



**CRS FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**ISSUED: APRIL 28, 2025**

## FRANCHISE DISCLOSURE DOCUMENT



**CRS Franchising, LLC**  
A Pennsylvania limited liability company  
195 Montour Run Road., Suite 105  
Coraopolis, PA 15108  
support@crspackout.com  
[www.crspackout.com](http://www.crspackout.com)  
(833) 525-7277

CRS Franchising, LLC d/b/a CRS Packout (“CRS”), offers franchisees the opportunity to operate a professional restoration company specializing in restoration of personal property and goods that have been damaged in a flood, fire, or other tragedy under the Content Recovery Specialists and CRS name and mark (each, a “Business” or “Franchise Business”). CRS’s state-of-the-art technology, impeccable service and focus in working with insurance carriers, to document all contents digitally, puts them at the forefront for residential and commercial personal property restoration needs.

The total investment necessary to begin operation of a CRS Business for one territory is \$201,300 to \$422,700. This includes an initial amount of \$55,000 that must be paid to us or our affiliates.

The total investment necessary to begin operation of between two (2) and five (5) CRS Businesses under a Development Agreement is \$256,300 to \$642,700. This includes from \$110,000 to \$275,000 that must be paid to us or our affiliates. The minimum number of CRS Businesses you will commit to develop under a Development Agreement is two (2).

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure Document.** You may wish to receive this Disclosure Document in another format that is more convenient for you. To discuss this availability of disclosures in different formats, please contact Henry D. Duckstein and Ashley Taylor-Nock at 195 Montour Run Road., Suite 105, Coraopolis, PA 15108 and 833-525-7277.

The terms of your franchise agreement will govern your franchise relationship. Do not rely on this Disclosure Document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement 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 N.W., Washington, D.C. 20580. You can also visit the FTC’s home page at for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 28, 2025

## State Cover Sheet

### How to Use This Franchise Disclosure Document

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

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

## What You May Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider about *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in the termination of your franchise and loss of your investment.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
4. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
5. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your outlet.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" pages for your state in Exhibit I.

## **DISCLOSURES REQUIRED BY THE STATE OF NORTH CAROLINA**

**THE STATE OF NORTH CAROLINA PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

§ 66-95. The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

§ 66-95 (9). If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

## NOTICE REQUIRED BY THE STATE OF MICHIGAN

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- a) A prohibition of the right of a franchisee to join an association of franchisees.
- b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market values at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from

exercising a right of refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision I.

i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan Office of the Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Antitrust and Franchise Unit 525 West Ottawa  
670 Law Building  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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**ITEM 1.**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this disclosure document, the words “we,” “our,” “us,” and “Franchisor” refer to CRS Franchising, LLC d/b/a CRS. “You,” “your,” and “Franchisee” means the person or entity who buys a franchise, including the individual owners of an entity owned franchise.

**Franchisor and Affiliates**

We are a Pennsylvania limited liability company organized on August 19, 2021, although we did not begin operations until March 2022. Our principal place of business is 195 Montour Run Road, Suite 105, Coraopolis, PA 15108. We do business under our corporate name and under the trade name “CRS” which is short for “Content Recovery Specialists”. We began offering franchises in April 2022. We do not and have not conducted any other business, nor have we previously, or currently, offered franchises in any other line of business.

We do not have any predecessors or parents. Our agent for service of process in Pennsylvania is Ashley Taylor-Nock, and the agent’s principal business address is 195 Montour Run Road., Suite 105, Coraopolis, Pennsylvania 15108. Our agents for service of process in other states are disclosed in Exhibit B.

Our affiliate, Content Recovery Specialists, LLC d/b/a Content Recovery Specialists, a Pennsylvania limited liability company, with a principal business address of 195 Montour Run Road., Suite 105, Coraopolis, PA 15108. Content Recovery Specialists, LLC has operated a professional restoration business in and around Pennsylvania like the Businesses we offer in this Disclosure Document, since October 2020. Content Recovery Specialists, LLC will serve as the model store for training and related purposes. We refer to this affiliate-owned business as a “Company-Owned Outlet”.

Our affiliate will not provide products or services to our franchisees. Our affiliate does not offer franchises in any line of business.

**Our Prior Business Experience**

Prior to 2020, a Pennsylvania company called Duckstein Contracting Inc. operated a restoration business. In 2020, the “Contents” division of Duckstein Contracting Inc. was developed into Content Recovery Specialists, LLC, which is our Company-Owned Outlet. Thereafter, we began selling franchises modeled after the Company-Owned Outlet in April 2022.

**The Franchise Being Offered**

We grant qualified franchisees the right to open and operate CRS businesses specializing in restoration of personal property and goods that have been damaged in a flood, fire or other tragedy, under the trade name CRS (the “Recovery Services”). The franchise agreement authorizes you to use the trademarks, service marks, trade names, logos, and symbols we designate (the “Marks”) to provide Recovery Services (the “Business” or “Franchise Business”).

The Business will operate according to the procedures and methods we have developed and continue to develop for the CRS brand (the “System”).

Upon signing a Franchise Agreement with us, you will develop and operate a professional restoration company specializing in restoration of personal property and goods that have been damaged in a flood, fire or other tragedy, under the trade name CRS. After an insurance loss for home or business, you would pack, clean, and store those belongings for the client until they move or have the structure repaired. CRS also offers structure cleaning which can consist of washing down walls, ceilings, floors, and contents in-place for lesser damaged homes. CRS’ state- of-the-art technology, impeccable service and focus in working with insurance carriers, to document all contents digitally, puts us at the forefront for residential and commercial

personal property restoration needs. If you sign a Development Agreement (attached as Exhibit F to this Franchise Disclosure Document), you will develop multiple CRS outlets, on an agreed-upon schedule, at least 2. For each future unit franchise, we will require you to sign our then-current form of Franchise Agreement, which may be different from the form of Franchise Agreement included in this disclosure document.

Our franchisees operate the Business from a specific street address or site that we have approved for their business premises (the “Site”). Franchisees may have multiple franchises in contiguous or adjoining territories and operate from a single Site.

We do not currently operate an area representative program and while we do not currently have any plans to institute one, we reserve the right to begin an area representative program which may result in us assigning some of our obligations under your Franchise Agreement to an area representative in your area.

### **The Market and Competition**

The market for Recovery Services is well established and highly competitive. The Recovery Services business operates year-round and is not seasonal. You will compete for customers with independent owners, national chains, regional chains, and franchised businesses, offering restoration services for personal property/goods that have been damaged in a flood, fire, or other tragedy.

### **Applicable Regulations**

You must comply with all local, state, and federal laws and regulations applicable to the operation of Recovery Services businesses, including health, safety, insurance, discrimination, employment, and sexual harassment laws. Health regulations, as well as other state and local specific safety and workplace regulations may impact the types of training, devices, and equipment you must make available to your employees. Health and safety requirements can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities. There may be federal, state, and local laws which affect your franchise in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Henry D. Duckstein – CEO**

Mr. Duckstein has served as our CEO since May 2021, and has served as the CEO of Content Recovery Specialists, LLC since its formation in October 2020. For companies formed from at least June 2005 and continuing through the present, Mr. Duckstein has served as Owner, CEO, and/or President for Duckstein Properties; HEM HOLDINGS, LLC; The Greater Pittsburgh Sports Complex, Restoration Claims Consultants, Duckstein Estates, Duckstein Management, and more in and around the McKees Rocks, Pennsylvania area. From June 2005 to January 2024 Mr. Duckstein served as the CEO of Duckstein Contracting.

### **Ashley Taylor-Nock – President and Founder**

Ms. Taylor-Nock has served as our President and Founder since May 2021, and has served as the President and Founder for Content Recovery Specialists, LLC since October 2020. From May 2012 to January 2022, Ms. Taylor-Nock served as General Manager for Duckstein Contracting in the McKees Rocks, Pennsylvania area.

**ITEM 3.  
LITIGATION**

No litigation exists or is required to be disclosed in this Item.

**ITEM 4.  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5.  
INITIAL FEES**

We require a non-refundable initial franchise fee (the “Franchise Fee”) of \$55,000 for the operation of a CRS Business in a single territory (a “Territory”) consisting of an area with approximately 700,000 to 800,000 individuals that your Business may provide services to. While we generally attempt to establish Territories that consist of a population of 700,000 to 800,000 individuals, several factors may alter the size of the Territory you receive. The final and specific bounds of the Territory will be set forth in the Franchise Agreement. The initial Franchise Fee must be paid to us upon signing the Franchise Agreement.

We may permit you to purchase additional territory in contiguous areas (beyond 800,000 individuals) for each Business at a rate of ten cents (\$.10) per individual. Additional territory purchases will be evaluated on a case-by-case basis for a single CRS Business and for each Business in your Development Agreement. The number of individuals in your territory is generally determined from estimates prepared by the U.S. Census Bureau and other reporting agencies. We may use a substitute or successor source of population information and the source and date of the information we use is determined solely by us. Your Territory will typically be defined by zip codes but in densely populated urban areas it may be defined differently. See Item 12 for additional information regarding your territory.

If we determine you are qualified to develop multiple Businesses, we may offer you the opportunity to enter into a Development Agreement, to develop two or more CRS Businesses. A one-time non-refundable development fee is due when the Development Agreement is executed (“Development Fee”). Your Development Fee will depend on the number of Businesses we grant you the right to open within the Development Area and is calculated as the Franchise Fee multiplied by the number of units you agree to develop. The table below illustrates the Development Fee:

<b>Number of Franchised Businesses We Grant You the Right to Develop</b>	<b>Initial Franchise Fee Cost Per Unit in Range</b>	<b>Cumulative Development Fee</b>
2	\$55,000	\$110,000
3	\$55,000	\$165,000
4	\$55,000	\$220,000
5+	\$55,000+	\$275,000+

You will be required to enter into a franchise agreement for each Business but will not be required to pay an initial franchise fee at the time you execute each of these franchise agreements. If you enter into a Development Agreement, you must execute our current Franchise Agreement for the initial Business we grant you the right to open within your Development Area concurrently with the Development Agreement.

The Franchise Fee and Development Fee are not refundable under any circumstances and will be deemed fully earned on execution. During the 2024 fiscal year we accepted franchise fees ranging from \$52,250

(military discount on standard Franchise Fee) to \$380,000 (11-unit Development Fee). Except as described above, the Franchise Fee and Development Fee are uniform for all franchisees and must be paid in a lump sum on execution of the Franchise Agreement or Development Agreement.

**ITEM 6.  
OTHER FEES**

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Royalty Fee <sup>3</sup>	The greater of (i) 7% of Gross Revenue, or (ii) the Minimum Royalty Fee of \$1,000	Monthly, on the 5 <sup>th</sup> day after you receive payment for any and all Services performed.	<p>Gross Revenue is defined in the Franchise Agreement and in Note 2 below. Royalties are due monthly. Franchisor may require reconciliation within its reasonable discretion.</p> <p>The Minimum Royalty Fee increases on a per-Territory basis. For clarity, if you operate 2 territories, your Royalty Fee shall be the greater of (i) 7% of Gross Revenue, or (ii) the Minimum Royalty Fee of \$2,000.</p>
Review/Consulting Fee	3% of Gross Revenue	Monthly, the 5 <sup>th</sup> day after you receive payment for any and all Services performed.	This fee is payable to us for the provision of support to you in reviewing estimates and invoices, costs, and strategy related to your Business.
Brand Fund Contribution	Up to 3% of Gross Revenue.  Currently 1% of Gross Revenue	Monthly, the 5 <sup>th</sup> day after you receive payment for any and all Services performed.	The purpose of the Brand Fund is to support general development and recognition of the CRS brand. We may specify a different Brand Fund Contribution, not to exceed 3% of Gross Revenue, upon notice to you.
Local Advertising Expenditure <sup>4</sup>	Up to 4% of your Gross Revenue.  Currently, 1% of your Gross Revenue.	Monthly.	Generally, you will pay vendors, media outlets, etc. directly for local advertising. However, we may require you to pay the funds to us. In the event that you are required to pay referral fees to contractors, such referral fees will count towards your Local Advertising Expenditure requirements. We may increase your Local Advertising Expenditure to 4% of Gross Revenue upon 60 days' notice.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Cooperative Advertising	Currently there are no advertising co-ops. If we establish an advertising co-op, you may be required to contribute as approved by a majority vote of the members of the co-op.	Established by co-op.	Not currently assessed. If the Franchisor forms a regional advertising or brand awareness co-op, you must contribute to the co-op. Any amount you must contribute to the co-op will be credited against the required local advertising expenditure. Franchisor outlets may participate but will have equal voting power to franchisee members of the co-op. If Franchisor outlets have controlling votes, participating outlets spend shall not exceed 2% of Gross Revenue.
Replacement / Additional Training fee	Currently, \$250 per day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Third party vendors	Pass-through of costs, plus administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a markup or charge for administering the payment program.
Technology Fee	Currently, \$400 per month	Monthly	We require you to use certain software as described in Item 11. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. We may increase the Technology Fee at any time by providing sixty (60) days' notice to you. There is no cap on the amount the Technology Fee may be increased. The Technology Fee is assessed per territory in which you operate.

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Non-compliance fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Special inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$10,000 plus any broker fees, referral fees and/or other out-of-pocket costs we incur and which are payable by You.	When transfer occurs	Payable if you sell your business.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

### Notes to Item 6

1. Unless otherwise noted, all fees are non-refundable, payable to us, and uniformly imposed on all franchisees receiving this offering. For all amounts payable to us and our affiliates, you must use the payment method(s) that we designate from time to time. As of the date of this disclosure document, we require payment by Automated Clearing House (ACH) or electronic funds transfer and you must designate an account at a commercial bank of your choice and furnish the bank with authorizations when you sign the franchise agreement to permit us to make withdrawals from that account. Except as described in Note 3, all fees listed in this chart are applicable to each Territory purchased and the amount of each fee will be due and payable in the manner and at the times described in this table for each Territory independently, and not in CRS Franchising, LLC  
2025 FDD

the aggregate.

2. “Gross Revenue” means all revenue generated or derived from the sale of products and services and all other income of every kind related to the Business, whether for cash, credit, trade, barter, or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. Gross Revenue also includes amounts billed to insurance or government programs. Further, Gross Revenue includes all revenue related to the sale of any products and the performance of any services (whether or not the products or services are approved by us) that are provided using any portion of the Business in any manner, including the Marks (such as service vehicles, invoices, and uniforms bearing the Marks), the System, Confidential Information, any of the employees of the Business, or the telephone number of the Franchised Business. Gross Revenue also includes any proceeds of business interruption insurance. Your Gross Revenue will not be reduced on account of any fees or commissions you pay to third parties who refer customers. Gross Revenue does not include any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from Gross Revenue as circumstances, business practices, and technology change. As a condition of your Franchise Agreement, Franchisor will have access to your QuickBooks account.

3. Beginning in the seventh (7th) month after opening the Business for operation, Franchisee must make a minimum Royalty Fee payment which is the greater of (i) 7% of your Gross Revenue or (ii) \$1,000 per month (the “Minimum Royalty Fee”). If you operate in more than one territory your Minimum Royalty Fee will increase by a multiple equal to the number of territories, you are operating. For example, if you operate in 2 territories, your Minimum Royalty Fee would equal \$2,000. The Minimum Royalty Fee may be increased at the start of any year by no greater than the CPI Increase. To calculate the “CPI Increase” on any amount, multiply the currently effective Minimum Royalty amount by a fraction, the numerator of which is the Inflation Index on the first day of the year for which the increase is to apply, and the denominator for which is the Inflation Index on January 1 of the year of the Effective Date or the effective date of the most recent CPI Increase, whichever is more recent. The “Inflation Index” means the U.S. City Average Price Index for All Urban Consumers for All Items (Base Year 1982-84), as published by the United States Department of Labor, Bureau of Labor Statistics, or, if such index is discontinued or unavailable, such other comparable index for calculating changes in the cost of living or purchasing power for consumers in the United States that we reasonably designate.

4. The Local Advertising Expenditure requirement is a minimum of 1% of your Gross Sales per month. We may elect to directly manage local advertising on your behalf. If we do so, you will pay this amount to us each month and we will be entitled to a reasonable fee for our services.

5. You must maintain insurance of the types and amounts we specify in your franchise agreement, the Manual, or in supplementary notices. You may obtain additional insurance as you desire. Insurance policies may not be subject to amendment or cancellation without at least 30 days prior written notice to us and must list us as additional named insured. You must provide certificates of insurance evidencing coverage on an ongoing basis. We must be named as an additional insured on all insurance policies, and we must receive your certificate of insurance prior to opening your Business.

6. You must indemnify us and our respective owners, employees, and officers for any claims relating to the operation of your Business, and for all costs incurred relating to any default by you under the Franchise Agreement.

7. Interest begins from the due date.

8. If litigation occurs in which we are adverse to you, regardless of how the litigation arises or resolves, you must pay our costs of litigation, including reasonable attorneys’ fees and any cost of enforcing this obligation.

