the fair market value of any non-cash property will extend the period in which Franchisor is to act under this Section 5.6 by that number of calendar days equal to the period of the delay.

6. TERMINATION AND DEFAULTS

6.1 Termination by Franchisor

Franchisor may terminate the Franchise Agreement at the time indicated, if any of the following events occurs, each of which shall be deemed a default:

- (a) immediately, if the Franchisee or the Franchised Business is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets of the Franchisee or the Franchised Business are assigned to or for the benefit of any creditor, or the Franchisee admits its inability to pay its debts as they come due, or the Franchised Business is seized, taken over, or foreclosed by a governmental official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lienholder or lessor, provided that a final judgement against the Franchisee remains unsatisfied for thirty (30) calendar days (unless an appeal bond has been filed), or if a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business and is not discharged within five (5) business days; or
- (b) immediately, if the Franchisee abandons the Franchised Business by failing to operate the Franchised Business for five (5) consecutive calendar days during which the Franchisee is required to operate a business under the terms of this Agreement or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that the Franchisee does not intend to continue to operate the Franchised Business, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond the Franchisee's control; or
- (c) immediately, if the Franchisor discovers that the Franchisee has made any material misrepresentations to the Franchisor relating to the acquisition of the Franchised Business; or
- (d) immediately, if the Franchisee is a competitor of the Franchisor or a competitor of an affiliate of the Franchisor. In such case the Franchisee will be terminated, the Franchisee will forfeit their mobile truck/unit(s) and their associated equipment which will be transferred to other franchisees to assist with community fundraiser events and the Franchisee will be required to pay a misrepresentation penalty of five (5) times the franchise fee to the Franchisor that will be distributed to charitable organizations so designated by a franchisee committee convened for just this purpose. The Franchisee will be liable to the Franchisor for reasonable attorney's fees and court costs incurred by the Franchisor in any litigation related to this matter; or
- (e) immediately, if the Franchisee is convicted of, or pleads *nolo contendere* to, a felony or any other criminal misconduct which is relevant to the operation of the franchise; or
- (f) immediately, if the Franchisee, after curing any default after notice and opportunity to cure, engages in the same noncompliance, whether or not corrected after notice; or
- (g) immediately, in the event the Franchisee attempts to transfer any interest in the franchisee of the Franchised Business in violation of Section 5; or
- (h) immediately, in the event that the Franchisee violates the provisions of Section 3.20 hereof;
- (i) immediately, in the event that the Franchisee does not notify Franchisor of Franchisee change of address or change of e-mail account address within fifteen (15) calendar days of such change; or

- (j) immediately, in the event that the Franchisee fails to perform the required car wash fundraisers or community service projects; or
- (k) upon ten (10) calendar days' written notice to Franchisee of its failure to pay any fees or other amounts due to Franchisor, any affiliate of Franchisor or any other franchisee that is not cured within such ten day period; or
- (l) upon thirty (30) calendar days after notification to Franchisee of noncompliance with any federal, state or local law or regulation applicable to the operation of the Franchised Business unless cured within such period; or
- (m) upon thirty (30) calendar days' written notice to Franchisee of any failure of Franchisee to perform any obligation under this Agreement that is not cured within such thirty day period; or
- (n) prior to the opening of the Franchised Business, if Franchisee or any of its designated employees fails to complete the initial training program described in Section 4.1.5 to the satisfaction of Franchisor; or
- (o) upon ninety (90) calendar days' written notice from the date hereof, if Franchisee does not secure premises for and commence the operation of the first Location for the Franchised Business within such period; or
- (p) immediately at any time following one hundred eighty (180) calendar days from the date of this Agreement, if Franchisee continues to operate another business in violation of Section 3.3 hereof following such one hundred eighty day period; or
- (q) at such time as Franchisor and Franchisee mutually agree in writing to terminate this Agreement; or
- (r) if Franchisee is convicted of drunk driving while driving a car wash truck.

