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TM

WASH GUY.COM, INC.

INTERNATIONAL MASTER FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made by and between
WASH GUY.COM, INC., an Arizona 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, light trucks, etc. and related services ("The Car Wash Guys and Wash Guy 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 and Wash Guy System.

C. Franchisor has rights in the United States and is applying 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 city and country (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 automobile and light vehicle 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 light vehicles. 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".

1.1.1 Grant of Right to Sell Franchises

Once Franchisee Core Services operating franchise has been established and operating for a period of ninety (90) calendar days, Franchisor grants to Franchisee the right to sell to other parties franchises of The Car Wash Guys or Wash Guys Systems (the right to become a "Master Franchise") within the boundaries of Franchisee designated Marketing Area only. If Franchisee has not established and have operational the Core Services franchise within one hundred eighty (180) calendar days of delivery of Franchisee's initial car wash truck/unit, this right may be terminated by Franchisor.

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 of 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.

1.3 Term

1.3.1 Initial Term

This Agreement is effective and binding for an initial term of five (5) 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 five (5) year terms provided that the Franchisee has remained in full compliance throughout the previous term and 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. 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.

The renewed Franchise Agreement will be evidenced by the Franchisee signing the Franchise Agreement forms which Franchisor is then using. These forms may vary materially from this Agreement. Royalty Fees, Advertising and Promotional Fund fees and other fees will be set at the then prevailing rates and terms. The failure or refusal to execute the Renewal Franchise Agreement forms within thirty (30) days after delivery to the Franchisee may be regarded as an election by the Franchisee not to renew. Upon renewal, the Franchised Business must remain located in the geographical territory designated in this Agreement. The Marketing Area may be modified and its geographic area may be reduced.

Franchisee will reimburse Franchisor for Franchisor's reasonable out-of-pocket costs concerning the renewal. Franchisee will refurbish, remodel, and replace the Franchise equipment to conform to the then current Confidential Operations Manual and System. There will be no limitation on the amount that Franchisor may require Franchisee to spend on refurbishing, remodeling and replacement. Upon renewal, Franchisee must execute a general release, in a form prescribed by Franchisor,

following applicable law, to release Franchisor from any claims Franchisee may have against the Franchisor or any predecessor, sister or co-branding companies of the Franchisor, their current or former shareholders, directors, officers, employees, agents and their spouses.

Before renewal, Franchisee or their designated manager will attend and successfully complete any retraining program Franchisor prescribes in writing. This will be done at the Franchisee's expense, including travel, meals, lodging, and the then current training fee.

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 satisfactorily comply with Franchisee's duties, obligations and covenants during the preceding term or is then in default of any provisions of this Agreement. The determination of satisfactory compliance will be within the exclusive discretion of Franchisor in good faith. If Franchisor refuses to renew, Franchisee must continue to perform under this Franchise Agreement until its expiration.

Continuation. If Franchisee is in the process of transferring the Franchised Business at the time of expiration Franchisee may be allowed to continue to operate the Franchise with Franchisor's express consent, following the expiration or termination of this Agreement. The continuation will be a month-to-month extension of this Franchise Agreement. Otherwise, all provisions of this Agreement will apply while operations continue.

1.4 Possible Expansion

After the **third (3rd)** 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 areas in the country. However, this Agreement does not require Franchisor to grant any additional rights to Franchisee **until Core Services are established and operating for a period of ninety (90) calendar days.**

The Master Franchise will include the Marketing Area as set forth in Exhibit 1 attached to this Agreement. The Master Franchise will include first rights to purchase Master Franchise rights in Marketing Areas that maintain a common border with the originally granted Master Franchise.

2. FEES

2.1 Initial Fees

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 Twenty Thousand U.S. Dollars (US \$20,000).

2.1.1 Initial Fees From Sale of Additional Franchises

In consideration of any franchise of The Car Wash Guys or Wash Guys Systems that the Master Franchise sells, Master Franchise shall pay to Franchisor, within ten (10) calendar days of the date that the Agreement is executed, an Initial Fee of Five Thousand U.S. Dollars (US \$5,000). The remainder of the Initial Fee collected by the Master Franchise for the sale of The Car Wash Guys or Wash Guys Systems franchises shall be retained by the Master Franchise for operating expenses.

2.2 Continuing Fees

2.2.1 Royalties

The royalties for each truck/unit will be \$100.00 per month. This royalty fee is due and payable in full on the seventeenth (17th) calendar day of each calendar month. These royalty payments are to be paid for every truck and trailer unit Franchisee operates. 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.

The royalty fee may not be uniform for all franchises now being offered by the Franchisor. Franchisor reserves the right to trade services for royalties upon our mutual consent. Franchisor reserves the right to administer National and International accounts and collect all monies. Franchisor may subtract out the royalty fees and/or the promotional fund fees that Franchisee pays Franchisor before forwarding any monies due the Franchisee. Payments to the Franchisee will be settled monthly.

2.2.1.1 Royalties From Sale of Additional Franchises

In consideration of any franchise of The Car Wash Guys or Wash Guys Systems that the Master Franchise sells, Master Franchise shall pay to Franchisor, a royalty for each truck/unit of \$100.00 per month. This royalty fee is due and payable in full on the seventeenth (17th) calendar day of each calendar month. These royalty payments are to be paid for every truck and trailer unit the Franchisees operate. 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. The remainder of the royalty collected by the Master Franchise shall be retained by the Master Franchise for operating expenses.

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 3.21 of this Agreement.)

2.2.2.1 Insurance Payments For Additional Franchises

All franchisees of Master Franchise must maintain insurance if available.

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, one hundred dollars (\$100) 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, internet and electronic media;
- (b) to be used exclusively to meet any and all costs of maintaining, administering, researching, directing and preparing advertising and/or promotional activities (including, among other things, the costs of preparing and conducting television, radio, magazine, newspaper and internet advertising campaigns); direct mail and outdoor billboard advertising; marketing surveys and public relations activities; use of advertising agencies and website developers to assist with projects, website development and maintenance and internet informational and advertising links and promotional brochures, CD-ROMs, video tapes and other marketing materials for the Franchisor.
- (c) to acquire the services of in-house and outside advertising, public relations professionals and website developers;
- (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 \$10,000, 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.

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

Master Franchisee must execute a lease or otherwise secure sales office and warehouse premises for the operation of the Location 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, 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/unit or anyone who will be operating your car wash truck/unit unsupervised 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. Franchisee will in no way obligate Franchisor for expenses incurred in the operation of the Franchised Business including labor costs.