**ITEM 7.  
ESTIMATED INITIAL INVESTMENT**

**A. YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be made
	Low Estimate	High Estimate			
Initial Franchise Fee <sup>1</sup>	\$55,000	\$55,000	Collected funds – lump sum	Upon execution of Franchise Agreement	Franchisor
Grand Opening Marketing <sup>2</sup>	\$2,000	\$4,000	As arranged	As incurred	Various suppliers and/or Franchisor
Rent (1 month rent, plus security deposit) <sup>3</sup>	\$8,000	\$41,700	As arranged	Prior to opening your Business	Lessor
Leasehold Improvements <sup>4</sup>	\$5,000	\$80,000	As arranged	As incurred	Contractors
Office Supplies <sup>5</sup>	\$1,000	\$3,000	As arranged	Prior to opening your Business	Suppliers
Signage <sup>6</sup>	\$400	\$3,000	As arranged	As incurred	Suppliers
Utility Security Deposits <sup>7</sup>	\$200	\$2,000	Lump sum	Prior to opening your Business	Utility companies
Furniture, Fixtures, and Equipment <sup>8</sup>	\$2,800	\$60,000	As arranged	Prior to opening your Business	Suppliers
Business Management and Technology System and Technology Fee (3 months) <sup>9</sup>	\$3,700	\$5,000	Lump sum	Prior to opening your Business	Suppliers and Franchisor
Travel Expense for Initial Training <sup>10</sup>	\$2,000	\$4,000	As arranged	As incurred	Transportation, hotels, restaurants
Vehicle <sup>11</sup>	\$7,500	\$20,000	As arranged	Prior to opening your Business	Suppliers
Inventory and Supplies <sup>12</sup>	\$2,000	\$6,000	As arranged	Prior to opening your Business	Suppliers
Insurance <sup>13</sup>	\$10,000	\$15,000	As arranged	Prior to opening your Business	Insurance company
Professional fees <sup>14</sup>	\$1,500	\$5,000	As arranged	As incurred	Professional Advisors
Permits and Licenses <sup>15</sup>	\$200	\$4,000	As required by federal, state, and local governments	As required by federal, state, and local governments	Federal, state, and local government agencies
Additional Funds (3 months) <sup>16</sup>	\$100,000	\$115,000	As arranged	Weekly payroll, other expenses and purchases	Approved suppliers, employees, etc.
<b>TOTAL</b>	<b>\$201,300</b>	<b>\$422,700</b>			

## Notes:

Generally. These are only estimates. Payments are non-refundable unless otherwise noted. We do not offer direct or indirect financing.

1. Initial Franchise Fee. Calculation of the Franchise Fee is discussed in detail in Item 5. The Franchise Fee shown is for a standard, single Territory.

2. Grand Opening Marketing. You must pay us at least \$2,000 to conduct a grand opening advertising campaign within 90 days following the opening of your Franchise Business in accordance with our specifications. We will advise you regarding the planning and execution of the Grand Opening Marketing plan. You can expend any additional amounts that you wish on a grand opening advertising campaign, and we estimate that you will do so.

3. Rent and Security Deposit. You must secure an office, storage warehouse, or other space suitable for the operation of the Business and satisfactory to us within the Territory for your CRS business operations. You must, at minimum, obtain or lease storage facilities as necessary to store the Equipment used in the Business. The rent estimate contemplates one month's rent plus a lease security deposit of an equal amount. Our estimate is based on our knowledge of rent expenses in Pittsburgh, Pennsylvania. Rent expense for a facility from which to operate your Business will vary, based on location, square footage, age and condition of the structure, lease arrangements, and other such factors. The low-end estimate assumes your facility is approximately 7,000 square feet and is rented at a rate of \$5.00 per square foot, and the high-end estimate assumes your facility is approximately 12,500 square feet and is rented at a rate of \$20.00 per square foot. Your facility must be at least 7,000 square feet, have at least two offices, at least 16-foot ceilings, and a 12-foot garage/drive thru door. Your facility must be climate controlled.

4. Leasehold Improvements. Leasehold improvement costs, including wall treatment, ceilings, painting, window coverings, electrical, carpentry, and similar work. Architect's and contractor's fees are included in this range and will depend on various factors, including: (i) the site's condition, location, and size; (ii) the demand for the site among prospective lessees; (iii) the site's previous use; the build-out required to conform the site for your Business; and (iv) any construction or other allowances the landlord grants. The lower figures provided here under "Leasehold Improvements" assume that you remodel an existing building that has previously been utilized as a recovery business. The higher figures provided include a more extensive build-out including plumbing and storage units. Construction of a new building on a pad site or otherwise likely would require a greater initial investment, the amount of which would depend on market conditions. This is assuming your facility is pre-equipped with climate control and fire suppression, as required. If your facility does not have these items, your initial investment could significantly increase.

Your actual costs will depend on, among other factors, the Business location, the size of the Business, the condition of the premises being remodeled, national and local economic factors, the local costs of material and labor, and the amount of tenant improvement allowances that you are able to obtain, if any. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., costs may be higher due to local market rates for materials and labor.

5. Office Supplies. These amounts include your purchase of miscellaneous office supplies for use in the operation of your Business, such as printer paper, ink, writing utensils, and organizational supplies.

6. Signage. You are expected to acquire and install signs selected from our pre-approved branding materials or approved in our sole discretion on the exterior of the leased space, or on the side of appropriate exterior windows. We estimate this cost based on our experience. Costs may vary depending on the style and medium of signage chosen. The low-end estimate assumes purchase and installation cost associated with a vinyl banner, whereas the high-end estimate assumes purchase and installation of a permanent sign which is approximately 5 feet by 10 feet in size.

7. Utility Security Deposits (if applicable). Utility companies may require you to place a deposit before installing telephone, gas, electricity and related utility services at the location of your Business. These deposits may or may not be refundable in accordance with the agreements made with the utility companies.
8. Furniture, Fixtures, and Equipment. This is the estimated cost of purchasing office furniture and fixtures for a typical office space based on our previous experience. Costs vary depending on the size of the office and the style and quantity of furniture selected. These amounts include specific specialized equipment used in the preparation of all items that you may be required to lease or purchase only from a designated or approved supplier. These amounts also include the Portable Carpet Extractor, O-Zone Machine, pallet jack, air compressor, and other equipment, such as office equipment and furniture, shelving, crates, ladders, telephone system, and computer system and software (which is separate from your Business Management and Technology System). The low-end estimate assumes the equipment is leased, and that you do not purchase the Sonic Cleaning System, and the high-end estimate assumes the equipment is purchased, including the Sonic Cleaning System, and also includes the estimated cost of renting/leasing a forklift and installing racking in the space. These amounts also include purchases of furniture which you may be required to purchase only from a designated or approved supplier. Certain items of millwork such as cabinets are also included in this amount.
9. Business Management and Technology System. See Item 11 for details on required purchases related to the Computer System for your Business. This estimate also includes three months' payment of the required Technology Fee, which is currently \$400 per month per Territory, but may change upon 60 days' written notice to you. The low estimate assumes you purchase a baseline iPad tablet, laptop, and printer that meets our requirements. The high estimate assumes you purchase a higher end iPad, laptop, and printer for your business.
10. Travel Expenses to Training. There is no tuition or fee for initial training for up to two (2) of your representatives. You are, however, responsible for making arrangements and paying the expenses for any persons attending the training program including, without limitation, transportation, lodging, meals and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose. The estimate provided contemplates costs associated with the training of two (2) people for our one-week training program in Coraopolis, Pennsylvania.
11. Vehicle. This item includes the estimated cost to lease or purchase a moving truck and van (a Mercedes Benz Sprinter Van or equivalent vehicle that we approve in writing), if you choose to purchase both, which you will use in the operation of the CRS business. The body of the truck and van must be clean and free of any damage. This cost includes application of our standard wrap to the truck and van. The low estimate represents the low-end estimate for the first month's payment for a leased moving truck at a low interest rate, including down payment and application of our standard vehicle wrap, and estimated shipping expenses within the continental United States (i.e., excluding Alaska and Hawaii). The high estimate represents the high-end estimate of the total payments for the first month's payment for a leased moving truck and also a van at a low interest rate, down payment, application of our standard vehicle wraps to both vehicles, estimated shipping expenses within the continental United States (i.e., excluding Alaska and Hawaii). This chart does not include estimates for items such as purchasing your moving truck or van, acquiring a license, insurance, registration, or other permits for your vehicle, or otherwise making improvements to your vehicle. If you purchase the van or moving truck, your initial investment will be higher than the figures listed in the chart. We reserve the right to revoke our approval of a van or moving truck should the van or moving truck no longer meet our minimum standards.
12. Inventory and Supplies. This estimates the cost of supplies required to begin operating your office and perform Recovery Services. We require you to purchase cleaning supplies and equipment from our chosen supplier. In the future we may require you to use suppliers of our choosing for other purchases or use different suppliers for cleaning supplies.

13. Insurance. You must purchase and maintain insurance in the types and amounts described in the Franchise Agreement or Manual. This estimate covers three months' premiums for workers' compensation and commercial liability insurance. Your cost of insurance may vary depending on the insurer, the location of your Business, your claims history, and other factors. You must provide certificates of insurance evidencing coverage to us on an ongoing basis, including prior to opening your Business.

14. Professional Fees. This estimates the costs of professional advisors (like an attorney and an accountant) for the initial review and advice consistent with the start-up of a franchised business.

15. Business Licenses. This estimates the costs of business licenses for you to begin operations of the Business. This estimate is based on our experiences with business licenses in Coraopolis, Pennsylvania and may vary depending on your state and local requirements.

16. Additional Funds (3 months). This category estimates your pre-operational expenses that are not listed in other categories, as well as additional funds necessary for the first three (3) months of your operations including expenses for this such as employee salaries and wages, utilities, payroll taxes (including payroll to cover the grand opening promotional period and the pre-opening training period for your staff), Royalty Fees, legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. We relied on our experience in operating our affiliate location and our franchisees' experience in opening their opening new locations in 2023 to formulate our estimates.

**B. YOUR ESTIMATED INITIAL INVESTMENT – MULTIPLE BUSINESSES UNDER DEVELOPMENT AGREEMENT<sup>1</sup>**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee <sup>2</sup>	\$110,000 – \$275,000	Lump Sum	On signing Development Agreement	Franchisor
Initial Investment to Open Initial Franchise (minus Initial Franchise Fee) <sup>3</sup>	\$146,300 - \$367,700	See Chart 7(A) above in this Item		
<b>TOTAL<sup>4</sup></b>	<b>\$256,300 – \$642,700</b>			

**Notes:**

1. Generally. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to own and operate between two (2) and five (5) Businesses, as well as the initial investment to open your first Business under your Development Schedule. The chart does NOT include estimates for the purchase of additional Equipment and Vehicles for any Business other than the initial Business in your Development Schedule.

2. Development Fee. The Development Fee is non-refundable. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and the Development Fee provided as an example in this Chart 7(B) is for the right to open and operate between two (2) and five (5) Businesses (provided you comply with your development obligations under the Development Agreement). The minimum number of CRS Businesses you must develop is two (2) under the Development Agreement.

3. Estimated Initial Investment to Open One (1) Business. This figure represents the total estimated initial investment required to open the first Business under your Development Agreement. The range includes all the items outlined in Chart 7(A) of this Item, except for the Initial Franchise Fee (because you are not required to pay any Initial Franchise Fee for those Businesses you open under the Development Agreement).

4. Total. This is the Development Fee plus the estimated initial investment to open and commence operating your first Business within your Development Area. This range does not include any of the costs you will incur in opening any additional franchises that you are granted the right to open and operate under your Development Agreement.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We have the right to require that all equipment, technology, inventory, supplies, vehicles, signs, furnishings, fixtures, décor items, retail merchandise, payment systems, and other products and services that you purchase for use or resale in the Business: (a) meet our specifications; or (b) be purchased from vendors that we have expressly approved; or (c) be purchased only from a single source (which may include us or our affiliates) at the then-current price. To the extent that we establish specifications, require approval of vendors, or designate specific vendors for an item, we will notify franchisees via the Manual or otherwise.

We may negotiate contracts with providers of goods and services to obtain favorable pricing for our franchisees and Company-Owned Outlets. The terms of purchase agreements may vary based on any number of factors and prices may change over time.

Other than as noted in this Item, we do not currently negotiate purchasing arrangements with vendors on behalf of our franchisees, but we reserve the right to do so, including pricing terms. Our ability to negotiate and maintain arrangements with vendors may depend on the participation of as many franchisees as possible. Accordingly, if we name a specific vendor for a product or service, you must obtain the product or service from that designated vendor. You must comply with the terms and conditions included in the contract with a specific vendor.

We and our affiliates may earn a profit on products and services we sell to you directly, and we and our affiliates may receive rebates, administrative fees, commissions, licensing fees, or other benefits from unaffiliated vendors and distributors from their sales of products or services to franchisees, whether the product or service is presently mentioned in this Item or not. Except as limited by applicable law, we and our affiliates have the right to retain any payments received from vendors. As of the date of this disclosure document, none of our officers owns an interest in any unaffiliated vendors that sell products or services to our franchisees.

Currently, neither we nor our affiliates derive revenue, rebates, or other materials based on the required purchases or leases, but we reserve the right to do so at any time.

We or our affiliates may negotiate purchasing arrangements under which vendors agree to make goods or services available to Businesses on specific terms. You agree to participate in and abide by the terms of any vendor purchasing program we establish.

If we require you to use an approved vendor for a particular item, but you wish to purchase the item from a source that we have not approved, you may submit a written request for approval of the vendor, unless it is an item for which we have designated a specific vendor. To obtain approval, proposed vendors must demonstrate the ability to meet our standards and must possess adequate quality controls and capacity to supply your needs promptly and reliably. We will provide the relevant standards and specifications to franchisees and vendors that wish to become approved vendors, provided that the proposed vendor signs a confidentiality agreement; however, we may refuse to disclose product formulations or specifications that we deem to be extremely sensitive. At our request, you must submit samples and other information we

require to examine, test, and determine whether the proposed vendor meets our specifications and quality standards. We may also require that the proposed vendor allow our representatives to inspect its facilities.

If we do not require you to use a designated source or approved vendor for a particular item, you may purchase the item from any source you choose provided your purchases conform to the brand standards.

We have no obligation to approve any specific vendor or any minimum number of vendors for any item, and any proposed vendor relationship must not jeopardize the availability of any special pricing or other benefits offered by existing vendors based on system-wide purchases. We may require you to pay a fee to cover our costs of reviewing a proposed vendor. We generally will give you written notice of approval or disapproval of the proposed vendor within thirty (30) days after receiving your request. You may not sell or offer for sale any products or services from the proposed vendor until you receive our written approval.

We have the right to revoke a vendor's approved status for any in our sole and absolute discretion. On receipt of written notice of revocation, you must stop buying from the disapproved vendor. If we revoke our approval of the products because they fail to meet our standards, you may be prohibited from using your remaining inventory of those products.

We estimate that the proportion of your required purchases and leases from approved suppliers to all purchases and leases in establishing the Business is 10% to 20%. We estimate that the proportion of your required purchases and leases from approved suppliers to all purchases and leases in operating the Business is 10%-20%. These amounts are subject to change.

The following specific restrictions on your purchasing are in effect as of the issuance date of this Disclosure Document, but we can impose other restrictions at any time:

**Items you must purchase from us or affiliates:**

Neither we nor any affiliate is currently a supplier of any good or service that you must purchase. We reserve the right to designate ourselves or our affiliates as an approved vendor, or as the only approved vendor, for other products and services in the future. Your purchases from us will be at the prices and on the terms in effect at the time of your purchase.

None of our owners, officers, or managers owns any interest in any supplier, except where we or our affiliate are the Approved Supplier.

**Items you must purchase from designated or approved third parties:**

If you choose to purchase the Sonic Cleaning System, you must purchase from the supplier we designate.

You must purchase your inventory of boxes from the supplier we designate. We will provide you with the supplier name and specifications for sizes and markings in our Manual.

We also designate certain Software (as defined in Item 11) that must be purchased and used in the Business. The Software includes an inventory system, two estimate systems, and an accounting program. We reserve the right to change the required Software at any time. We will provide you with the supplier name and specifications in our Manual.

**Items that must meet our specifications:**

For some products and services, we have not designated a specific source or vendor that you must use, but you must follow our specifications and/or obtain our approval of the vendor. You must purchase supplies (e.g., boxes) for your Business in size and quantities which are in accordance with our written requirements as provided to you.

## Insurance

You must maintain the types and minimum amounts of insurance coverage and bonds we specify for the Businesses. The table below sets out our required and recommended insurance coverage as of the date of this disclosure document:

Type	Minimum Coverage
Comprehensive General Liability	\$1 million per incident / \$2 million aggregate
Commercial Umbrella Policy	\$1 million excess over all underlying liability coverages per occurrence and \$1 million in the aggregate
Property and Casualty Insurance	Full replacement value of your equipment, furniture, fixtures, inventory, and vehicles
Business Interruption	12 months loss of income, including coverage for our Royalty Fees with no co-insurance clause
Automobile Liability for non-owned vehicles	\$100,000 combined single limit per state for Medical/Personal Injury Protection and \$100,000 Uninsured/Underinsured Motorist
Product Liability	\$1 million policy limit
Workers' Compensation	As required by law in your area
Crime Insurance for Employee Dishonesty	\$50,000 combined single limit
Employer Liability	\$100,000 per incident
Bailee's Insurance	\$500,000

Your insurance policies must be written by a carrier with an industry rating acceptable to us, must name us, CRS Franchising, LLC, and our parents, subsidiaries, and affiliates, and their respective officers, directors, members, shareholders, and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us. All public liability and property damage policies must be primary and non-contributory and must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors, and assigns.

Prior to opening your Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least thirty (30) days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but not obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. We can increase the coverage requirements or require different or additional kinds of insurance.

## Real Estate

Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Attachment E to the Franchise Agreement. You must use a real estate vendor approved by us.

## Point-of-sale software and hardware, and related software and hardware

You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

## Cooperatives and Material Benefits

We have established a voluntary purchasing cooperative with our supplier for crates. We do not currently have any distribution cooperatives in our franchise system as of the date of this disclosure document. We do not provide material benefits to franchisees based on their purchase of products or services or use of particular vendors.

## Revenue from Franchisee Purchases

Neither we nor our affiliate earned any revenue from required franchisee purchases in the most recent fiscal year ending December 31, 2024.