6.2 Rights and Duties of Parties Upon Expiration or Termination

Upon termination or expiration of this Agreement for any reason, all rights of the Franchisee under this Agreement will immediately terminate, but Franchisee will have the following duties, which will survive termination or expiration of this Agreement:

- (a) Franchisee must promptly pay Franchisor all sums owing under the terms of this Agreement, including all damages, costs, and expenses incurred by Franchisor by reason of default on the part of Franchisee, whether or not the expenses occur before or after the termination or expiration of this Agreement.
- (b) Franchisee must immediately cease use of the marks in advertising, forms, manuals, slogans, signs or in any other manner whatsoever. Franchisee will not represent or advertise that Franchisee was formerly a Car Wash Guys System franchisee or that franchisee did business under the Marks.
- (c) Franchisee must ensure at its own expense that all mention of the Marks in connection with Franchisee is removed at the earliest possible time from all telephone and other directories, directory assistance records, building directories, signboards, internet sites, membership rosters and every other place and publication.
- (d) Franchisee must take action to cancel any assumed name or equivalent registration which contains any of the Marks and will furnish Franchisor with satisfactory evidence of cancellation.
- (e) Franchisee will cease and desist from all use of the Marks and must deliver to Franchisor, or its duly authorized representative, all materials and papers upon which the Marks appear. Franchisee will not, at any time, adopt or use any word or mark which is similar to or confusing with the Marks.

- (f) Franchisee must return to Franchisor the Confidential Operations Manual and all documents and records that are reasonably necessary or important to the continuation of the Franchised Business.
- (g) If Franchisor so elects, Franchisee must sell to Franchisor, at Franchisor's cost, all products, supplies and equipment which bear the Marks.

6.3 Arbitration

Any controversy or claim arising out of or relating to this Agreement, other than for injunctive relief, will be settled by binding arbitration and judgement upon the award may be entered in any court having jurisdiction thereof. The arbitration must be conducted through the AAA office in Woodland Hills, California (United States) and will be conducted by a panel of three arbitrators selected in accordance with the International Arbitration Rules or such other rules and regulations of the AAA applicable to international commercial matters. The arbitrators will render a decision based on, and consistent with, California law and with the facts and evidence that are properly introduced at the hearing. If there are any disputes in matters of public policy, restraint of trade, securities laws violation or any other matter which cannot be the subject of arbitration, those matters will be separated from all other disputes and those other disputes will first be settled by arbitration. After arbitration, any disputes which cannot be tried by arbitration will be brought before a court of competent jurisdiction. Should the parties be unable to separate matters which will be addressed by arbitration from those which cannot be addressed by arbitration, the allegations and positions of the parties will be brought before the arbitrators and their decision regarding the appropriateness for arbitration of the matters in controversy will be determinative and binding upon parties. Unless otherwise determined by the arbitrators, the fees and expenses of arbitration, not including attorneys' fees, will be shared equally by the parties.

7. MISCELLANEOUS

7.1 Governing Law

This Agreement has been accepted and made in the State of California, United States and all rights hereunder will be governed by and interpreted under the internal laws (and not the law of conflict of laws) of the State of California.

7.2 Compliance with Law

This Agreement will be deemed to contain, and will be construed so as to contain and be consistent with, all mandatory provisions and requirements of applicable state and federal law.

7.3 Waiver

Waiver of any default or breach of this Agreement will not be interpreted as a waiver of any subsequent breach.

7.4 Notices and Communications

All notices or communications must be directed to Franchisor by international air mail, first class-postage prepaid return receipt requested; international overnight courier or such other means of delivery affording proof of receipt, at the following address:

c/o Lance Winslow
Car Wash Guys International, Inc.
5699 Kanan Road, Suite #130
Agoura Hills, CA 91301

U.S.A.

Notices and communications will be directed to Franchisee by international air mail, postage prepaid return receipt requested, international overnight courier or such other means of delivery affording proof of receipt, and addressed to the Franchisee at the address provided in Section 7.24 below, or at Franchisee's Location. If Franchisee is other than an individual, Franchisee must designate in writing to Franchisor the name and address of its agent to receive notice. Notice to the agent will be conclusively presumed to be full and adequate to Franchisee. Notice shall be deemed to have been given on the date of actual receipt, or if delivery is refused, on the date of attempted delivery.

