

FRANCHISE DISCLOSURE DOCUMENT



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The Franchises described in this franchise disclosure document are for the operation of a retail automotive Outlet using the name ONE STOP PARTS SOURCE®, which features the sale of automobile parts, accessories and equipment to automobile repair and maintenance shops. The initial franchise fee is between \$40,000 to \$80,000. The estimated initial investment required ranges from \$600,000 to \$1,010,000. If You are Developer, You will pay a Development Fee equal to \$10,000 for each Outlet to be developed under the Franchise Development Agreement. Your total investment necessary as a Developer will vary based on the number of Outlets to be developed.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Michael Thompson at the above address and telephone number.

The terms of Your contract will govern Your franchise relationship. Do not rely on the disclosure document alone to understand Your contract. Read all of Your contract carefully. Show Your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help You make up Your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise”, which can help You understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call Your state agency or visit Your public library for other sources of information on franchising.

There may also be laws on franchising in Your state. Ask Your state agencies about them. The next page is the State Cover Page.

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in Your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit D** for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before You buy this franchise:

1) THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN THE COUNTY WHERE THE FRANCHISOR'S CORPORATE HEADQUARTERS ARE LOCATED ("HOME COUNTY"), CURRENTLY ORANGE COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.

2) ARBITRATION WILL NOT BE USED FOR ANY ACTION FILED BY THE FRANCHISOR WHICH INVOLVES A FRANCHISEE'S CONTINUED USAGE OF ANY OF THE MARKS OR THE SYSTEM OR ANY ISSUE INVOLVING INJUNCTIVE RELIEF. ALL OF THESE ISSUES WILL BE SUBMITTED TO A STATE OR FEDERAL COURT HAVING JURISDICTION OVER THE ISSUE INVOLVED. THE PARTIES CONSENT TO PERSONAL JURISDICTION AND VENUE SOLELY IN THE HOME COUNTY OVER ANY SUCH ISSUES NOT SUBJECT TO ARBITRATION.

3) THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE WHERE MOST OF THE TERRITORY IS LOCATED GOVERNS THE AGREEMENT. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

4) ALL OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN – AT RISK IF YOUR FRANCHISE FAILS.

5) THE FRANCHISE AGREEMENT STATES THAT IF THE FRANCHISEE DOES NOT SUCCESSFULLY COMPLETE TRAINING THE FRANCHISE AGREEMENT MAY BE TERMINATED.

Effective date: _____ **(California)**

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EXHIBITS

- A. Franchise Agreement
 - Personal Guaranty
 - Addendum for Existing Business
 - California Appendix
- B. Franchise Development Agreement
- C. Financial Statements
- D. List of State Administrators
- E. List of Current & Former Franchisees
- F. Confidentiality Agreement
- G. Receipt

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