### ITEM 9. FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise agreement (FA) and development agreement (DA). It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

Obligation	Article/Section (§) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA §4 DA §4	Item 11
b. Pre-opening purchases/leases	FA §4	Item 8
c. Site development and other pre-opening requirements	FA §4 DA §4.	Items 6, 7, and 11
d. Initial and ongoing training	FA §5, §6, §13.4	Items 6 and 11
e. Opening	FA §4.4, 5.2 DA §3.1, §4	Item 11
f. Fees	FA §3 DA §2	Items 5, 6, and 7
g. Compliance with standards and policies/ Manual	FA §1, §6	Items 8 and 11
h. Trademarks and proprietary information	FA §9 DA §7, §8	Items 13 and 14
i. Restrictions on products/ services offered	FA §6.6	Items 8 and 16
j. Warranty and customer service requirements	FA §6, §10	Item 11
k. Territorial development and sales quotas	FA §4 DA §3, §4	Item 12
l. Ongoing product/service purchases	FA §6	Item 8
m. Maintenance, appearance, and remodeling requirements	FA §4	Item 11
n. Insurance	FA §6.2	Items 6 and 8
o. Advertising	FA §7	Items 6, 8, and 11
p. Indemnification	FA Article 11 DA §8	Item 6
q. Owner's participation/ management/staffing	FA §6	Items 11 and 15
r. Records/reports	FA §8.1, §8.2	Item 16
s. Inspections/audits	FA §8.4, §8.5	Items 6 and 11

Obligation	Article/Section (§) in Agreement	Disclosure Document Item
t. Transfer	FA Article 13 DA §7	Item 17
u. Renewal	FA §2.2	Item 17
v. Post-termination obligations	FA §9.6 DA §8	Item 17
w. Non-competition covenants	FA §12 DA §8	Item 17
x. Dispute resolution	FA §16 DA §8	Item 17
y. Other: Guaranty of franchisee obligations	FA §1.5, §12.4 DA Appendix B	Item 15

**ITEM 10.  
FINANCING**

We do not offer direct or indirect financing to you. We do not guarantee your note, lease or obligation.

**ITEM 11.  
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

Pre-Opening Obligations. We have the following obligations to you before you open your Business:

- Your Site. We will review and advise you regarding potential locations that you submit to us. (Section 4.1). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

We generally do not own your premises. If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

The time limit for us to approve or disapprove your proposed site is 120 days after you submit all of our required documents and information. (Section 4.3). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement and you will forfeit your Franchise Fee.

We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

You must secure a Site by signing a Site Lease or purchase agreement within one hundred twenty (120) days of the Effective Date, which may be extended with our approval.

- We will conduct an initial training program as described below. (Section 5.1)

- We will loan to you one copy of the 180-page Manual to use during the term of the franchise agreement. You may not reproduce the Manual without our prior express written consent. The Manual contains our standard operating procedures, policies, rules, and regulations with which you must comply, as well as specifications for equipment, signage, inventory and supplies for your Business. The Manual's contents must be kept confidential. (Section 6)
- We will provide you with any specifications that we develop for fixtures, furnishings, equipment, and signage, which may include the names of approved suppliers. However, we do not supply these items directly, nor do we assist with delivery or installation. (Section 4.4)
- We will work with you on creating a Grand Opening Marketing plan for the Business. (Section 5.2)
- We will provide opening support and assistance as we deem appropriate, at the time(s) and in the manner we determine. If you request opening support beyond what we customarily furnish to Franchised Businesses, and if we agree to furnish the additional support, then we will have the right to impose a fee, plus expenses, for providing the agreed additional support. (Section 5.2)

We estimate the typical franchisee will be ready to open their business 210 days after executing a franchise agreement. Factors that could affect when a franchisee can begin operation include Site selection and set-up, financing, and local labor conditions.

Continuing Obligations. We have the following obligations to you during the operation of your business:

- We will develop and maintain the brand standards (Section 6.1).
- We will establish and operate social media accounts on behalf of your Business (Section 7.5).
- We will manage the Brand Fund, as described below in this Item, and make available to you any creative materials financed by the Brand Fund. You agree to pay or to reimburse us for any costs to reproduce the materials and/or to customize the materials for your use (Section 7.2).
- Developing products or services you will offer to your customers. Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the Franchise Agreement does not obligate us to do so (Background, Paragraph 2).
- Hiring and training employees. We will provide you with our suggested staffing levels, suggested guidelines for hiring employees (Section 6.2), and operational instructions in the Manual which you can use as part of training new employees. All hiring decisions and conditions of employment are your sole responsibility.
- Improving and developing your business; resolving operating problems you encounter. If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 3.8)
- Establishing prices. The System Standards for pricing are determined by the insurance carriers' estimating programs (depending on the insurance carrier's requirements) which have specific pricing for each market and are updated on a monthly basis. (Section 6.4).
- Establishing and using administrative, bookkeeping, accounting, and inventory control procedures. We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 8.1). We may make any such procedures part of required (and not merely

recommended) procedures for our system.

- Website. We will maintain a website for the CRS brand, which will include your business information and telephone number (Section “Background”).
- We will establish, update, and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, those marketing media that you may use. We will respond to your request respecting the communication of our approval or disapproval of marketing media that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing media may be used in the marketing and promotion of your CRS Business (Section 7.6(A)).

In addition to the support described in this Item 8, we may choose to offer additional assistance in the form of additional training and in-person or remote consultation services as we deem appropriate in our sole and absolute discretion.

### **Advertising Assistance Brand Fund**

Franchisor has established and administers a brand awareness fund (the “Brand Fund”) to promote and enhance the image, identity, and patronage of the System. The Brand Fund is operated under the parameters described in this section. We require you to contribute 1% of your Gross Revenue to the Brand Fund in addition to the amounts required for local/co-op advertising noted above. All franchisees will generally be required to contribute to the Brand Fund at the same rate, and Company-Owned Outlets are not required to contribute to the Brand Fund. The sums you and other franchisees contribute to the Brand Fund are initially deposited in our general operating account then transferred to their own account and administered with their own record books, but the funds are temporarily commingled with our general operating revenues. If we spend less than the total of all contributions to the Brand Fund during any fiscal year, we may accumulate such sums for use in later years.

We intend to spend an amount equal to the Brand Fund revenue received or allocated by us to prepare marketing materials either in-house or by a national agency for national, regional, or local advertising, public relations, and promotional campaigns, typically in media such as direct mail advertising, newspapers, radio, and cable and local television. A reasonable portion of this sum may also be spent for other items including conducting marketing studies; and the production and purchase of advertising art, commercials, musical jingles, print advertisements, point of sale materials, media advertising, outdoor advertising art, and direct mail pamphlets and literature, and may also be allocated to reimburse us or our affiliates for internal expenses of operating an advertising department and administration of our advertising program. We determine, in our discretion, all matters relating to such advertising, public relations and promotional campaigns, and we are not required to allocate or expend brand fund contributions for the benefit of any particular franchisee or group of franchisees on a pro-rata or proportional basis. We are not required to spend any amounts on advertising in your Territory. In our most recent fiscal year, no Brand Fund money was disbursed. No Brand Fund Contributions are used solely for advertising to solicit new franchisees, however, the CRS website, public relations activities, community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities. During the 2024 fiscal year the Brand Fund collected \$102,925.97 from franchisee brand fund contributions. Of the amount we collected, we spent 59% on ad placement and 0% on ad creation and 0% on administration and miscellaneous expenses. We did not use all of the funds received but intend to do so in the coming fiscal year, although we are not obligated to.

In no event will we be deemed a fiduciary with respect to any contributions to the Brand Fund we receive or administer. We are not required to have an independent audit of the Brand Fund completed. We will prepare an unaudited report certified by one of our officers showing the Brand Fund balance at the beginning of the year, the total amount contributed by franchisees and allocated by us on behalf of our company-owned businesses, and the amount actually spent for the year, and the remaining balance or deficit

in the Brand Fund at the end of the fiscal year. This report will be available to you on your written request within 120 days after the close of our fiscal year.

### **Social Media Management**

We may establish and operate social media accounts for your Business. From time to time, we may require you to provide photographs and video for promotional use in connection with these accounts. We reserve the right at any time to take control over any social media accounts created by us or you for promotion of your Business.

### **Promotional Campaigns**

We may periodically conduct promotional campaigns on a regional basis to promote our services or marketing themes. You must participate in all promotional campaigns we establish for the region in which your Business is located.

### **Local Area Marketing**

In addition to required Brand Fund contributions, you must spend a minimum of 1% per month on advertising in your local market. You must only use marketing materials which we have approved in writing, which we will not unreasonably withhold.

We may allow you to use your own advertising materials so long as we approve of it in writing.

### **Cooperative Advertising**

As of the date of this Disclosure Document, we have not established any local or regional advertising or brand awareness cooperatives (“Co-op”). If we do so in the future, you must participate in any cooperative advertising or brand awareness program for the region in which your Business is located. We may change, dissolve, or merge Co-ops in our sole discretion. You must contribute to the Co-op up to 2% of your Gross Revenue, as determined by the members of the Co-op. Any amount contributed to the Co-op will be credited against the minimum amount which you must spend on local advertising, as described above. Franchisor outlets may participate in Co-ops. If a franchisor-outlet is participating in a Co-op, it will have equal votes and contribute equally as voted on by Co-op members. If a franchisor-outlet has a controlling vote in a Co-op it may not increase the contribution above 2% of Gross Revenue. Governing documents will be made available for all Co-ops in the franchise system.

There is no advertising council at the present time.

### **Training Assistance**

Training programs are offered periodically as needed to meet the demands of new franchisees. Your designated representative and management personnel must be approved by us in writing before participating in our training course, which must be completed at least 10 days before your Opening Deadline. There is no tuition fee for attendance by you or your manager or designated representative (up to three attendees) to attend this training course, but all expenses that you and your personnel incur while attending or obtaining the training course will be borne entirely by you. We may charge our then current training fees for any additional personnel attending the training course, or for any attendees who fail to complete the training course to our satisfaction and must repeat the training.

We may periodically offer additional training programs to you, your manager, and designated representative covering such subjects as new products or procedures, marketing, bookkeeping, accounting and general operating procedures and the establishment, development and improvement of computer systems. Attendance by you or your manager or designated representative may be mandatory or optional, in our discretion. There is no tuition fee for mandatory or optional training courses. All expenses that you and

your personnel incur while attending or obtaining all training will be borne entirely by you. Your Business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$250 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

We will provide an experienced training staff, which will instruct on System operating procedures, steps to opening your Business, the market for Recovery Services, and marketing and sales. Our lead instructor, Danielle Miller, has 7 years of industry experience including 4 years with our affiliate. Franchisor/corporate delegate trainers may have various lengths of experience depending on the individual delegate, but they would typically have minimally one year of experience, if not more, and have had successfully completed both their own training and facilitation of others’ training in the past; the delegate(s) would typically be in a management role at a corporate location or be a “senior,” tenured employee if not in a formal management position.

You must attend training, along with lead project manager. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business. You will be required to pass a test which evaluates your understanding for the content and franchise operating content as covered in the training program and will be required to complete our on-boarding checklist prior to opening your Business. Should you fail to pass the test or complete the initial training, we have the right to terminate the franchise agreement with no refund of the initial franchise fee.

Instruction materials include our Manual, digital training materials, and related workbooks. New operators and managers must be approved by us and complete training program before assuming active duty at your Business.

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Sales and Marketing	4	0	Online, or our offices in PA
Software and Technology	8	0	Online, or our offices in PA
Business Operations	12	0	Online, or our offices in PA
Warehouse Operations – Safety, Cleaning, Equipment, & Chemicals	8	0	Online, or our offices in PA
Technical Operations	0	24	Online, or our offices in PA, and/or your Location
<b>TOTAL HOURS</b>	<b>32 Hours</b>	<b>24 Hours</b>	

Scheduling. All training is scheduled by us throughout the year on an as-needed basis to reasonably accommodate franchisees.

## Computer Systems

We require that you have access to mobile communications equipment that meet the following functionalities: mobile phone/tablet with internet access, text messaging and remote email capability; high-speed communications access, such as broadband or other high-speed capacity; a functioning e-mail address for your Business; software/applications for basic business accounting and bookkeeping, including employee timekeeping, sales recording, invoicing and reporting and software for word processing. Otherwise, so long as your computer and mobile communications devices and systems meet these functionalities, you may purchase them from any source. We do not currently, but may in the future, require specified brands or suppliers of communications devices, hardware, and software.

We will have the right to access all information and financial data recorded by your computer for audit and sales verification purposes.

You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals necessary to operate our customer relationship management system and other technology systems that we designate (collectively, the “Business Management and Technology System”). You must use the Business Management and Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers’ contact information, (iv) generate sales reports and analysis relating to your Business, and (v) provide other services relating to the operation of the Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. You must replace, upgrade, or update at your expense the Business Management and Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Business Management and Technology System requirements. Currently, you are required to use QuickBooks (Franchise version), Assured Restoration Job Software, and Xactimate or Symbility, depending on your location, which are the estimating software programs utilized by the insurance carriers, which will specify pricing for your market.

You must maintain the Business and Technology System at your expense and must purchase any hardware or software maintenance or technical support programs that we require. You must replace, upgrade, or update the Business Technology System as we may require from time to time. We will establish reasonable deadlines for implementation of any changes to our Computer System requirements, but there are no contractual limitations on our right to require changes to the Computer System.

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Business Management and Technology System. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost between \$100 to \$500 per year.

The Business Management and Technology System currently includes a desktop computer, a laptop computer, a printer, and a smartphone device. Specifications for the brand, operating capabilities, and functionality of these hardware components will be set forth in the Manuals and is subject to change. At a minimum, the components of the Business Management and Technology System must be connected to the internet via a high-speed internet connection and must be able to run our designated software programs and general business software such as email, word processing, and similar programs.

The Business Management and Technology System will use third-party software from our approved vendors for point-of-sale functions, email marketing, and all customer management functions. For any proprietary software or third-party software that we require you to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

We estimate that the Business Management and Technology System will cost between \$1,500 and \$5,500 which includes the cost of the hardware, software licenses, related equipment, and network connections, including related installation costs. We, or our approved suppliers, may act as vendors or suppliers of some or all of the components of the Business Management and Technology System.

The Business Management and Technology System will be dedicated for business uses relating to the operation of the Business; (i) to use the Business Management and Technology System in accordance with our policies and operational procedures; (ii) to transmit financial and operating data to us as required by the Manuals; (iii) to do all things necessary to give us unrestricted access to the Business Management and Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify; (iv) to maintain the Business Management and Technology System in good working order at your own expense; (v) to ensure that your employees are adequately trained in the use of the Business Management and Technology System and our related policies and procedures; and (vi) not to load or permit any unauthorized programs or games on any hardware included in the Business Management and Technology System.

You also must comply with all laws and payment card provider standards relating to the security of the Business Management and Technology System, including, without limitation, the Payment Card Industry Data Security Standards. You are responsible for all consequences that may arise if the system is not properly operated, maintained, and upgraded or if the Business Management and Technology System (or any of its components) fails to operate on a continuous basis or as we or you expect.

You must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Business Management and Technology System for the purposes of obtaining the information relating to the Business and always maintain that access. You must permit us to download and transfer data via a high-speed internet connection or such other connection that we specify on a real-time basis. There are no contractual limitations on our right to access data stored in the Business Management and Technology System.

You must dedicate your computer system for use as the Business Management and Technology System only and use the Business Management and Technology System in accordance with our policies and operational procedures. Your employees must complete all training programs we reasonably require for the proper operation and use of the Business Management and Technology System. You may not use any other cash registers or computer systems in your Business.

## **Operations Manual**

Attached as Exhibit D is a copy of the table of contents of our current Manual, which indicates the number of pages devoted to each topic and the total number of pages in the Manual. Our Operations Manual currently has a total of 178 pages.

## **Website**

We have established and intend to maintain an internet website at [www.CRSPackout.com](http://www.CRSPackout.com) that provides information about the franchise System (the "CRS Website"). We may (but are not required to) include on the CRS Website an interior page containing information about your Business. If we include your information on the CRS Website, we have the right to require you to prepare all or a portion of the page, at your expense, using a template that we provide. All information is subject to our approval before posting. We will have sole discretion and control over the CRS Website's design and contents. You consent to the posting of information about your Business on the CRS Website.

We have the sole right to approve any linking to, or other use of, the CRS Website. We have no obligation to maintain the CRS Website indefinitely, and we reserve the right to discontinue it at any time without liability to you. Furthermore, as we have no control over the stability or maintenance of the internet

generally, we are not responsible for damage or loss caused by errors or malfunctions of the internet.

You will not be allowed to establish or operate any other website for your Business or establish or participate in any System related blog or other discussion forum. However, in the event we no longer maintain an internet website at [www.CRSPackout.com](http://www.CRSPackout.com) or another related domain, you may be allowed to establish or operate any other website for your Business or establish or participate in any System related blog or other discussion forum with our advance written consent.

We will maintain one or more social media sites (e.g., Facebook, Twitter, Instagram, or other social media sites). You may not establish or maintain any social media sites utilizing any usernames, or otherwise associating with the Marks (as such term is defined in Item 13 below), without our advance written consent. We may designate from time to time regional or territory-specific usernames/handles that you must maintain. You must adhere to any social media policies, including those that may be included in the Manual, that we establish from time to time and must require all of your employees to do so as well.

## **ITEM 12. TERRITORY**

### **Franchise Agreement**

You will have a protected Territory during the term of your Franchise Agreement, provided you are in full compliance with the terms of the franchise agreement, including certain Minimum Performance Requirements (described below) and your obligation to primarily service customers in your Territory. Protected means that we will not operate a business under the Marks and the System in the Territory or authorize others to operate Businesses within the Territory, except as described below. This does not prohibit us from advertising or soliciting employees or independent contractors in your Territory.

A typical Territory will consist of a population of approximately 700,000 to 800,000 individuals (with a variance that may be granted by Franchisor in its discretion) and will be defined using postal zip codes present at the time the Territory is established. The population of the Territory may vary depending on a number of factors that we determine, including the geographic size of the Territory but it shall not be smaller than 250,000 individuals. You will be able to choose your Territory based on available pre-defined Territories. We will use the most recent population information available in the U.S. Census Data, or other population statistical sources of our choosing to determine populations. Once we have determined your Territory, it will be defined in Appendix A to your Franchise Agreement. We make no representation or guaranty about the accuracy of the data provided by the third-party providers and therefore the actual population may be different than the actual counts at the time of signing the Franchise Agreement.

In our sole discretion, we may allow you to add population to your existing Territory during the term of your Franchise Agreement. If we do so, you will be required to pay our then current additional population fee, currently ten cents (\$0.10) per person.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Your franchise is granted for a Site, which must be a warehouse space as set forth in Item 7. Your Site must be located within your Territory and you must request approval from us, which we may grant or refuse in our sole discretion and submit a copy of the proposed lease prior to signing it. You may not relocate your Site without our prior written approval. If you ask to relocate, we will evaluate your request using the same standards that we apply to reviewing the proposed location of new Businesses. Unless otherwise agreed in writing, relocation does not change your Territory.