7.5 English Language

All notices, reports, financial statements and other submissions required to be made to Franchisor hereunder shall be prepared or translated into the English language at Franchisee's sole expense.

7.6 Attorney's Fees

If any legal action is necessary by Franchisor to enforce the terms and conditions of this Agreement, Franchisor will be entitled to recover reasonable compensation for preparation, investigation, and court costs and reasonable attorney's fees, as fixed by a court of competent jurisdiction.

7.7 Modifications to System

Franchisor may change the System at any time and such changes shall become part of The Car Wash Guys System.

7.8 Amendment

This Agreement may be amended, modified or discharged, in whole or in part, only by a document in writing subscribed by all of the parties subscribing to this Agreement.

7.9 Remedies Cumulative

The parties are entitled to any and all remedies at law or in equity, in addition to any remedies set forth in this Agreement.

7.10 Other Franchises

The parties hereby acknowledge and agree that Franchisor may grant other franchises that are the same as or similar to the Franchised Business granted hereby within the Market Area.

7.11 Successors and Assigns

This Agreement will inure to the benefit of, and be binding upon, the parties hereto and their heirs, successors, representatives, assigns and transferees to the extent this Agreement is assignable.

7.12 Relationship of the Parties

Franchisee is an independent contractor. The Franchised Business does not make the Franchisee and Franchisor partners or joint venturers or make them agents, employees or fiduciaries of the other, and Franchisee will not hold itself out to the contrary. Franchisee will advise its suppliers of its independent ownership of the Franchised Business and will clearly state in its business forms and stationary that it is independently owned and operated.

7.13 Entire Agreement

This Agreement, together with its Exhibits, expresses fully the understanding by and between the parties, and all prior understandings, agreements, commitments, conditions, warranties and representations of any kind, oral or written, as to the Franchised Business (except as to information and representations submitted by Franchisee to Franchisor in the application to purchase the Franchise) are cancelled and null, void and of no effect. Any previous matter, presently covered within this Agreement, is hereby superseded and cancelled with no further liabilities or obligations of the parties to this Agreement at the time of execution of this Agreement.

7.14 Severability

If any term or provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement will continue in full force and effect, except to the extent either party would fail to obtain the substantial benefit of its bargain.

7.15 Other Parties

If Franchisee is a partnership, joint venture, association, corporation, limited liability company or other legal entity, then all persons who have any beneficial interest in Franchisee must execute this Franchise Agreement where indicated below and be bound jointly and severally by all the terms and provision hereof, and each such execution shall be a condition precedent to the grant by Franchisee of the Franchised Business.

7.16 Success of Business

7.16.1 Franchise Risk, Franchisee Ability

Franchisee acknowledges that the success of the business venture contemplated by this Agreement depends primarily upon their ability as an independent business owner. Franchisee acknowledges that neither Franchisor nor any other person has guaranteed that Franchisee will succeed in the operation of the Franchised Business or has provided any sales or income projections of any kind to Franchisee. Franchisee also acknowledges that this business involves hard work and sometimes long hours, similar to most small businesses which are owner operated, and that Franchisor never promised this business was going to be easy for Franchisee, Franchisee's partners, officers or directors. Franchisee further acknowledges that they are in good health and able to devote their full time and best efforts in the day to day operation of the Franchised Business or that Franchisee has the business management skills necessary to successfully hire a general manager to run the day to day operation of the Franchised Business.

7.16.2 No Representations

Franchisee acknowledge that there have been no representations, promises, guarantees or warranties of any kind made by Franchisor to induce Franchisee to execute this Agreement except as specifically set forth in the Franchise Offering Circular that has been delivered to Franchisee. Franchisee also acknowledges that Franchisee has decided to enter into this Franchise Agreement with CAR WASH GUYS INTERNATIONAL, INC. under their own free will.