Franchisee is required to hire and maintain sufficient staff in order to handle customer volume at all times. Franchisee is required to pay their employees and staff the wage prevailing (or in some areas a wage high than the then prevailing wage) in the Marketing Area for employees with similar labor skills, people skills and similar job responsibilities.

Franchisee is responsible for making sure their crews meet the standards, specifications and procedures outlined in the Confidential Operations Manual. Franchisee will hire only efficient, competent, sober and courteous employees for the conduct of the Franchised Business and will pay their wages, commissions, piece work and any other compensation justly due with no liability on our part.

Franchisee must take all steps necessary to preserve and protect proprietary information from publication, communication or other unauthorized disclosure or misuse. Franchisee must not disclose any of the proprietary or confidential 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 Franchise Agreement or at any time thereafter. In particular, Franchisee will require as a condition of the employment of any employee by the Franchisee in the management and operation of the Franchised Business that the employee similarly covenants to maintain and protect the confidential and proprietary information, including the signing of the Franchisee's employee non-compete agreement. Franchisee will be responsible for the compliance with such covenants by their employees, with such covenants being for the benefit of the Franchisor and enforceable by the Franchisor. In the event Franchisee becomes aware of any actual or threatened violations of any such covenants by any of their 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 may be maintained and prosecuted by Franchisor and/or Franchisee at the Franchisee's expense.

3.6 Training

3.6.1 Initial Training

A forty (40) 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/unit unsupervised is required to complete the training. At least one person is required to take the training course. This initial training course will be held at locations Franchisor designates in the United States and will be run by a US based franchisee.

3.6.2 Associated Costs

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

If Franchisee cannot attain legal entry into the United States to attend their required initial training program, Franchisee must submit for Franchisor's approval Franchisee's proposed initial training program. This proposal must include the location(s) of the training, the duration of training at each location (in days or hours), the topics covered and the amount of time spent on each topic (in hours) and the training fees and terms for payment of the fees to be paid at the training location(s). This initial training program must cover all aspects of the operation of the Franchise, equipment operation, financial controls, marketing techniques, car wash service methods, deployment of labor and maintenance of quality standards. If Franchisee's proposed initial training program is not approved in its original form Franchisee must modify it and resubmit a new training proposal. If Franchisee does not submit a proposal that meets with Franchisor approval, the franchise will be terminated.

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 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. \$10,000 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 sell the franchise to other potential Franchisees. If Franchisee or Franchisee's manager fails to satisfactorily complete the initial training course, the remaining \$10,000 will be refunded to Franchisee if the full Initial Fee was paid upon signing this Franchise Agreement.

3.6.4 Failing On-Going Training

From time to time Franchisor may provide refresher training programs or seminars and may require that the Franchisee or their managers and crew leaders attend and complete them to Franchisor's exclusive satisfaction. These programs and seminars will be held at locations Franchisor designates. When Franchisor determines that it is in Franchisee's best interest to take additional training courses, Franchisor will notify Franchisee either via the Franchisee Forum intranet system, by e-mail or in writing. Franchisee will have up to six (6) 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 thirty (30) calendar days to cure this default. If Franchisee fails an on-going training course, Franchisee may be deemed in default and Franchisee will have thirty (30) calendar 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 will be exclusively responsible for paying any and all fees, charges, travel, living and other expenses and compensation incurred by Franchisee and their managers and crew leaders in connection with attending these programs, seminars and courses including any registration fee that may be charged by Franchisor or the training providers.

3.7 Confidential Operations Manual And Specifications For Initial And On-Going Equipment, Inventory And Supplies

Our industry is highly competitive. Continuous efforts to maintain, update and improve the System are essential. The developments Franchisor will make for the benefit of the System as a whole are contemplated throughout the term of this Agreement. The continuous development of the System in this manner is an important and beneficial aspect of the relationship Franchisee wants to have with Franchisor. Franchisor agrees to provide Franchisee with one password to access the loaned copy of The Car Wash Guys Confidential Operations Manual once Franchisee has paid to Franchisor the Initial Fee, in full. The Confidential Operations Manual contains the System, including specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, inventory requirements and control techniques, wash unit plans and specifications, equipment and sign requirements, public relations and other rules that Franchisor may prescribe from time to time. The Confidential Operations Manual is and will remain confidential and Franchisor's exclusive property. Franchisee will not disclose, copy or duplicate any part of the Confidential Operations Manual for any reason.

Franchisor develops minimum requirements for wash products, chemicals, merchandise, inventory, supplies, stationary, business forms, advertising, decor, wash unit plans and specifications, materials, equipment and signs, among other things. These requirements are outlined in the Confidential Operations Manual. Franchisee will purchase all wash products and inventory items specified in the Confidential Operations Manual. Franchisor may amend the Confidential Operations Manual, including changes which may affect minimum requirements for the franchise operations. Franchisee will strictly adhere to the requirements of the Confidential Operations Manual as Franchisor amends

it from time to time. Franchisee will implement immediately all changes at Franchisee's cost, unless Franchisor otherwise specifies. Franchisor reasonably may restrict Franchisee from producing, stocking, and selling certain items and goods, from time to time, as specified in the Confidential Operations Manual.

Franchisee may purchase some wash equipment, inventory, and supply items from Franchisor, if offered, at Franchisor's then current prices. If Franchisee desires to purchase any items from Franchisor, payment arrangements must be made when Franchisee places their order. The items Franchisor may offer include among other things equipment, merchandise and supplies that bear the Service Marks. Franchisee must purchase all wash products, supplies, chemicals and inventory items from Franchisor, if offered, or suppliers Franchisor approves from time to time.

Franchisor will not be liable to Franchisee if Franchisor is unable to deliver equipment, inventory, chemicals or supply items to Franchisee because of any loss, damage, or delay caused by strikes, riots, fire, insurrection, war, elements, embargoes, national or local holidays, failure of carriers, inability to obtain transportation facilities, forces majeure, acts of God or of the public enemy, or any other cause beyond Franchisor's control.

Franchisee must purchase all equipment, chemicals, products, supplies and materials required for the operation of the Franchise from manufacturers, vendors, suppliers or distributors approved by Franchisor. All specifications that Franchisor requires of Franchisee and lists of approved vendors and suppliers will be included in the Confidential Operations Manual and the Franchisee Forum intranet system. Franchisor will use their best judgment to set and modify specifications in order to maintain the integrity and quality of the franchise system.

Additional car wash trucks/units and related equipment must be purchased through Franchisor, if offered, or from a list of approved vendors. Franchisee understands that the prices of such equipment bought from Franchisor may be raised or lowered by Franchisor from time to time due to increases or decreases in prices by Franchisor's vendors. Franchisee further understands that items Franchisee buys from vendors might also change in price.