We and our affiliates retain all rights not expressly granted to you in the franchise agreement. Among other things, regardless of the proximity to or the effect on your Business, we and our affiliates can:

- A. establish, operate, franchise, and license others to operate Businesses under the Marks at any location outside of the Territory;
- B. operate a Business under the Marks inside the Territory if: (i) we (or our affiliate) is operating a Business under the Marks in the Territory as of the date you sign the franchise agreement; or (ii) we have notified you before you signed the franchise agreement that we (or our affiliate) intends to operate a business under the Marks in the Territory;
- C. use the Marks in other lines of business, anywhere in the world;
- D. establish and operate, and to grant others the right to establish and operate, similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory, under trademarks or service marks other than the Marks;
- E. develop, manufacture, have manufactured, advertise, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, goods or services that are identical or similar to and/or competitive with those provided at your Business, whether under the Marks or any other name or mark, through dissimilar channels of distribution, including but not limited to through the internet, mobile applications, telemarketing, retail stores, and wholesale clubs, or other distribution outlets (other than Businesses) both inside and outside the Territory;
- F. establish and operate, and to grant others the right to operate, businesses offering dissimilar products and services both inside and outside the Territory under the Marks; and
- G. to acquire, be acquired by, or merge with other brands or outlets, even if the concepts or outlets are similar to the business operated under the System, and even if they have locations in the Territory. We will also have the right, in our sole discretion, to convert one or more outlets of the acquired, acquiring or merged brand to a Business within the Territory.

We have no obligation to compensate you in connection with any of these activities.

Activities Outside of the Territory. You may not perform services or sell products related to the Business outside of the Territory without our prior written consent, which we may give and withdraw as we deem appropriate, and which we may condition on you obtaining a separate phone number or other requirements. You may not solicit or advertise to customers outside of the Territory without our permission. "Solicit" includes, but is not limited to, solicitation in person, by telephone, by mail, through the internet, social media, email or other electronic means, and by distribution of brochures, business cards, or other materials or any other advertising. If any solicitation of customers within the Territory is in media that will or may reach persons outside of the Territory, you are required to notify us in advance and obtain our consent. If you receive a request for services or products from outside the Territory, you are required to refer that request to the Business located in the applicable territory (or to us or our affiliate, if we have not assigned the applicable territory to a Business). However, under certain limited circumstances, you may process a request from outside of the Territory if the requested service is permitted under our policies or otherwise approved by us. If we permit you to advertise, solicit, service or sell in areas outside of the Territory that are not serviced by another Business or by us (or our affiliate), you will be required to comply with all of the conditions and other requirements that we may from time to time specify in the Manuals or otherwise in writing with respect to such activities. We may at any time condition your continued out-of-Territory sales and services on your agreement to purchase the franchise rights for the territory in which the sales and services are being performed. At any time upon our demand or upon notice from us that the territory in question has been assigned to another Business, you must immediately cease all activities in that territory and comply with our procedures for the transition of customer accounts for that territory. Under no circumstances will we be liable to you for violations by other Businesses of our policies on out-of-Territory sales and services.

Key Accounts. We may from time to time enter into agreements to provide services to customers as part of a national, regional, or key account program at locations within the Territory. You must accept and perform the terms of such agreements (including, without limitation, special pricing, payment terms, timing of services, and central invoicing) with respect of locations within the Territory. If you refuse to perform the required services or we determine that your Business is not qualified, interested, able or available to perform the services, you are required to allow either our employee(s) or another franchisee to enter the Territory to perform the required services. In the case of an agreement under which the customer will pay a fixed amount for services at all locations listed in the agreement, we may allocate the fixed amount among the businesses performing the services.

Other Channels of Distribution. You may not offer products or services through any channel other than those we have expressly approved. If you request approval of any other distribution channel or type of outlet, we will consider the factors we deem appropriate, which may include how long you have been operating the Business, your sales volume, whether you have met quality standards and other benchmarks, and other standards that we may determine. You may not sell products to any vendor who would in turn sell to consumers. We reserve the right to use alternative channels of distribution (such as the Internet, catalogues, telemarketing, and direct marketing) to make sales within your Territory using the Marks. We reserve the right to use alternative channels of distribution (such as the Internet, catalogues, telemarketing, and direct marketing) to make sales within your Territory using trademarks other than the principal Marks.

We do not have an obligation to reserve contiguous territories for you. You do not receive an option, right of first refusal or similar rights to acquire additional franchises within your Territory or contiguous territories.

### **Development Agreement**

If you are granted the right to open multiple Businesses under our form of Development Agreement, then we will provide you with an exclusive Development Area upon execution of the Development Agreement. The size of your Development Area will substantially vary from other developers based on: (i) the number of Businesses we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map that we may attach to Appendix A to your Development Agreement.

Each Business you timely open and commence operating under our then current form of franchise agreement will be operated: (i) from a distinct Site located within the Development Area; and (ii) within its own Territory that we will define once the Site for that Business has been approved. We will approve Territories for additional Businesses developed under your Development Agreement using our then current territory criteria.

We will not own or operate or license a third party the right to own or operate, a Business utilizing the Marks and System within the Development Area until the earlier of: (i) the date we define the Territory of the final Business you were granted the right to operate under the Development Agreement; or (ii) the expiration or termination of the Development Agreement for any reason. Your Development Area will be exclusive during this time period.

Upon the occurrence of any one of the events described in the preceding paragraph, your territorial rights within the Development Area will be terminated, except that each Business that you have opened and are continuously operating as of the date of such occurrence will continue to enjoy the territorial rights within their respective Territories that were granted under the franchise agreement(s) you entered into for those Businesses.

You must comply with your development obligations under the Development Agreement, including your Development Schedule, to maintain your exclusive rights within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under the Development Agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

### **Rights We Retain**

Although we will grant you a Territory, we or our affiliates may (or may authorize a third party to) conduct any or all of the following activities, without compensation to you:

- A. solicit customers for you as well as advertise and promote sales of Businesses anywhere, including within the Territory;
- B. offer and sell (or authorize others to offer and sell) services other than related to the Business under any names and marks other than the Marks;
- C. distribute or license the manufacture or distribution of goods and products, regardless of whether or not such products are authorized for offer and sale through the Business, within the Territory, under other trademarks licensed by us or otherwise held by us, or through any means of distribution (e.g., direct mail, retail outlets, internet, other alternate channels of distribution) not otherwise prohibited by the Franchise Agreement;
- D. establish and operate and grant to others the right to establish and operate, a Business anywhere outside of the Territory, regardless of proximity to the Territory or to your Business;
- E. purchase, merge, acquire (or be acquired by), affiliate with, or engage in any transaction with other businesses (whether competitive or not) having one or more locations, wherever located, including, but not limited to, transactions or arrangements involving competing outlets and/or brand conversions (to or from the CRS brand and System);
- F. engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Franchise Agreement; and
- G. develop, operate, and franchise similar or dissimilar systems under trademarks, service marks, and commercial symbols other than the Marks, without offering them to you.

Neither we nor our affiliates have any present plans to establish other related franchises or company-owned businesses selling the same or similar products or services under a different name or trademark, although we and our affiliates each reserve the right to do so. The territorial protection granted to you is not dependent on your achievement of a certain sales volume, market penetration, or other contingency. If you are in compliance with the Franchise Agreement and the protection of the Territory has been properly secured and maintained pursuant to the Franchise Agreement as described above, there are no circumstances under which the Territory granted to you may be altered before the expiration or the termination of the Franchise Agreement without your written consent. We reserve the right to use alternative channels of distribution (such as the Internet, catalogues, telemarketing, and direct marketing) to make sales within your Territory using the Marks. We reserve the right to use alternative channels of distribution (such as the Internet, catalogues, telemarketing, and direct marketing) to make sales within your Territory using trademarks other than the principal Marks.

We are not required to pay you if we exercise any of the rights specified above. We are not required to grant you any additional Territories (other than as set forth in an Area Development Agreement, in accordance with its terms), expand your Territory, or allow you to relocate your Territory or your Business.

### **ITEM 13.**

## TRADEMARKS

Pursuant to the Franchise Agreement, you are granted a license to operate a Business using the marks CRS (logo) and other marks in connection with the Business (the “Marks”). The Marks listed below are the subjects of valid and subsisting U.S. Patent and Trademark Office registrations shown below.

The following is a description of trademarks that we license to Studios, and for which we have a registration with the United States Patent and Trademark Office (“USPTO”):

Mark	Registration No.	Registration Date	Register
YOUR TRUSTED PACKOUT PARTNER	7551262	October 29, 2024	Principal
	7560515	November 5, 2024	Principal

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving any of the Marks. We do not know of any superior prior rights or infringing uses that could materially affect your use of any of the Marks. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed above in a manner material to the franchise.

We have the right to control any administrative proceeding or litigation involving a trademark licensed by or to you. If you learn of any claim, suit or demand against you by a third party for any alleged infringement, unfair competition or similar matter due to your use of the Marks, in accordance with the terms of the Franchise Agreement, you must promptly notify us of the claim, suit or demand. We will then take whatever action we, in our sole discretion, consider necessary or appropriate. We intend to take reasonable steps to preserve and protect our ownership of the Marks and their validity. We are not obligated to protect any rights awarded to you to use the Marks or protect you against claims of infringement or unfair competition regarding the Marks. You may not settle or compromise any claim by a third party without our prior written consent. We may defend, compromise or settle any claim at our cost, using attorneys that we choose, and you must cooperate fully with us in defending the claim. If you learn of any infringing use, you must promptly notify us. We will decide in our discretion whether to prosecute any purported infringement of the Marks and our decisions will be final.

If it becomes advisable at any time in our sole discretion for us or you to modify or discontinue use of the Marks or use one or more additional or substitute trade or service marks, you must comply with our directions to modify or discontinue the use of the Marks within the time frame specified by us. We may add to, delete, or modify our Marks. You must accept, use, or cease using, as may be applicable, the Marks, including modified or additional Marks in accordance with our prescribed procedures, policies, rules, and regulations whether contained in the Manual, in the Franchise Agreement, or otherwise. You will not be compensated for any discontinuation or modification of the Marks.

**ITEM 14.**  
**PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

**Patents**

We do not own any patents that are material to the franchise.

We have the right to control any administrative proceeding or litigation involving a patent licensed to you. If you learn of any claim, suit or demand against you by a third party for any alleged infringement, unfair competition or similar matter due to your use of a patent, in accordance with the terms of the Franchise Agreement, you must promptly notify us of the claim, suit or demand. We will then take whatever action we, in our sole discretion, consider necessary or appropriate. We intend to take reasonable steps to preserve and protect our ownership of the patents and their validity. We are not obligated to protect any rights awarded to you to use the patents or protect you against claims of infringement or unfair competition regarding the patents. You may not settle or compromise any claim by a third party without our prior written consent. We may defend, compromise or settle any claim at our cost, using attorneys that we choose, and you must cooperate fully with us in defending the claim. If you learn of any infringing use, you must promptly notify us. We will decide in our discretion whether to prosecute any purported infringement of the patents and our decisions will be final.

**Copyrights**

We claim copyright protection for certain materials (the “Works”), which may include, but are not limited to, the Manual, our websites, software, mobile apps, advertisements, artwork, promotional materials, and signs. We have not registered the copyrights in any of the Works, but we may do so at any time. We will maintain common law copyright and/or copyright registrations for these works as published works. You can use the Works only for the purposes we establish from time to time in writing.

**Proprietary Information**

You must operate your Business in accordance with our standards, specifications, policies, and procedures as set forth in the Manual or otherwise communicated to you. You must treat the information contained in the Manual and any other manuals or supplemental material supplied by us as confidential. The Manual is our property, and you may not duplicate, copy, disclose or disseminate the contents of the Manuals at any time, without our prior written consent. We have the right to modify or supplement the Manuals upon notice or delivery to you. You must keep the Manuals current at all times, and upon the termination or non-renewal of your franchise return all copies of the Manual and any supplemental manuals to us.

You may not divulge or use any confidential information concerning our methods or procedures during or after the term of the Franchise Agreement. Information made available to you may not be divulged to any person other than your employees or financial advisors who reasonably need access to such information for purposes of fulfilling their employment or contractual responsibilities to you. All employees to whom the information, or any of it, is made available shall be informed of this obligation of confidentiality.

All data that you collect from customers and potential customers in connection with the Business during the term of the Franchise Agreement (“Customer Data”) is our proprietary information and property and you must provide the Customer Data to us at any time that we request. We reserve the right to require that you provide us with remote access to your computer systems and all data related to the Business stored therein, in a manner that meets our System standards and specifications. You have the right to use Customer Data while the Franchise Agreement or a renewal franchise agreement is in effect, but only in connection with operating the Business and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Customer Data for any purpose other than operating and marketing the Business. If you transfer the Business, you cannot transfer the Customer Data to the buyer. At the expiration or termination of the Franchise Agreement for any reason, you will promptly turn over to us the Customer Data and make no further use of it for any purpose. Since your business relationship with customers is

attributable solely to the Marks and the goodwill associated with the Marks, all such business relationships with all customers will revert to us and become our sole and exclusive property upon termination or expiration of the Franchise Agreement.

**ITEM 15.**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION**  
**OF THE FRANCHISE BUSINESS**

You may hire a manager to assist you or to operate the Business on your behalf, but you must be on site at the location of the Business no less than part time (i.e., twenty hours per week). You must actively participate in the actual operation of the Business and devote as much of your time as is reasonably necessary for its efficient operation. We recommend that you actively participate in the operation and supervision of the Business on a full-time basis. You (if you are an individual) or your management must attend our training programs. Refer to Item 11 for details. You or your management must complete our initial training program to our sole, subjective satisfaction. We do not require your management to have an equity interest in the Business.

We may require every general partner and limited partner, if you are a partnership or limited partnership; or every member, if you are a limited liability company, or every stockholder or other holder of equity interest, if you are a corporation (collectively, “Owners”), to personally guaranty your obligations under the Franchise Agreement and also agree to be personally bound by, and jointly and severally liable for the breach of, any provision of the Franchise Agreement.

All owners, management personnel and employees who are provided access to the Manual or other confidential information must sign a Confidentiality Agreement.

**ITEM 16.**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You are required to offer and sell all products and services that we designate as required items for Businesses. You may also offer for sale any optional products and services that we have approved for sale in the Business. You are prohibited from offering any unapproved products or services, and you must discontinue selling or offering for sale any products or services that we disapprove at any time.

We have the right to add products or services that you must offer. There are no limits on our right to do so. We will have the right to determine if services offered are appropriate for your Business.

You may not offer products or services through any channel other than those we have expressly approved. If you request approval of any other distribution channel or type of outlet, we will consider the factors we deem appropriate, which may include how long you have been operating the Business, your sales volume, whether you have met quality standards and other benchmarks, and other standards that we may determine. You do not receive the right to sell products to any vendor who would in turn sell to consumers.

In the marketing and operation of the Business, you must use only the customer contracts, waivers, and/or other forms we designate from time to time. We may provide templates or sample forms of such items, but it is your responsibility to have all items which are to be used with prospective or actual customers reviewed by an attorney licensed to practice law in the state(s) where the Business is operated, for compliance with all applicable state and local legal requirements. We do not represent that any contracts, waivers, or other forms or materials we supply are in compliance with the laws of any particular state or locality.

You must provide services for any Key Accounts with locations in your Territory (see Item 12). If you refuse to perform the required services, or if we determine that your Business is not qualified, interested, able or available to perform the services, you are required to allow us or another franchisee to service the Key Account.

You may be required to participate in programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs we prescribe for Businesses. Participation includes both issuing program benefits or credits and accepting them for payment by customers and may require you to purchase additional equipment. We will have the right to coordinate the crediting and debiting of funds among Businesses based on customer purchases and redemption of stored value. You are also required to participate in any customer loyalty programs we prescribe. You may not offer your own gift card, electronic money, or loyalty program for the Business without our prior written approval.