7.16.3 Franchisee Read This Document

Franchisee acknowledges that they have reviewed the Franchise Agreement and the Franchise Offering Circular and have received all information which Franchisee has requested concerning the business operation and any other information which in Franchisee's opinion was necessary for Franchisee to decide whether to enter into this Agreement. Franchisee also acknowledges that they believe they have made a good decision for themselves or for their partners, their company or their

corporation based upon what Franchisee believes is their ability to run and control a business of their own.

7.17 Injunctions

Nothing contained herein shall bar CAR WASH GUYS INTERNATIONAL, INC. or Franchisee's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause Franchisee or Franchisor loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

Franchisee recognizes the unique value and secondary meaning attached to the System, the trade names, service marks, trademarks, standards of operation and the trade practices and agree that any noncompliance with the terms of this Agreement or any unauthorized or improper use will cause irreparable damage to Franchisor and our franchisees. Franchisee therefore agrees that if they engage in any such unauthorized or improper use, during or after the period of this franchise, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by laws.

7.18 Indemnification of Franchisor

Franchisee shall indemnify Franchisor for any loss, cost or expense, including attorneys' fees, that may be sustained by Franchisor because of the acts or omissions of Franchisee's vendors or suppliers or arising out of the design or construction of the mobile unit.

7.19 Headings and Table of Contents

The headings and Table of Contents used in this Franchise Agreement are for purposes of convenience only and shall not be used in constructing the provisions hereof. As used in this Franchise Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

7.20 Third Parties

The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party shall have the right to claim the benefit of any provision hereof as a third party beneficiary of any such provision.

7.21 Address and E-Mail Account Changes

Either party may change his or its address by giving notice in writing of such change of address to the other party. Franchisee must notify Franchisor of Franchisee's change of address or change of e-mail account address within fifteen (15) calendar days of such change.

If Franchisee moves their residence out of the Marketing Area, Franchisee must hire two-thirds of their labor force for the Franchised Business from within the Marketing Area

including at least one manager or crew leader as provided for in the Confidential Operations Manual.

7.22 Effectiveness

The submission of this Agreement does not constitute an offer to franchise and this Agreement shall become effective only upon execution by Franchisor and Franchisee.

7.23 Force Majeuer

If there is a fire, flood, hurricane, tornado, earthquake, riot or bombing in the Marketing Area which significantly reduces Franchisee's ability to work, no royalties will be charged to Franchisee during this time and in major disasters for thirty (30) calendar days following. Franchisor hopes Franchisee will join local disaster relief efforts as soon as their family is taken care of and out of danger.

7.24 Additional Representations

Franchise makes the following additional warranties and representations:

(a) Franchisee is a (check one):

Partnership Corporation Limited Liability Company Sole Proprietorship

(b) If Franchisee is a corporation, limited liability company or partnership, the name and address of, and percentage interest owned by, each shareholder, member or partner are:

<u>NAME</u>	<u>ADDRESS</u>	<u>PERCENTAGE</u>
-------------	----------------	-------------------

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(c) The address where Franchisee's records are maintained is:

(d) The name and address of Franchisee's designated agent to receive notice is:

Franchisee must not substitute a new designated agent without prior written notice to Franchisor.

(e) The name and address of Franchisee's manager is:

7.25 Disclaimer

THE UNDERSIGNED ACKNOWLEDGES THAT FRANCHISEE AND FRANCHISOR HAVE READ THIS FRANCHISE AGREEMENT IN FULL, HAVE BEEN SUPPLIED WITH A FRANCHISE OFFERING CIRCULAR IN ACCORDANCE TO FEDERAL AND STATE LAW, ARE COGNIZANT OF EACH AND EVERY ONE OF THE TERMS AND PROVISIONS THEREOF, THAT NO REPRESENTATIONS OR AGREEMENTS, WHETHER ORAL OR WRITTEN, EXCEPT AS ATTACHED HAVE BEEN MADE OR RELIED UPON, THAT THE SIGNATURES AFFIXED HERETO WERE AFFIXED AS THE WHOLLY VOLUNTARY ACT OF THE PERSONS WHO SIGNED THIS FRANCHISE AGREEMENT AND THAT THE TERMS AND PROVISIONS OF THIS FRANCHISE AGREEMENT CANNOT BE CHANGED OR MODIFIED UNLESS IN WRITING SIGNED BY FRANCHISEE'S AUTHORIZED REPRESENTATIVE AND FRANCHISOR'S AUTHORIZED CORPORATE OFFICER; THAT THE UNDERSIGNED REALIZES THAT THERE CAN BE NO GUARANTY OF SUCCESS SINCE THEIR BUSINESS ABILITY, APTITUDE AND INDUSTRIOUS DISPOSITION IS PRIMARY IN THEIR SUCCESS.