Upon advance written request, Franchisee may request Franchisor approval to obtain equipment, chemicals, products, supplies or materials from sources that Franchisor has not previously approved. Franchisor requests that Franchisee seek out manufacturers, vendors, suppliers and distributors in their Marketing Area to continually expand the approved vendors and products available to franchisees systemwide. Franchisor additionally requests that Franchisee seek out new services, concepts, technologies, materials and methods from their Marketing Area that can be introduced to continually update, improve and expand the System and keep all franchisees systemwide on the leading edge.

Franchisor may require Franchisee to give Franchisor sufficient information, photographs, MSDS sheets, drawings, samples, and other data to allow Franchisor to determine whether the items from these other sources meet Franchisor specifications and standards, as established from time to time. These specifications and standards will relate to quality, texture, composition, absorbency, strength, finish and appearance, and the suppliers' capacity and facility to supply Franchisee's needs in the quantities, at the times, and with the reliability necessary for efficient operation. Franchisor may require that samples from any supplier be delivered to a designated independent testing laboratory for testing prior to approval and use. Franchisee will reimburse Franchisor for the actual cost of the tests. Franchisor will license any supplier, that can meet or exceed Franchisor quality control and confidential formula requirements and standards, for a reasonable license fee, to produce and deliver products to Franchisee but to no other person.

Franchisor confidential manufacturing requirements, equipment, designs, systems and formulas will be disclosed to potential suppliers only after Franchisor has received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to Franchisor standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply Franchisee's reasonable needs. Franchisor will not unreasonably withhold approval of a supplier Franchisee proposes. Franchisor will notify Franchisee in writing of the approval or disapproval of any supplier Franchisee proposes.

>From time to time Franchisor or their agents may inspect any approved manufacturer's, supplier's or distributor's facilities and products to assure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of Franchisor's continued approval of any manufacturer, supplier or distributor. Should Franchisor determine from any inspection that a manufacturer, supplier or distributor fails to meet Franchisor's specifications and standards, Franchisor will give written notice describing this failure to Franchisee and to the manufacturer, supplier or distributor, together with a notice that unless the failure or deficiency is corrected within thirty (30) days, the manufacturer, supplier or distributor will no longer be approved.

All initial transactions with vendors must be negotiated by Franchisee prior to the opening of the Franchised Business. Franchisee must purchase the required items through Franchisor's approved vendors and sources, have taken receipt of, installed in Franchisee's mobile car wash truck/unit and have fully operational all required items within one hundred thirty-five (135) calendar days of signing the Franchise Agreement. Franchisee will find all specifications for the initial equipment in the Confidential Operations Manual and the Franchisee Forum intranet system. If Franchisee does not have all required equipment ready within one hundred thirty-five (135) calendar days due to circumstances beyond Franchisee's control, Franchisee agrees to borrow a loaner unit to start the Franchised Business if one is available and Franchisor offers it to Franchisee.

3.8 Opening of Business

Before Franchisee commences business operations Franchisee must have all licenses, certificates, registrations, insurance, environmental requirements and permits current with any local, regional, state or national governmental agency requiring such. Franchisee must also have completed training, purchased their vehicle(s), purchased, taken delivery of and installed the required equipment on their mobile car wash trucks/units and purchased and taken delivery of the additional required equipment and supplies. Unless otherwise agreed in writing, Franchisee must commence full and continuous operation of the Franchised Business within sixty (60) calendar days of the date this Agreement is executed. Thereafter, Franchisee must continually operate the Franchised Business as a full-time business enterprise.

Franchisee understands that both Franchisee and Franchisor may be allowed more than sixty (60) days in case of unforeseen problems with delivery. Franchisee may delay delivery time and subsequently the length of time to the opening of their Franchised Business due to Franchisee's inability to secure financing in a reasonable time. 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.

If this commencement of operation obligation is not fulfilled, Franchisor may terminate this Agreement.

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. Franchisee agrees that the Service Marks, Confidential Operations Manual, and System are Franchisor's sole and exclusive property. Nothing in this Agreement or any other agreement will give Franchisee or others any right, title, or interest whatsoever in or to the Service Marks, Confidential Operations Manual, or System as it exists or as it is developed. Franchisee's license to use the Service Marks is non-exclusive. Franchisor, in its sole discretion, may operate under the Service Marks and may grant licenses to others to use the Service Marks on any terms and conditions Franchisor deems appropriate. Franchisor may make reasonable efforts to protect Franchisee's rights to use the Service Marks. In those states and nations where applicable, Franchisee agrees to execute on request all documents necessary to record Franchisee as a registered user of the Service Marks.

Franchisee will immediately notify Franchisor of any infringement of, or challenge to, their use of the Service Marks. Franchisor will have sole discretion to take or not to take action, as Franchisor deems appropriate. If Franchisor undertakes the defense or prosecution of any litigation involving Franchisee or any litigation involving the Service Marks, Franchisee agree to execute any and all documents and to do all acts and things, that in the opinion of Franchisor's counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in Franchisor's name or in Franchisee's name, as Franchisor will elect. Franchisee will modify or discontinue use of any franchise names or Service Marks, or will use one or more substitute names or marks, if Franchisor so directs in writing at any time. Franchisor's sole obligation in this event will be to reimburse Franchisee for their tangible costs in complying with Franchisor's direction (i.e., cost of changing signs, stationery, etc.). Under no circumstances will Franchisor be liable to Franchisee for any other damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon Franchisee relating to the Service Marks will apply with equal force to any modified or substituted names or marks.

Franchisee will not contest, directly or indirectly: Franchisor's ownership, title, right, or interest in the Service Marks, the Confidential Operations Manual, the Confidential Marketing Manuals or the System; or Franchisor's exclusive right to register, use, or license others to use the Service Marks, Confidential Operations Manual, the Confidential Marketing Manuals and System. Franchisee will not advertise or use the Service Marks without following Franchisor's then current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate (C) or (R) copyright and registration marks, or the designations TM or SM, where applicable.

Any and all goodwill associated with the Service Marks, as existing or as developed, including any goodwill that might be deemed to have arisen through Franchisee's activities, will accrue directly and exclusively to the Franchisor's benefit, except as otherwise provided by applicable law. Franchisee appoints Franchisor as their agent and attorney-in-fact to amend or cancel any Registered User or Business Name filings obtained by Franchisee or on Franchisee's behalf that involve or pertain to the Service Marks.