**ITEM 17.  
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists important provisions of the Franchise Agreement. You should carefully read these provisions in the Franchise Agreement attached to this Disclosure Document.**

**A. Franchise Agreement**

Provision	Section (§) in Franchise Agreement	Summary
a. Length of the franchise term	§2.1	The term is 10 years from the date we execute the Franchise Agreement.
b. Renewal or extension of the term	§2.2	If Franchisee is not in default under this Agreement, and if Franchisee has the right to continue to occupy the Site, Franchisee may renew this Agreement (a “Renewal”) for two (2) additional terms of five (5) years each (each a “Renewal Term”).
c. Requirements for you to renew or extend <sup>1</sup>	§2.2	Franchisee shall exercise its option for a Renewal (as defined in (b) above) of the Initial Term of this Agreement for a Renewal Term by providing written notice thereof to Franchisor not less than six (6) and not more than twelve (12) months prior to the expiration of the Initial Term or the then current Renewal Term; otherwise, the renewal option shall expire automatically (the Initial Term and each Renewal Term is referred to herein as the “Term”). Each Renewal will be in accordance with Franchisor’s then current terms and conditions for granting renewal franchises, which may include: (i) execution of a new franchise agreement which may contain material different terms and conditions for the original franchise agreement, including with different performance standards, fee structures and/or increased fees; (ii) execution of a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries or affiliates (if applicable) and their officers, directors, attorneys, shareholders and employees; and (iii) a requirement that Franchisee upgrade or refurbish Equipment to conform to Franchisor’s then-current standards.
d. Termination by you	14.3	Subject to state law, you may terminate this Agreement only if: (i) we commit a material breach of this Agreement; (ii) you give us written notice of the breach; (iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within sixty (60) days after receipt of your

Provision	Section (§) in Franchise Agreement	Summary
		notice; and (iv) you are in full compliance with your obligations under this Agreement. If we cannot reasonably correct the breach within this sixty (60) day period but provide you with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period shall be the amount of time reasonably required to effect a cure. Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this paragraph (including by taking steps to de-identify the Business or otherwise cease operations under this Agreement) will constitute an Event of Default by you.
e. Termination by us without cause	N/A	N/A. We may not terminate any agreement with you without cause, which means we will not automatically terminate this agreement if we terminate your Development Agreement, and vice versa.
f. Termination by us with cause	§14	As defined in (g.) and (h.) below. In addition, your default under any other agreement that you or an affiliate has with us, or our affiliates, will constitute a default subject to any applicable provisions for notice and cure set forth in the other agreement. For clarity, if you default under a Development Agreement with us, you shall be considered to have defaulted under this agreement and we may terminate you if that is the remedy for the relevant default.
g. "Cause" defined – curable defaults	§14.1	<p>If Franchisee fails to pay any financial obligation pursuant to this Agreement (a) within five (5) days of the date on which Franchisor gives notice of such delinquency, (b) immediately upon written notice if such payment has not been made within sixty (60) days after the date on which it is required to be paid, or (c) immediately upon written notice if Franchisee is determined to have under-reported its Gross Sales during any month by two percent (2%) or more of the actual Gross Sales during such month on two (2) or more occasions during the Term of this Agreement, whether or not Franchisee subsequently rectifies such deficiency;</p> <p>if Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by an appropriate authority to comply with any law or regulation applicable to the operation of the Business;</p> <p>if Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty, or certification herein or fails to operate the Business as specified by Franchisor in the Manual, fails to pay promptly any undisputed invoices from Franchisor or suppliers, and fails to cure such non-compliance or deficiency within thirty (30) days (or such longer term as granted by Franchisor) after Franchisor's written notice thereof;</p> <p>if Franchisee abandons or ceases to operate all or any part of the Business conducted under this Agreement for seventy-two (72) hours or longer (except as otherwise provided herein) or defaults under any mortgage, deed of trust or lease</p>

Provision	Section (§) in Franchise Agreement	Summary
		<p>with Franchisor or any third party covering the Business or the Site, fails to cure such abandonment or default and Franchisor or such third party treats such act or omission as a default, and Franchisee fails to cure such default to the satisfaction of Franchisor or such third-party within any applicable cure period granted Franchisee by Franchisor or such third party.</p> <p>If you default under a Development Agreement with us, you shall be considered to have defaulted under this agreement and we may terminate you if that is the remedy for the relevant default.</p>
h. “Cause” defined – non-curable defaults	§14.1	<p>Automatically, without notice or action required by Franchisor, if Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if a petition in bankruptcy is filed by Franchisee, or such a petition is filed against and consented to by Franchisee or not dismissed within thirty (30) days, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee’s business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee’s assets or property, or any part thereof, is appointed; or if a final judgment in excess of Five Thousand Dollars (\$5,000) against Franchisee relating to the Business remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction);</p> <p>if Franchisee fails to commence operation of the Business as required by Article 8;</p> <p>if Franchisee makes, or has made, any materially false statement or report to Franchisor in connection with this Agreement or application therefore;</p> <p>if there is any violation of any transfer and assignment provision contained in Article 13 of this Agreement;</p> <p>if Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations of this Agreement during any twelve (12) month period; if Franchisee or its Designated Owner or Designated Representative fails to complete to Franchisor’s reasonable satisfaction any of the training required pursuant to Section 8.4 of this Agreement;</p> <p>if Franchisee violates any covenant of confidentiality or non-disclosure contained in Article 9 of this Agreement or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits or otherwise reproduces any manuals, materials, goods, or information created or used by Franchisor and designated for confidential use within the System without Franchisor’s prior approval; if Franchisee or any person controlling, controlled by or under common control with Franchisee, or any principal officer or employee of Franchisee or any such person, owning an</p>

Provision	Section (§) in Franchise Agreement	Summary
		<p>interest in the Business is convicted of a felony, or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to affect adversely the System, the Marks, or the goodwill associated therewith;</p> <p>if Franchisee or any guarantor(s) hereof default on any other agreement with Franchisor, or any affiliate or parent corporation of Franchisor, and such default is not cured in accordance with the terms of such other agreement;</p> <p>if Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty or certification in this Agreement related to the Marks, including misuse of the Marks.</p> <p>If you default under a Development Agreement with us, you shall be considered to have defaulted under this agreement and we may terminate you if that is the remedy for the relevant default.</p>
i. Your obligations on termination/ non-renewal	§15	<p>Cease operating the Business under the System. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former franchised business is operated or in any way connected with Franchisor or the System or hold itself out as a present franchisee of Franchisor;</p> <p>Pay all sums owing to Franchisor, including those invoiced to Franchisee after this Agreement expires or is terminated. Upon termination of this Agreement pursuant to any default by Franchisee, such sums shall include, but not be limited to, actual and consequential damages, costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as a result of the termination.</p> <p>Return to Franchisor the Manual and all trade secret and other confidential materials, equipment and other property owned by Franchisor, and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law; Take such action as may be required by Franchisor to transfer and assign to Franchisor or its designee or to disconnect and forward all telephone numbers, e-mail, internet and other electronic references and advertisements, and all trade and similar name registrations and business licenses, and to cancel any interest which Franchisee may have in the same; and Cease to use any methods, procedures or techniques associated with the System; cease to use the Marks and indicia of operation associated with the System, and any marks confusingly similar thereto, and remove all trade dress, physical characteristics, color combinations and other indications of operation under the System. Without limiting the generality of the foregoing, Franchisee agrees that in the event of any termination or expiration of this Agreement, it will de-identify so as to make it not confusingly similar to Franchisor's standardized and</p>

Provision	Section (§) in Franchise Agreement	Summary
		recognizable indicia or colors.
j. Assignment of contract by us	§13.1	This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor, in whole or in part, without Franchisee’s consent, in its sole discretion, but only to a person or legal entity that agrees to assume Franchisor’s obligations hereunder, and shall be binding upon and inure to the benefit of Franchisor’s successors and assigns including, without limitation, any entity which acquires all or a portion of the equity of Franchisor or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor’s rights and duties hereunder (in whole or in part), are assigned or transferred.
k. “Transfer” by you – defined	§13.2	Directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest; (i) in this Agreement or any portion or aspect thereof, (ii) the Business, or (iii) any equity or voting interest in Franchisee that equals or exceeds twenty percent (20%) of the total equity or voting interests in Franchisee on a fully diluted basis, nor permit the Business to be operated, managed, directed or controlled, directly or indirectly, by any person other than Franchisee
l. Our approval of transfer by you	§13.3	Transfers require (i) our prior written consent, which will not be unreasonably withheld; and (ii) the satisfaction of certain conditions.
m. Conditions for our approval of transfer	§12.3	The proposed transferee is a person or entity that meets the Franchisor’s standards of qualification then applicable with respect to all new applicants for similar Franchisees; The proposed Transfer is on commercially reasonable terms; As of the effective date of the proposed Transfer, all obligations of Franchisee hereunder and under any other agreements between Franchisee and Franchisor are fully satisfied; As of the effective date of the proposed Transfer, all obligations of the proposed transferee to the Franchisor under all other agreements of any kind between the proposed transferee and Franchisor are fully satisfied; and As of the effective date of the proposed Transfer, Franchisor shall have forwarded to Franchisee its approval, granted in its reasonable business judgment, of the proposed Transfer to the proposed transferee, in accordance with the following provisions of this Article 12.
n. Our right of first refusal to acquire your business	§13.9	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Our option to purchase your business	§13	Upon expiration or termination of the Franchise Agreement, we may purchase your business.

<b>Provision</b>	<b>Section (§) in Franchise Agreement</b>	<b>Summary</b>
p. Your death or disability	§13.8	Same requirements as for transfer in (m.) above
q. Non-competition covenants during the term of the franchise	§12.1	Franchisee agrees: To use its best efforts in operating the Business and in recommending, promoting and encouraging patronage of all CRS businesses; Not to engage, directly or indirectly, as an owner, operator, or in any managerial capacity in any Competing Business (as defined in the Franchise Agreement) at or within a twenty-five (50)- mile radius of the Site or the protected territory of any other System franchisees in operation.
r. Non-competition covenants after the franchise is terminated or expires	§12.2	For a period of two (2) years after such termination, expiration, non-renewal, transfer, or assignment, not to engage, directly or indirectly, as an owner, operator, or in any managerial capacity, in any Competing Business at or within a fifty (50)-mile radius of the Site or the protected territory of any other System franchisees in operation at the time of such termination, expiration, non-renewal, transfer or assignment.
s. Modification of the agreement	§17.2	The Manual is subject to change. Modifications become effective upon delivery of written notice to you unless the notice specifies a longer period. No modification unless by mutual written agreement.
t. Integration/merger clause	§17.1	All agreements between the parties are in the Franchise Agreement and its exhibits. Subject to applicable state law, only the terms of the Franchise Agreement are binding. Any representations or promises made outside this disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration	§16.1	Mandatory mediation and arbitration in Pittsburgh, Pennsylvania. We may seek injunctive relief without submitting to mandatory mediation or arbitration. Subject to applicable state law.
v. Choice of forum	§16.2	Except for certain claims, all disputes must be arbitrated in Pittsburgh, Pennsylvania. Subject to applicable state law.
w. Choice of law	§16.3	Pennsylvania law applies. Subject to applicable state law.

## B. DEVELOPMENT AGREEMENT

Provision	Section (§) in Development Agreement	Summary
a. Length of the franchise term	§5	The term expires upon the deadline to develop the Businesses specified in the Development Schedule or upon the development of all Businesses.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable. We may not terminate any agreement without cause.
f. Termination by franchisor with cause	§6.1	We can terminate only if you default (see (g.) and (h.) below). If you default under any Franchise Agreement with us, you shall be considered to have defaulted under this agreement and we may terminate you if that is the remedy for the relevant default.
g. "Cause" defined – curable defaults	Not Applicable	Not Applicable. If you default under any Franchise Agreement with us, you shall be considered to have defaulted under this agreement and we may terminate you if that is the remedy for the relevant default.
h. "Cause" defined - non-curable defaults	§6.1	You fail to have open and operating, the minimum number of Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule; any Franchise Agreement is terminated a result of default; or you breach or otherwise fail to comply fully with any other provision of the Development Agreement.
i. Franchisee's obligations on termination/non-renewal	§6.2	You will lose the right to continue to develop CRS businesses in your Development Area.
j. Assignment of contract by franchisor	§7	Fully assignable and transferrable by us.
k. "Transfer" by franchisee - defined	§7	Includes transfer of the Development Agreement, any interest in the Development Agreement, or, if you are a business entity, any interest in the entity.
l. Franchisor approval of transfer by franchisee	§7	We have the right to approve or not approve all transfers in our sole discretion.
m. Conditions for franchisor approval of transfer	§7	We have sole discretion in setting conditions for our approval of a transfer.
n. Franchisor's right of first refusal to acquire franchisee's business	§7	We have the first right of refusal on all transfer, exercisable within 30 days of receiving an executed copy of the contract of transfer.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	We have the right approve or disapprove any transfer in our sole discretion.

q. Non-competition covenants during the term of the franchise	§8	The non-competition covenants in your Franchise Agreement shall apply to your Development Agreement
r. Non-competition covenants after the franchise is terminated or expires	§8	The non-competition covenants in your Franchise Agreement shall apply to your Development Agreement.
s. Modification of the agreement	§9	No modifications to the Development Agreement unless you and we agree in writing. We may amend the Manual at any time.
t. Integration/merger clause	§9	Only the terms of the Development Agreement and any Franchise Agreements are binding (subject to state law). Any promises outside the Development Agreement, the Franchise Agreements, and this FDD may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	§8	The dispute resolution provisions of the Franchise Agreement apply to any disputes under the Development Agreement (subject to applicable state law)
v. Choice of forum	§8	The choice of forum provision of the Franchise Agreement applies to the Development Agreement (subject to applicable state law)
w. Choice of law	§8	The choice of law provision of the Franchise Agreement applies to the Development Agreement (subject to applicable state law)

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in the Exhibit I: State Specific Addenda to this Disclosure Document.

The provision in the Franchise Agreement, which provides for termination upon your bankruptcy, may not be enforceable under federal bankruptcy law (11 U.S.C., et seq.).

**ITEM 18.  
PUBLIC FIGURES**

We do not use any public figure to promote the Business but may do so in the future.

*[Remainder of page intentionally left blank. Item 19 begins next page.]*

**ITEM 19.**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The following financial performance representations are based upon the ten total outlets we disclose. In Table 1, we disclose five franchise outlets that operated for the entire “2024 Measurement Period” which ranges from January 1, 2024 to December 31, 2024. In Table 2, we disclose the five franchise outlets that operated for a minimum of 6 months but not the entire 12 months during the 2024 Measurement Period. The only criterium used to select the disclosed outlets included in this Item 19 was that they were franchised outlets, and they met the disclosed operating periods during the 2024 Measurement Period. We excluded our Company-Owned Outlet from this representation because it is not a franchised outlet. As of December 31, 2024, there are 36 franchised outlets in operation but the 26 we did not disclose opened in the second half of the 2024 Measurement Period and therefore did not meet the criteria to be disclosed.

**Some outlets have sold this much. Your individual results may differ. There is no assurance you will sell as much.**

**Table 1: Gross Sales by Franchised Outlets during the entire 2024 Measurement Period**

LOCATION <sup>1</sup>	GROSS SALES
Louisville, KY	\$763,108.81
Indianapolis, IN	\$694,493.87
Cleveland, OH	\$428,651.10
Tulsa, OK	\$408,151.47
Ft. Myers, FL	\$359,785.19
<b>TOTAL GROSS SALES</b>	<b>\$2,654,190.44</b>
<b>AVERAGE GROSS SALES</b>	<b>\$530,838.09</b>
<b>MEDIAN GROSS SALES</b>	<b>\$428,651.10</b>

**Table 2: Gross Sales by Franchised Outlets during the final 6 months of the 2024 Measurement Period**

LOCATION <sup>1</sup>	GROSS SALES
Atlanta, GA	\$616,747.06
Cary, NC	\$280,933.08
Cypress, TX	\$214,081.62
Charleston, SC	\$199,003.05
Apopka, FL	\$96,160.37
<b>TOTAL GROSS SALES</b>	<b>\$1,406,925.18</b>
<b>AVERAGE GROSS SALES</b>	<b>\$281,385.04</b>
<b>MEDIAN GROSS SALES</b>	<b>\$214,081.62</b>

**Notes to both tables:**

1. The franchise outlets disclosed above in Table 1 operate in territories with populations ranging from 1,206,868 to 1,875,660 individuals. This would represent a territory that is 1.5x to 2.25x larger than our standard base territory. We granted these territories because these franchisees were our initial franchisees and were provided with larger territories for their early adoption of our system.

2. The franchise outlets disclosed in Table 2 represent locations operating in multiple territories. The Atlanta, GA and Cary, NC locations operate in 3 territories, and Charleston, SC operates in 2 territories, while Cypress, TX and Apopka, FL operate in a single territory area.

3. “Gross Sales” means all revenues derived from all services sold and all services conducted at the Company-Owned Outlet *less* sales tax, discounts, allowances, and returns.

4. We have a reasonable basis for the financial performance information disclosed in Item 19. Written substantiation for the financial performance representation will be made available upon reasonable request.

Other than the above financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ashley Taylor-Nock, 195 Montour Run Road, Suite 105, Coraopolis, Pennsylvania 15108, by email at [support@crspackout.com](mailto:support@crspackout.com), or by phone at 833- 525-7277, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.  
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR YEARS 2022 TO 2024**

<b>OUTLET TYPE</b>	<b>YEAR</b>	<b>OUTLETS AT THE START OF THE YEAR</b>	<b>OUTLETS AT THE END OF THE YEAR</b>	<b>NET CHANGE (+ or -)</b>
<b>Franchised</b>	2022	0	1	+1
	2023	1	5	+4
	2024	5	36	+31
<b>Company Owned</b>	2022	1	1	-
	2023	1	1	-
	2024	1	1	-
<b>Total Outlets</b>	2022	1	2	+1
	2023	2	6	+4
	2024	6	37	+31

**TABLE NO. 2  
TRANSFER OF OUTLETS FROM FRANCHISEES TO  
NEW OWNERS (OTHER THAN THE FRANCHISOR)  
FOR YEARS 2022 TO 2024**

STATE	YEAR	NUMBER OF TRANSFERS
<b>Total Outlets</b>	2022	0
	2023	0
	2024	0

**TABLE NO. 3  
STATUS OF FRANCHISED OUTLETS  
FOR YEARS 2022 TO 2024**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINA- TIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF YEAR
<b>CA</b>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	10	0	0	0	0	10
<b>FL</b>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	5	0	0	0	0	6
<b>GA</b>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
<b>IN</b>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
<b>KY</b>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
<b>MI</b>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
<b>NC</b>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
<b>NJ</b>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
<b>OH</b>	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
<b>OK</b>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
<b>PA</b>	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF YEAR
SC	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
TX	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total Outlets	2022	0	1	0	0	0	0	1
	2023	1	4	0	0	0	0	5
	2024	5	31	0	0	0	0	36

**TABLE NO.4  
STATUS OF COMPANY-OWNED OUTLETS  
FOR YEARS 2022 TO 2024**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
PA	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total Outlets	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

**TABLE NO. 5  
PROJECTED OPENINGS AS OF DECEMBER 31, 2024**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN NEXT FISCAL YEAR
AZ	1	0	0
CO	1	0	0
FL	0	3	0
GA	2	3	0
IL	3	0	0
MI	1	0	0
MO	1	0	0
NC	4	2	0
NJ	1	0	0
OR	2	0	0
SC	0	2	0
TX	5	0	0
UT	3	0	0
VA	2	0	0
<b>TOTAL</b>	<b>26</b>	<b>10</b>	<b>0</b>

Our fiscal year ends on December 31 of each year.

Exhibit C lists the names of all current and former franchisees and the addresses and telephone numbers of their outlets as of the end of our fiscal year.

There are no franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There may be some current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no independent franchisee organizations associated with the franchise System.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached as Exhibit A to this disclosure document is our audited financial statements as of December 31, 2024, as of December 31, 2023, and as of December 31, 2022. Our fiscal year ends on December 31.