7.26 Questions Concerning This Franchise Agreement

Franchisee understand the intent of each paragraph and Franchisee has asked all questions of anything they did not understand and have consulted competent advisors to help them determine the exact meaning of everything in this Franchise Agreement. Franchisee further considers themselves mentally competent and that nothing written in this Franchise Agreement still seems ambiguous to Franchisee. There is nothing in this Franchise Agreement which Franchisee did not understand at the time Franchisee signed this Franchise Agreement. Franchisee has shown this Franchise Agreement to consultants and/or advisors who they feel comfortable with and Franchisee's advisors and Franchisor have gone over this Franchise Agreement and related and attached agreements with Franchisee. Franchisee have written down questions and personally checked them off when Franchisee felt they were answered adequately both by Franchisor and Franchisee's advisors.

7.27 Counterparts

This Franchise Agreement may be executed in counterparts, all of which together will constitute one and the same Agreement.

The parties have executed this Franchise Agreement on _____, 199__.

FRANCHISEE:

FRANCHISOR:

(If an individual)

CAR WASH GUYS INTERNATIONAL, INC.

Signed: _____

By:

Print Name: _____

Title:

(If a corporation)

Name of corporation: _____
State of incorporation: _____
Signed by: _____
Title: _____

(If a general or limited partnership)

Name of partnership: _____
State of organization: _____
Name of managing or general partner: _____
Signed by: _____
Title: _____

(If a limited liability company)

Name of company: _____
State of organization: _____
Signed by: _____
Title (member or manager): _____

Each of the undersigned individuals or entities certifies that he/she/it is an owner of the above named Franchisee and hereby executes this Franchise Agreement and agrees to be bound by all terms and conditions thereof to the same extent as the Franchisee:

Print Name of Shareholder/
Partner/Member:

_____	Signed:

_____	Signed:

_____	Signed:

_____	Signed:

_____	Signed:

_____	Signed:

_____	Signed:

_____	Signed:

_____	Signed:

_____	Signed:

THIS FRANCHISE AGREEMENT IS NOT EFFECTIVE UNTIL SIGNED BY A CORPORATE OFFICER OF CAR WASH GUYS INTERNATIONAL, INC. NO FIELD REPRESENTATIVE OR SALESPERSON IS AUTHORIZED TO EXECUTE THIS FRANCHISE AGREEMENT ON BEHALF OF CAR WASH GUYS INTERNATIONAL, INC. FRANCHISEE IS ADVISED NOT TO INCUR ANY EXPENSE OR OBLIGATION

WITH RESPECT TO THE FRANCHISED BUSINESS UNTIL FRANCHISEE HAS RECEIVED A FULLY EXECUTED COPY OF THIS FRANCHISE AGREEMENT.

IF THIS FRANCHISE AGREEMENT IS TO BE DELIVERED TO FRANCHISOR IT MUST BE ACCOMPANIED BY THE ENTIRE FRANCHISE FEE AND THE ENTIRE MARKETING FEE PAID IN CERTIFIED FUNDS (CASHIER'S OR BANK CHECK) OR THE REQUIRED FUNDS MUST BE WIRED TO FRANCHISOR'S BANK PRIOR TO DELIVERY. FRANCHISEE MUST USE FEDERAL EXPRESS ONLY FOR THIS DELIVERY AND FAX FRANCHISOR THE TRACKING NUMBER.