Franchisee acknowledges and agrees at all times and in all respects that Franchisor's trademarks, trade names, service marks, patents, copyrights and all goodwill (local, regional and national) are the Franchisor's sole and exclusive property. Franchisee also acknowledges that Franchisee has only a license to use such rights and marks according to the provisions of this Franchise Agreement and in strict accordance with the standards, specifications and procedures as outlined in the Confidential Operations Manual. Franchisee will not take any action contesting or impairing the exclusive right, title and interest of the Franchisor's in any trademarks, trade names, service marks, patents and copyrights. Franchisee will not represent that Franchisee has any ownership rights in the Marks and Franchisee acknowledges that 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 the 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. Franchisee must 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, Websites, signs, banners, business cards, stationary, promotional and advertising materials, forms, contracts and all other materials which identify the Franchised Business. Except as provided in this Agreement, Franchisee will not use or give others permission to use the Service Marks, or any colorable imitation of them, combined with any other words or phrases. Franchisee and their shareholders, officers, agents, partners, members or managers will not form or participate in the formation of any company, firm, corporation, or other entity having a name containing the words of the Service Marks. Franchisee may not combine or associate with any name or symbol of the Service Marks with any other name or word in any advertising or sign. The Service Marks must be used in exact conformity with specifications Franchisor sets in the Confidential Operations Manual.

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 and things 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 Updating Manual And System

Franchisee acknowledges that the Service Marks, Confidential Operations Manual, and System, including any future amendments or modifications to them, have substantial value, and that the conditions, restrictions, covenants not to compete, and other limitations imposed by this Agreement are necessary, equitable, and reasonable for the general benefit of Franchisee, Franchisor, and others enjoying any lawful economic interest in the Service Marks, Confidential Operations Manual, and System.

Franchisor may change or modify any part of the Service Marks, Confidential Operations Manual, or System from time to time at its sole discretion. Franchisee will accept, use, and protect, for the purposes of this Franchise Agreement, all changes and modifications as if they were a part of the Service Marks, Confidential Operations Manual, and System at the time this Franchise Agreement is executed. Franchisee will bear all costs and expenses which may be reasonably necessary as a result of such changes or modifications. Under no circumstances will Franchisor be liable to Franchisee for any damages, costs, losses, or detriments related to of these changes or modifications.

Complete and detailed uniformity of the Service Marks, Confidential Operations Manual, and System under the varying conditions to be experienced by our Franchisees may not be possible or practicable. Therefore Franchisor reserves the right, at its discretion, to accommodate Franchisees special needs, or those of any other of our franchisees. These needs may result from the peculiarities of a particular site or location, density of population, business potential, populations of trade area, existing business practices, requirements of local law or local customers, zoning requirements, daytime population, landlord requirements or any other condition which Franchisor deems to be important to the successful operation of the franchisee's business. From time to time, Franchisor may allow certain franchisees to depart from normal system standards and routines to experiment with or test new products, equipment, designs, and procedures. In no event will any variance or testing be deemed a waiver of any of the Franchisor's rights, or an excuse for Franchisee to not perform any of their duties under this Franchise Agreement. Franchisor may require Franchisee at any time to commence full compliance with the Confidential Operations Manual and

the System. Franchisor will not be required to grant any variance to Franchisee under any circumstances.

In order to protect the reputation and the goodwill associated with the Franchisor's trademarks and to maintain the Franchisor's uniform standards of quality and operations, Franchisee must conduct their Franchised Business in strict accordance with the Confidential Operations Manual, as amended. Franchisee will update their manual via the Franchisee Forum intranet system, electronic mail, diskettes, CD-ROM's, zip disks or other medium for their computer immediately upon receipt or insert new pages in their loaned copy of the Confidential Operations Manual. Any subsequently revised pages or old diskettes must be returned to Franchisor or completely shredded, burned up or destroyed immediately to insure confidentiality. Franchisor will advise Franchisee of what to do after each revision.

Franchisor may, at its sole discretion, revise any or all contents of the Confidential Operations Manual to convey to Franchisee any advancements and new developments in sales, marketing, operational techniques and other items and procedures relevant to the operation of the Franchised Business. There will be no additional costs associated with updating Franchisee's loaned copy of the Confidential Operations Manual. This remains a service funded by Franchisee's on-going royalty fees.

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, nonrenewal, transfer 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. At all times Franchisee will insure that their copy of the Confidential Operations Manual and any other manuals and software given to Franchisee are kept current and up to date. If of any dispute as to the contents of the Confidential Operations Manual, the terms of Franchisor's master copies maintained at Franchisor's principal place of business will be controlling.

3.12.3 Franchisee Agrees to Operate in Accordance

The requirements of the Confidential Operations Manual will govern the operation of the Franchised Business. Franchisee will operate their business in accordance with the standards, specifications and procedures set forth in the Confidential Operations Manual. Franchisee will comply with any changes made by Franchisor in such standards, specifications and procedures as may become necessary and desirable from time to time and will accept as reasonable any modifications, revisions and additions and accept that Franchisor exercised in good faith and in its best judgment believed these changes to be necessary and desirable.

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 The Car Wash Guys, **Wash Guys** or Franchisor's 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 or on the Franchisee Forum intranet system. 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) Franchisee shall use only approved key words, meta tags and titles pertaining to our industry. Franchisor will e-mail or respond via facsimile approved key words, meta tags and titles upon Franchisee's request by e-mail or facsimile.
- (f) An electronic link to Franchisor's Website shall be established and Franchisor will provide a reciprocal electronic link to Franchisee's Website five (5) business days after approval or launching of Franchisee's Website.
- (g) Franchisee may only offer approved products or services on Franchisee's Website. Any Website changes made without Franchisor's approval will put Franchisee in default of this Franchise Agreement.

3.16.3 Mass Electronic Mail

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

3.16.4 Blast Fax

Any more than one hundred (100) faxes of an unsolicited nature per week are prohibited unless approved by Franchisor.

3.16.5 Community Events

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

During rainy months in your Marketing Area and with our prior written approval 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.

3.17 Accounting Records and Reports

3.17.1 Maintenance of Books; Reports

Franchisee must maintain full and complete records of all business done and revenue Franchisee receives through 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. These records will include, but are not limited to, order sheets, sales agreement forms, daily sales summaries, tax returns, financial statements, and invoices. Franchisee will date, file in consecutive order, retain for a period of five years, and make available to Franchisor for inspection and audit all of Franchisee's records.

Franchisee, if a natural person or persons, will submit to Franchisor a list of all owners of the Franchise Business and the respective interests held by each as of the end of each fiscal year. Franchisee, if a partnership, will submit to Franchisor a list of all partners and the respective interests in Franchisee held by each partner as of the end of each fiscal year. Franchisee, if a limited liability company, will submit to Franchisor a list of all members and the respective interests in Franchisee held by each member as of the end of each fiscal year. Franchisee, if a corporation, will submit to Franchisor a list of all shareholders and the respective interests in Franchisee held by each shareholder as of the end of each fiscal year (provided, however, if Franchisee's shares are publicly traded, the list of shareholders required will include only those owning five percent or more of the shares outstanding). The required report will be submitted to Franchisor within ninety (90) calendar days after the end of Franchisor's fiscal year.