## **ITEM 22 CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

<b>Document/Contract</b>	<b>Location in FDD</b>
Franchise Agreement (FA) with Attachments	Exhibit E
Franchisee Compliance Questionnaire	FA Exhibit G
Development Agreement (DA) with Attachments	Exhibit F
General Release	Exhibit G
Noncompete and Confidentiality Agreement	Exhibit H
State Specific Addenda Riders	Exhibit I
Receipts	Last two pages

## **ITEM 23 RECEIPTS**

The last two pages are detachable documents acknowledging your receipt of this disclosure document. You must sign each Receipt, keeping one for your records. You must return the other Receipt to us. If you have any questions or concerns with the Receipt, please contact Ashley Taylor-Nock at 195 Montour Run Road, Suite 105, Coraopolis, PA 15108 and 833-525-7277.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**



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*Financial Statements*

**CRS FRANCHISING, LLC**

DECEMBER 31, 2024 AND 2023





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CRS FRANCHISING, LLC  
DECEMBER 31, 2024 AND 2023

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
CRS Franchising, LLC  
Pittsburgh, Pennsylvania

### Opinion

We have audited the accompanying financial statements of CRS Franchising, LLC (a Pennsylvania limited liability company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CRS Franchising, LLC (the "Company") as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Holsinger P.C.*

Wexford, Pennsylvania  
April 25, 2025

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CRS FRANCHISING, LLC  
BALANCE SHEETS

ASSETS

	As of December 31,	
	2024	2023
Current Assets:		
Cash	\$ 428,915	\$ 154,884
Accounts receivable	261,157	122,072
Prepaid consulting expense	137,000	35,000
Prepaid expenses	133,195	-
Total Current Assets	960,267	311,956
Furniture and Fixtures	19,155	-
Less: accumulated depreciation	(3,436)	-
Furniture and Fixtures, net	15,719	-
Prepaid Consulting Expense	1,123,417	291,166
Finance Lease Right-of-Use Asset, net	158,264	-
Total Assets	\$ 2,257,667	\$ 603,122

LIABILITIES AND MEMBER'S DEFICIT

Current Liabilities:		
Accounts payable	\$ 10,000	\$ 70,000
Accrued payroll	24,729	16,354
Due to related party	29,337	123,859
Deferred franchise fee revenue	336,362	66,000
Deferred revenue	104,103	-
Current portion of finance lease liability	37,405	-
Total Current Liabilities	541,936	276,213
Deferred Franchise Fee Revenue	2,791,864	550,917
Finance Lease Liability, net of current portion	125,743	-
Total Liabilities	3,459,543	827,130
Member's Deficit	(1,201,876)	(224,008)
Total Liabilities and Member's Deficit	\$ 2,257,667	\$ 603,122

The accompanying notes are an integral part of these financial statements.

CRS FRANCHISING, LLC  
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT

	Year Ended December 31,	
	2024	2023
Revenues:		
Royalty fees	\$ 322,234	\$ 127,429
Franchise fees	192,309	37,125
Brand fund fees	89,399	47,786
Technology fees	61,600	14,800
Consulting and review fees	48,640	-
Other non-recurring services	5,099	500
	719,281	227,640
 Total Revenues		
General and Administrative Expenses	1,690,131	371,276
Operating Loss	(970,850)	(143,636)
Other Income (Expense):		
Interest expense	(7,018)	-
	(977,868)	(143,636)
Net Loss		
Member's Deficit, Beginning	(224,008)	(80,372)
Member's Deficit, Ending	\$ (1,201,876)	\$ (224,008)

The accompanying notes are an integral part of these financial statements.

CRS FRANCHISING, LLC  
STATEMENTS OF CASH FLOWS  
INCREASES (DECREASES) IN CASH

	Year Ended December 31,	
	2024	2023
Operating Activities:		
Net Loss	\$ (977,868)	\$ (143,636)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	43,002	-
Changes in assets and liabilities:		
Accounts receivable	(139,085)	(122,072)
Prepaid consulting expense	(934,251)	(229,583)
Prepaid expenses	(133,195)	-
Accounts payable	(60,000)	70,000
Accrued payroll	8,375	16,354
Due to related party	(94,522)	68,268
Deferred franchise fee revenue	2,511,309	457,875
Deferred revenue	104,103	-
Finance lease liability	533	-
	328,401	117,206
Investing Activities:		
Purchase of furniture and fixtures	(19,155)	-
	(19,155)	-
Financing Activities:		
Principal payments on finance leases	(35,215)	-
	(35,215)	-
Increase (Decrease) in Cash	274,031	117,206
Cash - Beginning of Period	154,884	37,678
Cash - End of Period	\$ 428,915	\$ 154,884
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 6,485	\$ -
Non-cash Investing and Financing Activities:		
Finance lease assets exchanged for new lease obligations	\$ 197,830	\$ -

The accompanying notes are an integral part of these financial statements.

CRS FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

**Note 1 – Nature of Operations**

Nature of Operations – CRS Franchising, LLC (the “Company”) is a single member limited liability company formed in April 2021 and headquartered in Pittsburgh, Pennsylvania. The Company provides franchisee opportunities for content restoration services related to fire, flood, smoke, soot, and other damaged property throughout the United States of America.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Accounting – The Company uses the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded as incurred.

Cash – The Company maintains cash at a bank which is fully insured by the Federal Deposit Insurance Corporation (“FDIC”). From time-to-time, the Company has credit risk for cash when the cash balance at a single bank exceeds the federally insured amount of \$250,000.

Accounts Receivable – Accounts receivable are presented at fair value, less an allowance for credit losses when management determines credit losses exist. The Company assesses the allowance for credit losses based on specific customer analysis, historical loss information, and forecasted economic conditions. The Company performs periodic credit evaluations of its customers’ financial condition and generally does not require collateral. The Company believes that historical loss information is a reasonable base on which to determine expected credit losses for trade receivables at the reporting date because the composition of trade receivables at the reporting date is consistent with that used in developing historical credit-loss percentages (similar risk characteristics of its customers and no significant changes to lending practices). As of December 31, 2024 and 2023, the allowance for credit losses was estimated to be \$0, and credit loss expense was \$0 during both of the years ended December 31, 2024 and 2023.

Fixed Assets – Fixed assets are stated at cost less accumulated depreciation. Depreciation expense is computed on the straight-line method over the estimated useful life of the asset, or 5 years. Expenditures for renewals and betterments which extend the life of the asset are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of fixed assets retired or otherwise disposed of, and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of operations and member’s deficit.

Fixed assets are evaluated for impairment whenever events or conditions indicate the carrying value of an asset may not be recoverable from undiscounted future cash flows. If the carrying value of a particular asset exceeds its recoverable estimate, an impairment loss is recognized. There was no impairment loss recognized during the years ended December 31, 2024 and 2023.

CRS FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2024 AND 2023

**Note 2 – Summary of Significant Accounting Policies – Continued**

Leases – The Company has a “triple net” finance lease with a lessor for warehouse space. The Company assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. As the Company’s lease does not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The lease has a remaining lease term of 4 years, and does not include an option to extend the lease. The lease does not include an option to purchase the warehouse space. The lease includes escalations of payment amounts throughout the lease term. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Prepaid Consulting Expense – The Company has agreements with consulting companies that charge a referral fee based upon the number of franchisees it refers to the Company. The Company recognizes an asset for these fees when the corresponding franchise agreement is executed, and amortizes the expense on the straight-line method over the initial term of the corresponding franchise agreement.

Deferred Franchise Fee Revenue – The Company receives an initial franchise fee in-full upon execution of the franchise agreement, and recognizes the fee on the straight-line method over the initial term of the agreement.

Revenue Recognition – Revenue is measured based on consideration specified in contracts with franchisees and excludes incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a franchisee.

The following describes principal activities, separated by major product service, from which the Company generates its revenues:

**Franchise Revenues**

Franchise revenues consist of 1) initial franchise fee, 2) franchise royalties, 3) brand fund contribution, 4) technology fee, 5) review / consulting fee, and 6) other non-recurring fees.

The initial franchise fee, \$55,000, is paid in consideration of the rights granted in the franchise agreement and is a non-refundable. The fee is recognized on a straight-line basis over the term of the initial franchise agreement, which is ten years.

Franchise royalties are based on a range of 7% to 8% of gross revenue (as defined in the franchise agreement) for the first six months of operations. Beginning in the seventh month, the Company charges the greater of 8% to 10% of gross revenue, or \$1,000. The Company recognizes royalties as franchisees conduct business. Franchise royalties are recognized by the Company in the month the franchisee incurs the expense.

CRS FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2024 AND 2023

**Note 2 – Summary of Significant Accounting Policies – Continued**

Brand fund contribution revenues are based on a range of 1% to 3% of franchisees' gross revenue (as defined in the franchise agreement) and are recognized as sales occur.

Technology fee revenues are charged to franchisees at a rate of \$400 per month for access to the Company's intranet, systems, mobile applications, website, and other products and services and are recognized when charged.

Review / consulting fees are based on 3% of franchisees gross revenue (as defined in the franchise agreement) and are recognized as sales occur.

Franchisees are required to spend a minimum of 1% of gross revenues per month on local advertising. The Company, in their sole discretion, reserves the right to collect this expenditure. Local advertising revenues are recognized in the month corresponding revenues are earned.

The Company also reserves the right to charge franchisees for the following non-recurring services: non-compliance fee, special inspection fee, special support fee, reimbursement fee, and a transfer fee. These non-recurring services are recognized when the service is charged.

Income Taxes – The Company's taxable status, as determined by management, is a pass-through entity and the Company has no recorded liability for uncertain tax positions. Therefore, no provision for income tax is included in the financial statements. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Advertising – The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2024 and 2023 were \$155,270 and \$23,533, respectively.

Fair Value of Financial Instruments – The recorded amounts for prepaid consulting expense, prepaid expenses, accounts payable, accrued payroll, and deferred franchise fee revenue, deferred revenue approximate fair value due to the short-term nature of the financial instruments.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Note 3 – Franchising**

The Company grants franchise licenses to prospective franchisees. The initial term of each license begins on the effective date of the franchise agreement and ends on the tenth anniversary thereof. Upon expiration of the initial term, and subject to certain requisites, the franchisee has the option to obtain two additional consecutive successor terms of five years each.

There were 61 and 9 franchises sold during the years ended December 31, 2024 and 2023, respectively. There were no franchisee closures during the years ended December 31, 2024 and 2023.

CRS FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2024 AND 2023

**Note 4 – Related Party Transactions**

The member of the Company controls various other companies that occasionally advance the Company funds for operational cash flow purposes with no specific repayment terms and no collateral requirements. The amount due to a related party (Content Recovery Specialists, LLC (“CRS”)) was \$29,337 and \$123,859 as of December 31, 2024 and 2023, respectively.

On January 1, 2024, the Company executed an agreement with CRS to provide training services to the Company for a fixed amount of \$10,000 per month. The original agreement had a one-year term with an option to renew. On January 1, 2025, the agreement was renewed and is expected to be renewed annually unless terminated by either party. During the year ended December 31, 2024, the training fee paid was \$120,000.

**Note 5 – Leasing Activities**

The following summarizes the line items in the balance sheets which include amounts for finance leases as of December 31, 2024:

Finance lease right-of-use asset	\$	197,830
Accumulated amortization		(39,566)
Finance lease right-of-use asset, net	\$	158,264
Current portion of finance lease liability	\$	37,405
Finance lease liability, net		125,743
Total finance lease liability	\$	163,148

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2024:

Finance Lease Weighted Average Remaining Lease Term	4 years
Finance Lease Weighted Average Discount Rate	3.93%

Total finance lease expense during the year ended December 31, 2024 was \$46,584, of which \$39,566 was recorded as amortization expense, and \$7,018 was recorded as interest expense.

CRS FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2024 AND 2023

**Note 5 – Leasing Activities – Continued**

The maturity of lease liabilities are as follows for the years ending December 31:

2025	\$ 42,604
2026	43,531
2027	44,481
2028	<u>45,575</u>
Total lease payments	176,191
Less: interest	<u>(13,043)</u>
Present value of lease liabilities	<u>\$ 163,148</u>

As of December 31, 2024, the Company had no operating or finance leases with delayed commencements.

**Note 6 – Employee Benefit Plan**

CRS sponsors a 401(k) / profit sharing retirement plan covering all eligible employees of the Company, as defined within the plan document. The plan, effective January 1, 2024, provides that the Company's employees are eligible to receive a 100% safe harbor match up to 3% of the participant's plan compensation and then a 50% safe harbor match after 3% and up to 5% of the participant's plan compensation. Employer contributions during the year ended December 31, 2024 were \$2,832.

**Note 7 – Subsequent Events**

Management has evaluated all subsequent events through April 25, 2025, the date the financial statements were available to be issued and determined that no material subsequent events have occurred.



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*Financial Statements*

CRS FRANCHISING, LLC

DECEMBER 31, 2023 AND 2022





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CRS FRANCHISING, LLC  
DECEMBER 31, 2023 AND 2022

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
CRS Franchising, LLC  
Pittsburgh, Pennsylvania

### Opinion

We have audited the accompanying financial statements of CRS Franchising, LLC (a Pennsylvania limited liability company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and member's equity (deficit), and cash flows for the year ended December 31, 2023, and the period March 14, 2022 (inception) to December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CRS Franchising, LLC (the "Company") as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 and the period March 14, 2022 (inception) to December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Holsinger P.C.*

Wexford, Pennsylvania  
March 22, 2024

-2-



Holsinger.cpa

117 VIP Drive, Suite 220, Wexford, PA 15090 ■ 724.934.4880 ■ Fax 724.934.3990

MSI Global Alliance Independent Member Firm



CRS FRANCHISING, LLC  
BALANCE SHEETS

ASSETS

	As of December 31,	
	2023	2022
Current Assets:		
Cash	\$ 154,884	\$ 37,678
Accounts receivable	122,072	-
Consulting expense asset	35,000	10,000
Total Current Assets	311,956	47,678
Consulting Expense Asset	291,166	86,583
Total Assets	\$ 603,122	\$ 134,261

LIABILITIES AND MEMBER'S EQUITY (DEFICIT)

Current Liabilities:		
Accounts payable	\$ 70,000	\$ -
Accrued payroll	16,354	-
Due to related party	123,859	55,591
Deferred franchise fee revenue	66,000	16,500
Total Current Liabilities	276,213	72,091
Deferred Franchise Fee Revenue	550,917	142,542
Total Liabilities	827,130	214,633
Member's Equity (Deficit)	(224,008)	(80,372)
Total Liabilities and Member's Equity	\$ 603,122	\$ 134,261

The accompanying notes are an integral part of this financial statement.

CRS FRANCHISING, LLC  
 STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)  
 FOR THE YEAR ENDED DECEMBER 31, 2023 AND THE PERIOD MARCH 14, 2022 (INCEPTION) TO  
 DECEMBER 31, 2022

	Year Ended December 31, 2023	Period Ended December 31, 2022
Revenues:		
Brand fund fees	\$ 127,429	\$ -
Royalty fees	47,786	-
Franchise fees	37,125	5,958
Technology fees	14,800	-
Other income	500	-
	227,640	5,958
Total Revenues		
General and Administrative Expenses	371,276	116,330
Net Income (Loss)	(143,636)	(110,372)
Member's Equity (Deficit), Beginning	(80,372)	-
Contributions	-	30,000
Member's Equity (Deficit), Ending	\$ (224,008)	\$ (80,372)

The accompanying notes are an integral part of this financial statement.

CRS FRANCHISING, LLC  
STATEMENT OF CASH FLOWS  
INCREASES (DECREASES) IN CASH  
FOR THE YEAR ENDED DECEMBER 31, 2023 AND THE PERIOD MARCH 14, 2022 (INCEPTION) TO  
DECEMBER 31, 2022

	Year Ended December 31, 2023	Period Ended December 31, 2022
Operating Activities:		
Net Income (Loss)	\$ (143,636)	\$ (110,372)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(122,072)	-
Prepaid consulting expense	(229,583)	(96,583)
Accounts payable	70,000	-
Accrued payroll	16,354	-
Due to related party	68,268	55,591
Deferred franchise fee revenue	457,875	159,042
	117,206	7,678
Net Cash Provided by (Used in) Operating Activities	117,206	7,678
Financing Activities:		
Member contributions	-	30,000
	-	30,000
Net Cash Provided by (Used in) Financing Activities	-	30,000
Increase (Decrease) in Cash	117,206	37,678
Cash - Beginning of Period	37,678	-
Cash - End of Period	\$ 154,884	\$ 37,678

The accompanying notes are an integral part of this financial statement.

CRS FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

**Note 1 – Nature of Operations**

Nature of Operations – CRS Franchising, LLC (the “Company”) is a single member limited liability company headquartered in Pittsburgh, Pennsylvania. The Company provides franchisee opportunities for content restoration services related to fire, flood, smoke, soot, and other damaged property throughout the United States of America. The Company was formed in April 2021 and operations commenced March 14, 2022.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Accounting – The Company uses the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded as incurred.

Cash – The Company maintains cash at a bank which is fully insured by the Federal Deposit Insurance Corporation (“FDIC”). From time-to-time, the Company has credit risk for cash when the cash balance at a single bank exceeds the federally insured amount of \$250,000.

Accounts Receivable – Accounts receivable are presented at fair value, less an allowance for credit losses when management determines credit losses exist. The Company assesses the allowance for credit losses based on specific customer analysis, historical loss information, and forecasted economic conditions. The Company performs periodic credit evaluations of its customers’ financial condition and generally does not require collateral. The Company believes that historical loss information is a reasonable base on which to determine expected credit losses for trade receivables at the reporting date because the composition of trade receivables at the reporting date is consistent with that used in developing historical credit-loss percentages (similar risk characteristics of its customers and no significant changes to lending practices). As of December 31, 2023 and 2022, the allowance for credit losses was estimated to be \$0, and credit loss expense was \$0 for the year ended December 31, 2023 and the period March 14, 2022 to December 31, 2022, respectively.

Consulting Expense Asset – The Company has agreements with consulting companies that charge a referral fee based upon the number of franchisees it refers to the Company. The Company recognizes an asset for these fees when the corresponding franchise agreement is executed, and amortizes the expense on the straight-line method over the initial term of the corresponding franchise agreement.

Deferred Franchise Fee Revenue – The Company receives an initial franchise fee in-full upon execution of the franchise agreement, and recognizes the fee on the straight-line method over the initial term of the agreement.

Revenue Recognition – Revenue is measured based on consideration specified in contracts with franchisees and excludes incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a franchisee.

CRS FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

**Note 2 – Summary of Significant Accounting Policies – Continued**

The following describes principal activities, separated by major product service, from which the Company generates its revenues:

**Franchise Revenues**

Franchise revenues consist of 1) initial franchise fee, 2) franchise royalties, 3) brand fund contribution, 4) technology fee, 5) review / consulting fee, and 6) other non-recurring fees.

The initial franchise fee, \$55,000, is paid in consideration of the rights granted in the franchise agreement and is a non-refundable. The fee is recognized on a straight-line basis over the term of the initial franchise agreement, which is ten years.

Franchise royalties are based on a range of 7% to 10% of gross revenue (as defined in the franchise agreement) for the first six months of operations. Beginning in the seventh month, the Company charges the greater of 8% of gross revenue, or \$1,000. The Company recognizes royalties as franchisees conduct business. Franchise royalties are recognized by the Company in the month the franchisee incurs the expense.

Brand fund contribution revenues are based on 3% of franchisees' gross revenue (as defined in the franchise agreement) and are recognized as sales occur.

Technology fee revenues are charged to franchisees at a rate of \$400 per month for access to the Company's intranet, systems, mobile applications, website, and other products and services and are recognized when charged.

Review / consulting fees are based on 3% of franchisees gross revenue (as defined in the franchise agreement) and are recognized as sales occur.

Franchisees are required to spend a minimum of 1% of gross revenues per month on local advertising. The Company, in their sole discretion, reserves the right to collect this expenditure. Local advertising revenues are recognized in the month corresponding revenues are earned.

The Company also reserves the right to charge franchisees for the following non-recurring services: non-compliance fee, special inspection fee, special support fee, reimbursement fee, and a transfer fee. These non-recurring services are recognized when the service is charged.

The Company adopted the franchisor practical expedient for FASB ASC 606, which allows the Company to treat preopening services as distinct from one another. Pre-opening services are either incurred by the franchisee or the franchisor as no additional cost, except for certain training fees. Training fees are recognized when the service is provided.

**Income Taxes** – The Company's taxable status, as determined by management, is a pass-through entity and the Company has no recorded liability for uncertain tax positions. Therefore, no provision for income tax is included in the financial statements. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

**Fair Value of Financial Instruments** – The recorded amounts for accounts receivable, accounts payable, and accrued payroll approximate fair value due to the short-term nature of the financial instruments.

CRS FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

**Note 2 – Summary of Significant Accounting Policies – Continued**

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Standard – In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. Topic 326 aims replace the incurred loss impairment methodology is current GAAP with a methodology that reflect expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Topic 326 was subsequently amended by ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*; ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*; and ASU 2019-05, *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief*. The Company adopted the credit loss standards effective January 1, 2023. As of January 1, 2023, adoption of Topic 326 did not result in any material adjustments to balance sheet accounts, net income, or member’s equity.

**Note 3 – Franchising**

The Company grants franchise licenses to prospective franchisees. The initial term of each license begins on the effective date of the franchise agreement and ends on the tenth anniversary thereof. Upon expiration of the initial term, and subject to certain requisites, the franchisee has the option to obtain two additional consecutive successor terms of five years each.

There were nine and three franchises sold during the year ended December 31, 2023 and the period March 13, 2022 (inception) to December 31, 2022, respectively. None of the franchisees closed, as of December 31, 2023 and 2022.

**Note 4 – Related Party Transactions**

The member of the Company controls various other companies that occasionally advance the Company funds for operational cash flow purposes with no specific repayment terms and no collateral requirements. The amount due to related parties (Content Recovery Specialists, LLC) was \$123,859 and \$55,591 as of December 31, 2023 and 2022, respectively.

**Note 5 – Subsequent Events**

Management has evaluated all subsequent events through March 22, 2024, the date the financial statements were available to be issued and determined that no material subsequent events have occurred.

**EXHIBIT B**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## List of State Regulatory Administrators

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<b>LIST OF STATE ADMINISTRATORS</b>	
<p><b><u>CALIFORNIA</u></b>                      Department of Financial Protection and Innovation                      320 West 4th Street, Suite 750                      Los Angeles, California 90013-2344                      (213) 576-7500                      Toll Free (866) 275-2677</p>	<p><b><u>CONNECTICUT</u></b>                      State of Connecticut                      Department of Banking                      Securities &amp; Business Investments Division                      260 Constitution Plaza                      Hartford, Connecticut 06103-1800                      (860) 240-8230</p>
<p><b><u>HAWAII</u></b>                      Commissioner of Securities of the State of Hawaii                      Department of Commerce and Consumer Affairs                      Business Registration Division                      Securities Compliance Branch                      335 Merchant Street, Room 203                      Honolulu, Hawaii 96813                      (808) 586-2722</p>	<p><b><u>ILLINOIS</u></b>                      Franchise Bureau                      Office of the Attorney General                      500 South Second Street                      Springfield, Illinois 62706                      (217) 782-4465</p>
<p><b><u>INDIANA</u></b>                      Indiana Secretary of State                      Franchise Section                      302 Washington Street, Room E-111                      Indianapolis, Indiana 46204                      (317) 232-6681</p>	<p><b><u>MARYLAND</u></b>                      Office of the Attorney General                      Securities Division                      200 St. Paul Place                      Baltimore, Maryland 21202-2021                      (410) 576-6360</p>
<p><b><u>MICHIGAN</u></b>                      Michigan Attorney General's Office                      Corporate Oversight Division, Franchise Section                      525 W. Ottawa Street                      G. Mennen Williams Building, 1<sup>st</sup> Floor                      Lansing, Michigan 48933                      (517) 373-7117</p>	<p><b><u>MINNESOTA</u></b>                      Minnesota Department of Commerce                      85 7<sup>th</sup> Place East, Suite 280                      St. Paul, Minnesota 55101-2198                      (651) 539-1600</p>
<p><b><u>NEW YORK</u></b>                      New York State Department of Law                      Investor Protection Bureau                      28 Liberty Street, 21<sup>st</sup> Floor                      New York, NY 10005                      (212) 416-8222</p>	<p><b><u>NORTH DAKOTA</u></b>                      North Dakota Securities Department                      State Capitol                      Department 414                      600 East Boulevard Avenue, Fourteenth Floor                      Bismarck, North Dakota 58505-0510                      (701) 328-4712</p>
<p><b><u>OREGON</u></b>                      Department of Business Services                      Division of Finance and Corporate Securities                      Labor and Industries Building                      350 Winter Street, NE Room 410                      Salem, Oregon 97310                      (503) 378-4387</p>	<p><b><u>RHODE ISLAND</u></b>                      Department of Business Regulation Securities Division,                      Building 69, First Floor                      John O. Pastore Center                      1511 Pontiac Avenue                      Cranston, Rhode Island 02920                      (401) 462-9527</p>
<p><b><u>SOUTH DAKOTA</u></b>                      Division of Insurance                      Securities Regulation                      124 S. Euclid, Suite 104                      Pierre, South Dakota 57501                      (605) 773-3563</p>	<p><b><u>VIRGINIA</u></b>                      State Corporation Commission                      Division of Securities and Retail Franchising                      1300 East Main Street, 9th Floor                      Richmond, Virginia 23219                      (804) 371-9051</p>
<p><b><u>WASHINGTON</u></b>                      Department of Financial Institutions                      Securities Division,                      P.O. Box 9033                      Olympia, Washington 98507                      (360) 902-8760</p>	<p><b><u>WISCONSIN</u></b>                      Division of Securities                      4822 Madison Yards Way, North Tower                      Madison, Wisconsin 53705                      (608) 266-2139</p>

## List of Agents for Service of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<b>LIST OF STATE AGENT FOR SERVICE OF PROCESS</b>	
<p><b><u>CALIFORNIA</u></b>                      Commissioner                      Department of Financial Protection and Innovation                      320 West 4<sup>th</sup> Street, Suite 750                      Los Angeles, California 90013-2344                      (213) 576-7500                      Toll Free (866) 275-2677</p>	<p><b><u>CONNECTICUT</u></b>                      Banking Commissioner                      Department of Banking                      Securities &amp; Business Investments Division                      260 Constitution Plaza                      Hartford, Connecticut 06103-1800                      (860) 240-8230</p>
<p><b><u>HAWAII</u></b>                      Commissioner of Securities of the State of Hawaii                      Department of Commerce and Consumer Affairs                      Business Registration Division                      Securities Compliance Branch                      335 Merchant Street, Room 203                      Honolulu, Hawaii 96813                      (808) 586-2722</p>	<p><b><u>ILLINOIS</u></b>                      Illinois Attorney General                      Office of the Attorney General                      500 South Second Street                      Springfield, Illinois 62706                      (217) 782-4465</p>
<p><b><u>INDIANA</u></b>                      Indiana Secretary of State                      Franchise Section                      302 West Washington Street, Room E-111                      Indianapolis, Indiana 46204                      (317) 232-6681</p>	<p><b><u>MARYLAND</u></b>                      Maryland Securities Commissioner                      200 St. Paul Place                      Baltimore, Maryland 21202-2021                      (410) 576-6360</p>
<p><b><u>MICHIGAN</u></b>                      Michigan Attorney General's Office                      Corporate Oversight Division, Franchise Section                      525 W. Ottawa Street                      G. Mennen Williams Building, 1<sup>st</sup> Floor                      Lansing, Michigan 48933                      (517) 373-7117</p>	<p><b><u>MINNESOTA</u></b>                      Minnesota Commissioner of Commerce                      Minnesota Department of Commerce                      85 7th Place East, Suite 280                      St. Paul, Minnesota 55101-2198                      (651) 539-1600</p>
<p><b><u>NEW YORK</u></b>                      Secretary of State                      99 Washington Avenue                      Albany, NY 12231                      (518) 472-2492</p>	<p><b><u>NORTH DAKOTA</u></b>                      North Dakota Securities Commissioner                      State Capitol                      600 East Boulevard Avenue, Fifth Floor                      Bismarck, North Dakota 58505                      (701) 328-4712</p>
<p><b><u>OREGON</u></b>                      Secretary of State                      Corporation Division - Process Service                      255 Capitol Street NE, Suite 151                      Salem, OR 97310-1327                      (503) 986-2200</p>	<p><b><u>RHODE ISLAND</u></b>                      Director of Department of Business Regulation                      Department of Business Regulation                      Securities Division, Building 69, First Floor                      John O. Pastore Center                      1511 Pontiac Avenue                      Cranston, Rhode Island 02920                      (401) 462-9527</p>
<p><b><u>SOUTH DAKOTA</u></b>                      Division of Insurance                      Securities Regulation                      124 S. Euclid, Suite 104                      Pierre, South Dakota 57501                      (605) 773-3563</p>	<p><b><u>VIRGINIA</u></b>                      Clerk of the State Corporation Commission                      1300 East Main Street, 1<sup>st</sup> Floor                      Richmond, Virginia 23219                      (804) 371-9733</p>
<p><b><u>WASHINGTON</u></b>                      Director, Department of Financial Institutions                      Securities Division, 3rd Floor                      150 Israel Road, Southwest                      Tumwater, Washington 98501                      (360) 902-8760</p>	<p><b><u>WISCONSIN</u></b>                      Administrator, Division of Securities                      4822 Madison Yards Way, North Tower                      Madison, Wisconsin 53705                      (608) 266-2139</p>

**EXHIBIT C****LIST OF CURRENT AND FORMER FRANCHISEES****CURRENT FRANCHISEES****Open and Operating as of December 31, 2024**

<b>State</b>	<b>City</b>	<b>Business Address</b>	<b>Email</b>	<b>Contact Name</b>
FL	Fort Meyers	15790/15820 Chief Ct. Fort Meyers, FL 33912	southwestfl@crspackout.com	Steven Bonney
IN	Indianapolis	1397 S 10st Noblesville, IN 46060	indianapolis@crspackout.com	Marty Gurry
KY	Louisville	2405 Tuckaho Road Louisville, KY 40207	louisville@crspackout.com	Charlie Caravello
OH	Cleveland	1240 Valley Belt Road Brooklyn Heights, OH 44131	cleveland@crspackout.com	Tony Harley
OK	Tulsa	2640 N Darlington Ave Tulsa, OK 74115	tulsa@crspackout.com	Tim Odell
SC	Charleston	1072 Business Park Rd Ste 200 Summerville SC 29483	charlestonmyrtle @crspackout.com	Harry Clayton, Jay Taylor, Matt Hudson & Todd Horne
SC	Myrtle Beach	1072 Business Park Rd Ste 200 Summerville, SC 29483	charlestonmyrtle @crspackout.com	Harry Clayton, Jay Taylor, Matt Hudson & Todd Horne
FL	Lakeland	5300 Region Court, Ste 1300 Lakeland, FL 33815	lakelandfl@crspackout.com	Adam Raynor
FL	Apopka*	700 S Hawthorne Ave Ste 101 Apopka, FL 32703	apopkafl@crspackout.com	Michael Hiti
TX	Cypress	12302 FM 529, Bldg D Houston, TX 77041	cypresstx@crspackout.com	Samuel & Meghan Strickland
NC	Cary	2101 Westinghouse Blvd. Raleigh, NC 27604	carync@crspackout.com	Vivek Santuka
NC	Durham	2101 Westinghouse Blvd. Raleigh, NC 27604	carync@crspackout.com	Vivek Santuka
NC	Greensboro	2101 Westinghouse Blvd. Raleigh, NC 27604	carync@crspackout.com	Vivek Santuka
FL	Clearwater/ St. Petersburg	2550 118th Ave N, St. Petersburg, FL 33716	floridacr@crspackout.com	Vik Patel
FL	Dunedin/ Trinity	2550 118th Ave N, St. Petersburg, FL 33716	floridacr@crspackout.com	Vik Patel
FL	Tampa	2550 118th Ave N, St. Petersburg, FL 33716	floridacr@crspackout.com	Vik Patel
PA	Allentown	Velocity 309, 701 S West End Blvd, Quakertown, PA 18951	allentownpa@crspackout.com	John Bateson
PA	Bucks Mont	Velocity 309, 701 S West End Blvd, Quakertown, PA 18951	allentownpa@crspackout.com	John Bateson
NJ	Hunterdon	115 River Rd. Flemington, NJ 08822	hunterdonnj@crspackout.com	Leo Menard
NJ	Trenton	115 River Rd. Flemington, NJ 08822	hunterdonnj@crspackout.com	Leo Menard
MI	Milford, Novi & Bloomfield	5323 A Dixie Hwy Waterford, Michigan 48329	bloomfieldmi@crspackout.com	Ken McLouth

State	City	Business Address	Email	Contact Name
GA	Alpharetta	6620 Bay Circle, Suite 200, Peachtree Corners, GA 30071	georgia@crspackout.com	Alex Deitch and Benji Ellis
GA	Lawrenceville	6620 Bay Circle, Suite 200, Peachtree Corners, GA 30071	georgia@crspackout.com	Alex Deitch and Benji Ellis
GA	Dalton	6620 Bay Circle, Suite 200, Peachtree Corners, GA 30071	georgia@crspackout.com	Alex Deitch and Benji Ellis
PA	Bensalem	5070 Central Highway, Pennsauken, NJ 08109	bensalem@crspackout.com	Samuel Lamson
NJ	Cherry Hill	5070 Central Highway, Pennsauken, NJ 08109	cherryhill@crspackout.com	Samuel Lamson
CA	San Diego	104 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	San Carlos	105 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	Delmar	106 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	Escondido	107 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	San Clemente	108 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	Beaumont	109 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	Riverside	110 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	Irvine	111 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	Anaheim	112 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus
CA	Huntington Beach	113 Rancheros Drive, San Marcos, CA 92069	anaheim@crspackout.com	Brandon Garbus

### Opened for Operations between December 31, 2024, and the Issuance Date

State	City	Business Address	Email	Contact Name	Phone Number
TX	Plano	1716 Shady Oaks, Denton TX 76205	planotx@crspackout.com	Ramesh Kandasamy	945-308-9707
TX	The Colony	1716 Shady Oaks, Denton TX 76205	planotx@crspackout.com	Ramesh Kandasamy	945-308-9707
VA	Charlottesville	2611 Decatur Street, Richmond VA 23224	charlottesville@crspackout.com	Kevin Rummel	804-491-6400
VA	West Richmond	2611 Decatur Street, Richmond VA 23224	westrichmond@crspackout.com	Kevin Rummel	804-491-6400
IL	Naperville	951 N Main St, Lombard, IL 60148	napervilleil@crspackout.com	Thomaz and Marina London	630-300-0470
IL	Oakbrook	951 N Main St, Lombard, IL 60148	napervilleil@crspackout.com	Thomaz and Marina London	630-300-0470
OH	Cincinnati	4729 Interstate Dr, Cincinnati, OH 45246	cincinnati@crspackout.com	Mike Schmidt	513-587-4399
OR	Hillsboro	16260 S.W. 72nd Ave Portland, OR 97224	westportland@crspackout.com	Melissa and Eric Rudkin	503-455-4819

State	City	Business Address	Email	Contact Name	Phone Number
OR	Portland	16260 S.W. 72nd Ave Portland, OR 97224	westportland@crspackout.com	Melissa and Eric Rudkin	503-455-4819
GA	Augusta	1621 Hartrich Rd Augusta, GA 30906	georgia@crspackout.com	Alex Deitch and Benji Ellis	470-894-2826

### Franchisees That Have Signed but Not Opened as of the Issuance Date

State	City	Business Address	Email	Contact Name
CO	Loveland	N/A		Jim Ford
TX	Northwestern Austin	110 Holmes Road, Suite 110-140, Liberty Hill, TX 78642	northwestaustin@crspackout.com	Steven McFarland
TX	Temple	111 Holmes Road, Suite 110-140, Liberty Hill, TX 78642	northwestaustin@crspackout.com	Steven McFarland
MO	St. Louis Central	N/A	stlouis@crspackout.com	Robert and Amanda Reed
NJ	Toms River	N/A	tomsriver@crspackout.com	Matt Smith
NC	Charlotte	2200 Interstate North Drive, Charlotte, North Carolina 28206	northcarolina@crspackout.com	Robert McCutcheon and Steven Collins
NC	Harrisburg	2200 Interstate North Drive, Charlotte, North Carolina 28206	northcarolina@crspackout.com	Robert McCutcheon and Steven Collins
NC	Wilkesboro	2200 Interstate North Drive, Charlotte, North Carolina 28206	northcarolina@crspackout.com	Robert McCutcheon and Steven Collins
NC	Clemmons	2200 Interstate North Drive, Charlotte, North Carolina 28206	northcarolina@crspackout.com	Robert McCutcheon and Steven Collins
MI	Ann Arbor	N/A	TBD	Christian Shanahan
UT	Provo	N/A	TBD	Brigham Tripp and Courtney Tripp
UT	Salt Lake City	N/A	TBD	Brigham Tripp and Courtney Tripp
UT	Ogden	N/A	TBD	Brigham Tripp and Courtney Tripp
IL	Belleville	N/A	TBD	Michael Bennett
TX	San Antonio	2934 N. Pan Am Expy San Antonio, TX 78208	TBD	Hanna and Terrence Edwards

### FORMER FRANCHISEES

NONE.