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. These statements must be prepared following generally accepted accounting principles.

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 and Appearance 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/unit(s), washing equipment, credit card machine, car phone, pager, fax machine 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 Proprietary And Confidential Information

The System includes valuable confidential information. Franchisee agrees to not communicate or divulge the contents of our Confidential Operations Manuals, our Confidential Marketing Manuals, our Franchisee Forum intranet system or any other information related to the System or to the operation of the Franchise or The Car Wash Guys or the WASH GUY.COM franchise system to any person or entity except those Franchisor authorizes in writing to receive the information. Franchisee agrees that these contents and information are confidential. They are Franchisor's exclusive property, and Franchisee may only use them in the Franchise subject to the provisions and duration of this Franchise Agreement. Franchisee agrees to fully and strictly adhere to all security procedures Franchisor prescribes for maintaining the secrecy of the information. Franchisee agrees to disclose information to their employees only to the extent necessary to perform the franchise business.

Franchisee will assure that Franchisee and all their agents, employees, consultants, partners, owners, officers, directors, and shareholders and other persons in their control, to whom any information is communicated, keep, preserve, and protect all confidential information.

Franchisee acknowledges that during the term of this Franchise Agreement, Franchisee will have access to, become acquainted with and have disclosed to Franchisee 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 vehicle washing including the information contained in the Confidential Operations Manual and on the Franchisee Forum intranet system.

Franchisee will not, during the term of this Franchise Agreement or thereafter, communicate, fax, e-mail, post on an internet electronic bulletin board, divulge or use for the benefit or any other person, persons, partnerships, associations, companies or corporations any confidential or proprietary information, knowledge or know-how concerning our 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, including intranet passwords, for the operation of the Franchised Business.

3.20 Covenants Not To Compete

Franchisee specifically acknowledges that, pursuant to the Franchise Agreement, Franchisee will receive valuable specialized and confidential information, including information regarding the operational, sales, promotional and marketing methods and techniques of Franchisors and the System. Franchisee agrees not

to copy, download to internet, intranet, modem, fax, e-mail, mail or send any confidential material or divulge any material directly or indirectly to any other person or enterprise outside of this System. Franchisees agree that, during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Franchisee must not, either directly or indirectly, divert or attempt to divert any business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's proprietary marks and System.

Franchisee specifically agrees that, except as otherwise approved in writing by Franchisor, Franchisee will not, during the term of the Franchise Agreement and for a continuous uninterrupted two (2) year period commencing upon the expiration or termination of the Franchise Agreement, regardless of the cause of termination, either directly or indirectly 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, 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 or the WASH GUY.COM System, a predecessor, sister or co-branding company of Franchisors except other franchises offered by Franchisor (any business carrying on such activities, being called a "Competing Business") which is, or is intended to be, located anywhere in the country of the Franchisee's Marketing Area.

Franchisee specifically agrees not to compete with any other franchisees or establish customers in franchisee's respective Marketing Areas or within thirty-five (35) miles for two (2) years from expiration or termination of the Franchise Agreement.

These covenants against competition will not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation even if that corporation is in competition with Franchisor.

Franchisee specifically agrees that during the term of the Franchise Agreement and for a continuous uninterrupted two (2) year period commencing upon the expiration or termination of the Franchise Agreement, regardless of the cause of termination, Franchisee will not, either directly or indirectly, on Franchisee's 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 the Franchisor, whether or not such employee is a full-time or temporary employee of the 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 the Franchisor, without the prior written consent of such licensee or Franchisee.

Franchisee expressly agrees that the existence of any claims Franchisee may have will not constitute a defense to the enforcement by Franchisor of the covenants described above. Franchisee will pay all costs and expenses (including attorneys' fees) incurred by Franchisor and Franchisee in connection with the enforcement of these covenants.

Franchisee acknowledges that any violation of the covenants not to compete would result in irreparable injury to Franchisor for which no adequate remedy at law may be available and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete.

Franchisee agrees that each of the foregoing covenants will be constructed as independent of any other covenant or provision. If all, parts or any portion of a covenant in the Franchise Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed

within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this item.

Each of these covenants is a separate and independent covenant in each of the separate countries 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 not be affected with respect to any other country or state.

Franchisee acknowledges that upon violation of any of these covenants, it will be difficult to determine the resulting damages to the Franchisor and, in addition to any other remedies it may have, Franchisor will be entitled to make application in a court of competent jurisdiction for temporary and permanent injunctive relief without the necessity of proving actual damages. When actual damages are tabulated, Franchisee agrees to pay those damages plus attorneys' fees incurred by both Franchisee and Franchisor immediately. If these monies are not paid within thirty (30) days, they will at that time begin accruing interest at the rate of twelve percent (12%) per annum which Franchisee is also obligated to pay.

If Franchisee is operating as 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 this Section 3.20.

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 **\$100,000** bodily injury per occurrence and **\$50,000** property damage per occurrence;
- (b) Vehicle insurance in the amount of **\$100,000** 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. Franchisor may require Franchisee to increase the minimum limits of coverage to keep pace with regular business practice and prudent insurance custom. In the event Franchisor does this, Franchisee may be paying a higher or lower premium.

The insurance will not be limited in any way because of any insurance Franchisor maintains. The insurance will not be subject to cancellation except upon twenty (20) days' written notice to Franchisor. Certificates of Franchise's insurance policies will be kept on deposit with Franchisor. Maintenance of the required insurance will not diminish Franchisees liability to Franchisor under the indemnities contained in this Agreement.

3.22 Signage

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

All signs on the car wash truck or trailer unit 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 **national**, federal, state, regional and local laws and regulations pertaining to the operation of the Franchised Business and will timely obtain and maintain any and all permits, certificates, registrations, insurance or licenses necessary for the full and proper conduct of the Franchised Business. Franchisee will pay promptly, as they become due, all **national**, state, city and county licensing, registration 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 or drive a vehicle while towing a mobile car wash unit 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 but not limited to rent, telephone, utilities, insurance, licenses, certificates, registrations, permits, payroll, equipment lease payments, royalties, bank fees and other fixed and variable expenses. All the costs of the Franchise, including opening and operating costs, will be Franchisee's sole obligation. Franchisor will have no costs, liability or expense whatsoever with respect to the opening and operation of the Franchises Business. Franchisee will not use or employ the Service Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making Franchisor liable for them.

3.26 Indemnity/Hold Harmless

Franchisee agrees to defend at their own cost and to indemnify and hold Franchisor, its affiliates and its predecessor, sister or co-branding companies, their shareholders, directors, officers, members, employees, agents and their spouses, harmless from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities arising out of your negligence, failure to maintain or repair, breach of contract or other civil wrong, resulting directly or indirectly from or pertaining to the use, condition, equipping, maintenance or operation of your car wash truck/unit, including the preparation and sale of any product or service made or sold out of your mobile car wash unit. Such loss, claims, costs, expenses, damages and liabilities will include, without limitation, those arising from latent or other defects in the trucks, units and equipment, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to your or our property, our agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through our active or passive negligence or any of our agents or employees or resulted from any strict liability imposed on Franchisor or any of our employees.

Franchisee will indemnify and hold Franchisor and its affiliates and its predecessor, sister or co-branding companies free and harmless from and against any and all reasonable attorneys' fees, liabilities, expenses, claims, demands, actions or causes of action which may be incurred by or threatened against Franchisor or its affiliates and arising out of (i) the Franchisee's operation of the Franchised Business, or (ii) any transaction between Franchisee and any third party or (iii) Franchisee's improper use of the Marks.

3.27 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.

3.28 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.

3.29 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.

3.30 Computer System

Within sixty calendar (60) days of signing the Franchise Agreement Franchisee must obtain a computer system meeting Franchisor's specifications. Franchisee will be required to update Franchisee's computer system when Franchisor reasonably requires. Franchisee must establish Internet access and an electronic mail (e-mail) account within fifteen calendar (15) days after Franchisee obtains their specified computer system. Franchisee must notify Franchisor of Franchisee's electronic mail account address via e-mail within five calendar (5) days after Franchisee obtains this address.

4. OBLIGATIONS OF WASH GUY.COM, 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 conduct all of their franchise operations unless they obtain prior approval in writing from Franchisor.
- Franchisee's residence or the residence of their qualified manager 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 may 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, cleaning supplies and uniforms required to open the Car Wash Guys business as outlined in the Confidential Operations Manual, Letters from Lance or our Franchisee Forum intranet system.

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 at least one week of instruction at **United States** regional locations that Franchisor may select for Franchisee's benefit. One additional week of training may be provided in Franchisee's new Marketing Area. 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. This initial training is required of anyone who will be operating the car wash truck(s)/unit(s) unsupervised. Three people including the Franchisee may attend the initial training program at one time.

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 any and all fees, charges, travel, food, lodging and other expenses incurred by Franchisee, its trainees and any of its employees in connection with attendance at the initial training program including a reasonable training fee. 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") or provide Franchisee with one password to access the loaned copy of the Confidential Operations Manual on our Franchisee Forum intranet system 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, diskettes 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 Insurance Standards

Franchisor will prescribe minimum standards and limits for certain types of insurance policies that Franchisee must have.

4.2 On-Going Obligations

Franchisor may cease some or all of the on-going obligations if Franchisee's royalty fees are past due.

4.2.1 Intranet System

Franchisor may provide Franchisee with an on-line updated Franchisee Forum intranet system containing information relevant to the Franchised Business.

4.2.2 Encouragement Of Community Support

Franchisor may guide Franchisee in their community service projects through encouragement, advice or participation.

4.2.3 Manager Training

Franchisor requires that Franchisee submit to Franchisor their proposed manager training program prior to their sending a new manager or crew leader to this training program. If the proposed manager training program is not approved in its original form Franchisee must modify it and resubmit a new manager training proposal. This training is required of all managers, crew leaders and anyone who will be operating the car wash trucks/units unsupervised. Franchisee will bear all costs of the proposed manager training, including a reasonable training fee at the then current rates.

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

Franchisor may allow a manager or crew leader who has failed their training program 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 charges and expenses incurred by Franchisee, its trainees and its employees in connection with attendance at the training specified below, including any registration fee that may be charged by the Franchisor.

4.3.1 Specific Training

Franchisor may 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 may 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 than 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 may 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 may consult regularly with Franchisee at no cost to the Franchisee. At Franchisee's request, a representative of Franchisor may visit the Franchised Business at least once each year at a time mutually agreed upon. Field representatives may 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, **if offered**, 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, **if offered**, 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 directly or indirectly sell, pledge, 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 WASH GUY.COM, 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 WASH GUY.COM, 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).
- (d) All maintenance, repairs and renovations required to bring the Franchisee’s premises into compliance with Franchisor’s standards must have been completed. All maintenance, repairs and upgrades required to bring the Franchisee’s mobile units and equipment into compliance with Franchisor’s standards must have been completed.
- (e) All monetary obligations of Franchisee under this Franchise Agreement are fully paid and Franchisee 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 its predecessor, sister or co-brand companies and their shareholders, officers, directors, employees, agents and their spouses.
- (f) Franchisee agrees to remain liable for all obligations to Franchisor in connection with the Franchised Business prior to the effective date of the transfer and must execute any and all instruments reasonably requested by Franchisor to evidence such liability.
- (g) 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.

- (h) The transfer fee specified in Section 2.4 must have been paid in full.
- (i) Franchisee must offer the Franchised Business to Franchisor in writing for the right of first purchase. (See Section 5.5 of this Franchise Agreement.)

Before the effective date of a transfer Franchisor approves:

- (a) Franchisee must agree to remain bound by the covenants in this Franchise Agreement to not compete against Franchisor and to not disclose confidential information.
- (b) Franchisee will pay all ascertained or liquidated debts concerning the Franchise.
- (c) Franchisee may not be in default under this Franchise Agreement or any other agreement between the parties.
- (d) Franchisee will pay Franchisor or a registered and approved business broker, which Franchisor may have at the time of the transfer, a ten (10) percent commission on the gross transfer price (excluding the price of real property), if Franchisor obtains the transferee for Franchisee.

Any transfer by Franchisee must be approved by Franchisor in writing. The transferee must execute 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 \$20,000 Initial 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 an individual, company, or business entity that Franchisor deems in Franchisor's sole opinion to be a competitor of Franchisors or a competitor of any affiliate of Franchisors or a competitor of any sister or co-brand company of Franchisors or a competitor of a vendor of Franchisors, another franchisor, another sub-franchisor, master franchise of another system or a Franchisee of another system which has an affiliate company that is a competitor of Franchisors. 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 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.

5.4 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.

5.5 Right of First Purchase

Franchisor requires Franchisee (or Master Franchisee) to give Franchisor the right of first purchase prior to soliciting offers from a third party if Franchisee chooses to sell their Franchised Business. Franchisee agrees to notify Franchisor in writing if Franchisee desires to sell or transfer Franchisee's interest in their Franchised Business. Franchisor must elect to exercise Franchisor's option to purchase Franchisee's Franchised Business within thirty (30) business days after Franchisor's receipt of Franchisee's written notification. If Franchisor offers Franchisee an amount that Franchisee doesn't agree to, Franchisee may try to sell to a third party. Franchisee is 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 (or Master 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 United States office of the American Arbitration Association ("AAA") **closest to our corporate offices** 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.

5.7 Transfer of Master Franchise

Master Franchisee may not directly or indirectly sell, pledge, assign, transfer or convey any interest in the Master Franchise without the prior written consent of Franchisor. In connection with any sale, transfer or assignment of the Master Franchise, the following requirements for Master Franchisee (assignee) must be met to the full satisfaction of Franchisor as a condition to any transfer:

- (a) The assignee must, at the time of such assignment or transfer, be financially responsible and economically capable of performing Franchisor's objectives in this Franchise Agreement and in Franchisor's business development plan.
- (b) The assignee must expressly assume and agree to perform such obligations and sign a binding agreement with Franchisor.
- (c) The assignee must be trained and pass Franchisor's special Master Franchise training course.
- (d) The assignee must be competent and subject to a thirty (30) to sixty (60) calendar day review by Franchisor before a transfer to them.
- (e) The assignee must run their own "THE CAR WASH GUYS" franchise for at least four (4) months before the transfer.
- (f) The assignee must own and run a company store unit for the duration of their franchise in a specifically designated area other than the Marketing Areas of their master area franchisees but in the same general region as their master area franchisees.
- (g) The assignee must be able to provide all on-going support items to franchisees listed in this Franchise Agreement.

- (h) The assignee must attend any formed franchisee organization, union or association meetings in their master area which have been officially recognized by the Franchisor, providing that the franchisees want the Master Franchisee to be there and of which their master area franchisees are a member.
- (i) The assignee must maintain on hand at least one regional team member and one loaner truck for every twenty (20) franchisees in their assigned master area.
- (j) The assignee must sign a non-competition agreement with their master area franchisees not to operate their company store in the Marketing Areas of their master area franchisees unless they have been asked to by a franchisee in case of vacation or injury.

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 or a competitor of any sister or co-brand company of the Franchisor or a competitor of a vendor 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, commits any criminal misconduct relevant to the operation of the franchise, a fraud, any act or crime

- involving moral turpitude, or any other crime or offense that Franchisor believes is likely to have an adverse effect on the System, the proprietary marks or the goodwill; 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 3.19 or 3.20 hereof;
 - (i) immediately, in the event that the Franchisee does not notify Franchisor of Franchisee change or discontinuance of use of address or change of telephone number 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) immediately, in the event that the Franchisee operates the Franchise in a manner that creates an imminent danger or threat to public health or safety; or
 - (l) 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
 - (m) upon thirty (30) calendar days after notification to Franchisee of noncompliance with any **national**, federal, state or local law or regulation applicable to the operation of the Franchised Business unless cured within such period; or
 - (n) upon thirty (30) calendar days after notification to Franchisee of failure to secure and maintain in force all required licenses, insurance, permits, registrations and certificates relating to the operation of the Franchised Business, or failure to operate said business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health and environmental regulations, worker's compensation insurance, unemployment insurance, withholding and payment of national and state local income taxes, social security taxes and sales taxes or fail to maintain liability insurance; or
 - (o) 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
 - (p) upon thirty (30) calendar days after notification to Franchisee of failure to have sufficient supplies to meet customer demand; or
 - (q) upon thirty (30) calendar days after notification to Franchisee of failure to hire and maintain sufficient staff in order to handle customer volume at all times; or
 - (r) upon thirty (30) calendar days after notification to Franchisee of failure to pay your employees and staff the required wage described in Section 3.5, or
 - (s) 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
 - (t) 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

- (u) 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
- (v) at such time as Franchisor and Franchisee mutually agree in writing to terminate this Agreement; or
- (w) if Franchisee is convicted of drunk driving while driving a car wash truck or while driving a vehicle while towing a mobile car wash unit.

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 (including reasonable attorneys' fees) 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 to operate their Franchised Business and must not thereafter represent to the public, advertise or hold themselves as a Franchisee or former Franchisee of The Car Wash Guys or of the Franchisor.
- (c) Franchisee must immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; the proprietary mark THE CAR WASH GUYS and all other proprietary marks and distinctive forms, slogans, signs, promotional material, symbols and devices associated with the System.
- (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 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.
- (f) 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.
- (g) Franchisee must immediately deliver to Franchisor all manuals, including, but not limited to, our Confidential Operations Manual. Franchisee must also deliver to Franchisor all documents and records that are reasonably necessary or important to the continuation of the Franchised Business including corporate newsletters and information packets and proprietary computer software and programs containing customer, industry and other data bases, lists, fax, sales, advertising and marketing material. Franchisee must also deliver any proprietary copyrighted customized accounting or other software which may or may not have been loaned to Franchisee. All fax, sales, advertising and marketing materials including data bases, artwork, sales letters, lists, etc. loaded on these programs or loaded on another computer program or in printed form are also owned by Franchisor and must be returned to Franchisor. This includes documents, records, files, instructions, correspondence, all materials related to operating your franchised business, including agreements, disclosure statements, and any and all other materials relating to the operation of your franchised business in your possession, and all copies thereof (all of which Franchisee acknowledge as our property and Franchisee must return to Franchisor). Franchisee will retain no copy or record of the foregoing, except your copy of the Franchise

Offering Circular, Franchise Agreement, related agreements and of any correspondence between the parties and any other documents which Franchisee need for compliance with any provision of law or arbitration proceedings or for your tax records.

- (h) If Franchisee continues to operate or subsequently begin to operate any other business, Franchisee agrees not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with that other business or the promotion of it, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks. If Franchisee does use the Marks wrongfully, Franchisee will pay Franchisor a minimum of \$20.00 per day and together with all related damages and accept a cease and desist order. Further, Franchisee agrees not to use any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor.
- (i) If Franchisor so elects, Franchisee must sell to Franchisor, at Franchisor's cost, all products, supplies and equipment which bear the Marks.
- (j) If Franchisee is terminated without transfer, Franchisee will deliver their trucks, trailers or other units to Franchisor's designated equipment development and installation site for retrofitting, repair (engine work, body work, paint, logos) and upgrading to current specifications in preparation for sale to a new or existing Franchisee if the vehicles with gasoline engines have under 50,000 miles or the vehicles with diesel engines have under 80,000 miles or for sale only to an existing Franchisee if the vehicles have over these mileage limits. The costs to retrofit, repair and upgrade will be due and payable by Franchisee. The participating vendor team partner will receive a five percent (5%) commission based upon the sales price of each truck/unit due and payable upon the sale of the unit(s) to cover their expenses for their time, telephone calls, credit application inquiries and processing the sale. If Franchisee fail to deliver the truck/unit(s) to the installation site within fifteen (15) days after your termination, Franchisee agree to pay the towing, transport, driver delivery time and other expenses incurred when another party delivers the truck/unit(s) to the installation site. Franchisee further agree to assume full liability for the units until sold. Franchisee can determine the asking and final selling price for each of their truck/unit(s).
- (k) Franchisee must comply with the provisions of this Franchise Agreement described under the heading "Covenants Not to Compete". See Section 3.20 of this Franchise Agreement.

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 closest to our corporate offices in the 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, Arizona 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 Arizona, 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 Arizona.

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 national law.

7.3 Waiver

A waiver of any default or breach of any provision, term, covenant, or condition of this Franchise Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition.

Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Any waiver Franchisor grants will not prejudice any other rights Franchisor may have, and will be subject to Franchisor's continuing review. Franchisor may revoke any waiver, in its sole discretion, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days prior written notice of revocation.

By written notice, Franchisor unilaterally may waive any obligation of Franchisee, their principals, or the guarantors.

Our consent, whenever required, may be arbitrarily withheld if Franchisee are in default under this Franchise Agreement.

7.4 Notices and Communications

All notices required by this Franchise Agreement will be in writing. They may be sent by international air mail, certified or registered mail, postage prepaid and return receipt requested, first class-postage prepaid return receipt requested; international overnight courier or such other means of delivery affording proof of receipt. They may be delivered personally and receipted. Notices will be delivered to Franchisee at the address of the Franchised Business as set forth in this Franchise Agreement, to Franchisor at our mailing address at [4400 N. Scottsdale Road, Suite 9 #217, Scottsdale, Arizona 85251](#), or to other locations specified in writing.

If Franchisee is a business entity, 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 notice 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.

If Franchisee become a party to any litigation concerning this Franchise Agreement by reason of any act or omission of Franchisees and not by any act or omission of the Franchisor or any act or omission of Franchisor's authorized representatives, Franchisee will be liable to Franchisor for reasonable attorneys' fees and court costs incurred by Franchisor in the litigation.

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 and will remain an independent contractor. Franchisee and Franchisor are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind nor obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment, or partnership. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. Franchisee acknowledges that Franchisee is not in a fiduciary relationship with Franchisor.

In all public and private records, documents, relationships, and dealings, Franchisee will show that Franchisee is an independent owner of the Franchised Business. Franchisee will prominently indicate on its letterheads and business forms that Franchisee is a licensed Franchisee by using language saying that Franchisee operates an independently owned Franchise.

Franchisee will maintain employee records to show clearly that Franchisee and its employees are not employees of the Franchisor.

The liability of Franchisee's shareholders, members or partners will be both joint and several. A breach of this Agreement by Franchisee or by any shareholder, member or partner will be a breach by all of the shareholders, members or partners and also by Franchisee.

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

The paragraphs of this Franchise Agreement are severable and in the event any paragraph, portion, term or provision of this Franchise Agreement is held invalid or unenforceable by a court of competent jurisdiction, then the remainder of this Franchise Agreement will continue in full force and effect. If, any part of this Franchise Agreement is declared invalid, that declaration will not affect the validity of the remaining portion which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted. The parties declare their intention that they would have executed the remaining portion of this Agreement without including any part, parts, or portions which may be declared invalid in the future.

7.15 Waiver of Rights

Franchisor's failure to enforce any rights under this Franchise Agreement will not be construed as waiver of such rights. Any waiver, including waiver of default, in any one instance will not constitute a continuing waiver or a waiver in any other instance.

7.16 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 the 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.

7.17 Success of Business

7.17.1 Franchise Risk, Franchisee Ability

Franchisee acknowledges that the success of the business venture contemplated by this Agreement depends primarily upon the business acumen and ability 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 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, members, 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.

7.17.2 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 Franchisor under their own free will. Nothing on any website has induced Franchisee to enter into this Franchise Agreement. Franchisee further acknowledges that much of the material on any website contains a degree of 'corporate propaganda' and enthusiastic and aggressive consumer-oriented advertising.

7.17.3 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.

7.18 Injunctions

Nothing contained in this Franchise Agreement shall bar WASH GUY.COM, 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 agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use will cause irreparable damage to Franchisor and its Franchisees. Franchisee therefore agrees that if Franchisee engages in any such unauthorized or improper use, during or after the period of this franchise, Franchisor will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by laws.

7.19 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(s).

7.20 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.

7.21 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.

7.22 Late Charges On Past Due Amounts

A late charge will be added to any sum Franchisee is to pay to Franchisor under this Agreement that is not received within fifteen (15) calendar days after its due date. The late charge 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

Franchisor's acceptance of late charges will not constitute a waiver of the breach created by Franchisee's non-payment of any amount when due. Notwithstanding the payment of any late charges, Franchisor may exercise any rights or remedies granted by this Franchise Agreement upon Franchisee's breach or any rights or remedies otherwise granted by law.

Nothing contained in this Franchise Agreement obligates Franchisor to accept any payments after due or to commit to extend credit to or otherwise finance Franchisee's operation of the Franchise. Franchisee acknowledge that failure to pay all amounts when due will constitute grounds for termination of this Agreement.

7.23 Address, Telephone Number and E-Mail Account Changes

Either party may change his or its address, telephone number or e-mail account 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, telephone number 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.

7.24 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.

7.25 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.

7.26 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, Franchisee must attach your complete articles of incorporation, articles of organization or partnership documents and indicate below the name and address of, and percentage interest owned by, each shareholder, member or partner:

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

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

(c) The address where your records are maintained is:

(d) The name and address of your designated agent to receive notice are:

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

(e) The name and address of your manager are:

7.27 Disclaimer

THE UNDERSIGNED ACKNOWLEDGES THAT FRANCHISEE AND FRANCHISOR HAVE READ THIS FRANCHISE AGREEMENT IN FULL, 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.

7.28 Questions Concerning This Franchise Agreement

Franchisee understands the intent of each paragraph and Franchisee has asked all questions of anything they did not understand and has 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 has written down questions and personally checked them off when Franchisee felt they were answered adequately both by Franchisor and Franchisee's advisors.

7.29 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 _____, 200__.

FRANCHISEE:

FRANCHISOR:

(If an individual)

WASH GUY.COM, 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): _____

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.