## EXHIBIT D

### OPERATIONS MANUAL TABLE OF CONTENTS



<b>Manual Section</b>	<b>Number of Pages</b>
Preface & Introduction	25
Introduction to the Franchise System	10
Pre-Opening Procedures	75
Employee Management	10
Financial Operations	13
Marketing	20
Daily Operating Procedures	25
<b>Total Number of Pages</b>	<b>178</b>

\*The Operations Manual is still under development; therefore, these numbers are estimates based on what has currently been developed and are subject to change.

**EXHIBIT E**

**FRANCHISE AGREEMENT WITH ATTACHMENTS**



**FRANCHISE AGREEMENT**

between

**CRS FRANCHISING, LLC**

and

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**FRANCHISEE**

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## ATTACHMENTS

- A. FRANCHISEE-SPECIFIC TERMS
- B. PERSONAL GUARANTEE OF OWNER/SHAREHOLDER
- C. FORMS OF GENERAL RELEASE
- D. ELECTRONIC FUNDS TRANSFER FORM
- E. LEASE RIDER
- F. FORM OF CONFIDENTIALITY AND NON-COMPETE
- G. FRANCHISEE COMPLIANCE QUESTIONNAIRE

## CRS FRANCHISING, LLC

### FRANCHISE AGREEMENT

THIS AGREEMENT (this “Agreement”) is made and entered into as of the date set forth on Attachment A of this Agreement (the “Effective Date”) (Attachment A and all other attachments to this Agreement are hereby incorporated by this reference) between CRS Franchising, LLC, a Pennsylvania limited liability company with its principal place of business at 195 Montour Run Road, Suite 105, Coraopolis, Pennsylvania 15108 (“CRS Franchising”), and the person or entity identified on Attachment A as the franchisee (“Franchisee”) with its principal place of business as set forth on Attachment A. In this Agreement, “we,” “us,” and “our” refers to CRS Franchising, LLC. “You” and “your” refers to Franchisee.

### BACKGROUND

We and our affiliates have accumulated knowledge and experience in the restoration services industry on the basis of which we have developed and will continue to develop a distinctive business format and set of specifications and operating procedures (collectively, the “System”) for the operation of franchised outlets (each franchised unit shall be referred to herein as a “Business”) that operate under the CRS Packout mark and offer such services to the public.

The distinguishing characteristics of the System include, but are not limited to, our Business designs, layouts, and identification schemes (collectively, the “Trade Dress”), our specifications for equipment, inventory, and accessories; our website or series of websites for the Business (the “System Website”); our relationships with vendors; our software and computer programs; our billing system; the accumulated experience reflected in our operating procedures, customer service standards methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (“System Standards”) set out in our operations manual (“Manual”) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

We identify the Businesses operating under the System by means of the CRS Packout mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos set forth on Attachment B (collectively, the “Marks”). We may designate for your use other trade names, service marks, and trademarks as Marks from time to time. These marks which will also be included in the term the “Marks.”

We may have engaged an area representative to provide certain services to you under this Agreement pursuant to an Area Representative Agreement. If an area representative will be providing you with services as of the Effective Date, the area representative will be listed on Attachment A (the “Area Representative”). We may, without your consent, appoint an Area Representative or a substitute for the Area Representative at any time.

If you are a corporation, limited liability company, partnership, or other entity (collectively, an “Entity”), all of your owners of a legal and/or beneficial interest in the Entity (the “Owners”) are listed on Attachment A. If you are an Entity, the individual owner who you must appoint to have authority over all business decisions related to your business and to have the power to bind you in all dealings with us will be referred to as your “Principal Executive.”

You desire to open and operate a CRS Business using the Marks and the System, and we are willing to grant to you a license to open and operate a Business on the terms and conditions of this Agreement.

In consideration of the foregoing promises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## Article 1 RIGHTS GRANTED

1.1. Grant of Franchise. On the terms and conditions of this Agreement, we grant to you a non-exclusive license (the “License”) to operate one Business using the Marks and the System. The Business will be located at a site to be mutually agreed upon subsequent to the execution of this Agreement, as described in a later Article (the “Site”), within the area set forth on Attachment A (the “Territory”). You have no right to (i) sublicense the Marks or the System to any other person or entity, (ii) use the Marks or the System at any location other than the Site, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Business at the Site.

1.2. Acceptance of License. You hereby accept the License and agree to operate the Business according to the provisions of this Agreement for the entire Term, as defined in this Agreement.

1.3. Limited Territorial Protection. A description of your Territory’s boundaries is set forth on Attachment A. Except as provided in this Article, we and our affiliates will not open, or license a third party to open, a Business within your Territory. Except for the foregoing sentence, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Business. For example, without limitation, we have the right to:

- A. establish or license franchises or company-owned Businesses or enterprises offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory;
- B. sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory;
- C. advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and
- D. acquire, be acquired by, or merge with other companies with existing recovery business facilities or businesses anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, (i) convert the other businesses to the CRS name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name.

1.4. Principal Executive. If you are an Entity, you must appoint an individual owner as your Principal Executive who must have authority over all business decisions related to your Business and must have the power to bind you in all dealings with us. Your Principal Executive must have at least a 10% ownership interest in your Entity. Your Principal Executive shall be listed on Attachment A. You may not change your Principal Executive without our prior written approval.

1.5. Ownership and Guarantee.

- A. Owners of Equity. If you are an Entity, each of your Owners must execute Attachment C, “Payment and Performance Guarantee” (the “Guarantee”). By executing the Guarantee, each Owner will be bound by the provisions contained in this Agreement, including without limitation the covenants against competition. A violation of any of the provisions of this Agreement by any Owner will also constitute a violation by you of your obligations under this Agreement. You represent that the individuals executing this Agreement under the Guarantee are your sole owners.

- B. Governing Documents. If you are (or Transfer this Agreement to) an Entity, upon our request, you agree to furnish us with a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state. The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. During the Term, your governing documents must provide that no transfer of any ownership interest may be made, except in accordance with this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

## **Article 2      INITIAL TERM AND SUCCESSOR TERM**

2.1. Initial Term. The initial term (the "Initial Term") of the License begins on the Effective Date and ends on the tenth anniversary thereof.

2.2. Successor Term. On expiration of the Initial Term, if you (i) are not in default under this Agreement, (ii) have substantially complied with this Agreement throughout the Term, (iii) have timely paid all monies due to us or our affiliates, and (iv) comply with this Article, you may, at your option, obtain two additional consecutive successor terms of five years each (each, a "Successor Term"). The Initial Term and Successor Terms are referred collectively in this Agreement as the "Term." You may only exercise this right to obtain a Successor Term by:

- A. giving us written notice of your desire to obtain a successor License at least six, but no more than twelve, months before the expiration of the then-current Initial Term or Successor Term;
- B. delivering to us a fully executed franchise agreement on our then-current form of franchise agreement, which you acknowledge may contain terms materially different than those contained in this Agreement, including, but not limited to, higher fees and charges, and a modified Territory;
- C. refurbishing or renovating the Business, at your expense, to conform the decor, color schemes, storefront, signage, and presentation of the Marks to our then-current image and, if necessary, in our sole opinion, to update and replace the equipment, furniture, signage, and fixtures to meet our then-current specifications;
- D. executing a general release, in a form we prescribe, of any and all claims against us, our Area Representatives, our affiliates, and our and their past, present, and future officers, directors, shareholders, and employees arising out of, or relating to, your Business;
- E. completing, and having your Principal Executive complete, all of our then-current training requirements, including any additional training that we may require;
- F. securing the right from your landlord to continue operating at the Site for the remainder of such Successor Term;
- G. substantially and timely complying with each provision of this Agreement or any other agreement with us, our affiliates, or your landlord throughout the Initial Term and having no Event of Default (as defined in in this Agreement), or event which with the giving of notice and/or passage of time would constitute an Event of Default, in existence as of the expiration of the Initial Term

## Article 3 FEES

3.1. Franchise Fee. You must pay us an initial franchise fee as set forth on Attachment A (the “Franchise Fee”) upon execution of this Agreement. The initial Franchise Fee is paid in consideration of the rights granted in Article 1 (Rights Granted) and will be deemed fully earned at the time paid. You acknowledge that we have no obligation to refund the Franchise Fee, in whole or in part, for any reason.

3.2. Royalty Fee.

- A. Amount of Royalty Fee. You must pay us a monthly royalty fee (the “Royalty Fee”) equal to the greater of (i) seven percent (7%) of your Gross Revenue for the previous month, or (ii) the “Minimum Royalty Fee” of one thousand dollars (\$1,000.00). The Royalty Fee is non-refundable and is paid in consideration of the ongoing right to use the Marks and the System in accordance with this Agreement and not in exchange for services rendered by us. The Minimum Royalty Fee is not assessed until the seventh month after you open your Business. If you operate in multiple territories, the Minimum Royalty Fee shall be assessed per territory. As an example, if you operate in two (2) territories, your Minimum Royalty Fee shall increase to two thousand dollars (\$2,000.00).
- B. Gross Revenue. “Gross Revenue” means all revenue that you generate or otherwise derive from operating the Business, whether from cash, check, insurance payments, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.
- C. Review/Consulting Fee. You must pay us a monthly review/consulting fee (“Review/Consulting Fee”) equal to three percent (3%) of your Gross Revenue for the previous month, payable in the same manner as the Royalty Fee. This fee covers the cost of our provision of support to you in reviewing estimates and invoices, costs, and strategy related to your Business.

3.3. Brand Fund Contribution. You must contribute one percent (1%) of your Gross Revenues to a fund we have established to promote the CRS brand as described in this Agreement (“Brand Fund Contribution”). We reserve the right to change the amounts of the Brand Fund Contribution and minimum Contribution up to a maximum of 3% of your Gross Revenue on sixty (60) days’ advance written notice.

3.4. Local Advertising Expenditure. You must contribute one percent (1%) of your Gross Revenues to advertising in your local market via vendors, media outlets, etc. We reserve the right to increase your Local Advertising Expenditure to 4% of your Gross Revenue upon sixty (60) days’ advance written notice.

3.5. Technology Fee. You agree to pay us a fee for the cost of your access to and usage of our system, intranet, mobile applications, websites and other products and services we designate for use in the Business (“Technology Fee”). Currently, the Technology Fee is \$400 per month. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. We may increase the Technology Fee at any time by providing sixty (60) days notice to you. There is no cap on the amount the Technology Fee may be increased.

3.6 Non-Compliance Fee. We may charge our out-of-pocket costs and internal cost allocation, in addition to an administrative fee of 10% of such costs in the event we cure your non-compliance with any obligation hereunder. We may include in the Non-Compliance Fee reasonable compensation and all costs and expenses we incur in performing follow-up inspections to evaluate your compliance.

3.7 Special Inspection Fee. Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification. Currently \$600 per occurrence, plus our out-of-pocket costs.

3.8 Special Support Fee. If we provide in-person support to you in response to your request, we may charge our then current fee, currently \$600 per day, plus all of our out-of-pocket expenses.

3.9 Reimbursement Fee. If we pay any amount that you owe or are required to pay to a third party, you must reimburse us for the amount that we spend on your behalf, plus an administrative fee of 10% of such costs.

3.10 Transfer Fee. If you Transfer (as defined in this Agreement) your Business or this Agreement, you must pay us a Transfer Fee equal to \$10,000.00 plus any broker fees, referral fees, and/or other out-of-pocket costs we incur, and which are payable by you (“Transfer Fee”).

3.11 Payments of Fees. Your Royalty Fees, Brand Fund Contribution, and other regular fees (the “Operating Fees”) are due to us and must be reported to us at the times and in the manner that we specify from time to time in the Manual or otherwise. Currently, you must pay us your Operating Fees monthly on or before the tenth day of each month, based on your Gross Revenue for the preceding month. All other fees and payments due to us must be paid to us within ten days of the event that triggers the fee or your receipt of an invoice from us.

Based upon the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance and has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Maryland franchisees until we have completed all of our pre-opening obligations and you are open for business. For Maryland franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

3.12 Methods of Payment. You must make all payments to us by the method or methods that we specify from time to time in the Manual, which may include payment via wire transfer or electronic debit to your bank account. You must furnish us and your bank with all authorizations necessary to effect payment by the methods we specify. We currently require you to make payment by electronic debit from your specified checking or savings account, and you must complete and sign an Authorization Agreement for Preauthorized Payments for this purpose. You must deliver a copy of the Authorization to us within five business days of our request. You must maintain sufficient funds in your account to permit us to withdraw the Operating Fees due from time to time. You may not, under any circumstances, set off, deduct or otherwise withhold any Operating Fees, interest charges, or any other monies payable under this Agreement on grounds of our alleged non-performance of any obligations or for any other reason. We may require you to purchase merchant processing services from us, our affiliates, or a vendor that we have approved or designated, each of whom may charge a reasonable monthly fee and reasonable per transaction fee. The payment processor may process all credit card payments related to your Business, and remit payment to you of all monies owed, after withholding any Operating Fees payable to us and any payment processing fees payable to such processor. If you fail to timely report your Gross Revenue, or we are otherwise unable to access your Gross Revenue, we may estimate the amount of fees due and make a corresponding withdrawal from your bank account based on our estimate, plus 20% of our estimate. If we underestimate any fees due, you will remain obligated to pay the total amount of fees due, which, if we institute an automatic debit program, we may debit from your account automatically. If we overestimate any fees due,

we will credit the fees paid (without interest) against fees due in the next payment period after we receive accurate records regarding your Gross Revenue.

3.13 Interest; Late Fee. If any payment due to us is not received in full by the due date, you agree to pay us daily interest on the amount owed, calculated from the due date until paid, at the rate of 18% per annum (or the maximum rate permitted by law, if less. You also agree to pay us a late fee in the amount of \$100 for each week that a payment is paid after the applicable due date. This late fee is subject to increase upon sixty (60) days' prior written notice but will not be increased more than once in any 12-month period. You acknowledge that this paragraph is not our agreement to accept any payments after they are due and that any late payments are a default under this Agreement.

3.14 Taxes. You are responsible for all taxes, assessments, and government charges levied or assessed on you in connection with your business activities under this Agreement. In addition, as part of the Royalty Fee, Brand Fund Contribution, Technology Fee, or any other fees that we charge, you will pay to us the amount of any taxes imposed on us or our affiliates (and any taxes imposed on us or our affiliates as a result of such imposition) by federal, state, or local taxing authorities as a result of our receipt of any such fees, not including any tax measured on our income.

#### **Article 4 SITE SELECTION, DEVELOPMENT, AND OPENING OF BUSINESS**

4.1. Site Selection. You must secure a storage warehouse, or other space suitable for the operation of the Business and satisfactory to us within the Territory. Before entering into any lease or purchase agreement for the site, you must submit a site proposal package describing details about the proposed site and provide any other information that we reasonably require. We will review each site that we or you identify and determine whether to accept it using our criteria. You acknowledge that we may refuse to accept a proposed site for any reason. If we accept the proposed site and you obtain it, we will insert a description of the specific location on Schedule 1 to Attachment A. The address listed on Schedule 1, if completed and signed by us, will be the "Site" referred to in this Agreement. A site is not accepted until you have received our acceptance in writing, as indicated by our delivery of the completed and signed Schedule 1.

4.2. Definition of the Territory. The Site must be located in your Territory as defined in Attachment A. We define territories based on the factors that we deem relevant, in our sole discretion, which might include number of residential contractors operating in the surrounding area, demographics, the character and location of the Site, and nearby businesses and residences.

4.3. Site Acquisition.

A. Consent. Before you make a binding commitment to acquire a location, we must accept the location and approve in writing any letter of intent, lease, or purchase agreement proposed between you and another party. We will provide approval or disapproval of your Site within thirty (30) days of your submission of all documentation reasonably requested by us. You are required to use a preferred realtor approved by us in selecting your Site.

B. Deadline. You must secure a Site by signing a Site Lease or purchase agreement within one hundred twenty (120) days of the Effective Date (the "Site Acquisition Deadline"). We may extend the Site Acquisition Deadline in our discretion. We may require you to execute a release as a condition of the extension. If we have accepted a site for your Business and you are unable or unwilling to acquire it or an alternative site that we accept by the Site Acquisition Deadline, we may terminate the Franchise Agreement. You must deliver to us the completely executed purchase agreement or Site Lease and Lease Addendum within ten (10) days of the execution of the Site Lease or purchase agreement, and you may not amend, terminate, or renew any Site Lease without our written consent. You must comply with the terms and conditions of your Site Lease. We are not obligated to execute your lease or guarantee a lease for you.

4.4. Opening Deadline. You must complete construction of and open your Business no later than two hundred and ten (210) days after the Effective Date of this Agreement (the “Opening Deadline”), unless we grant you an extension in writing. We will provide you with any specifications that we develop for fixtures, furnishings, equipment, and signage, which may include the names of approved suppliers. We do not supply these items directly, nor do we assist with delivery or installation. We may, in our sole discretion, extend the Opening Deadline, which we may condition on you agreeing to pay an extension fee of \$2,500 for each month (or portion of a month) for which the Opening Deadline is extended and you executing a general release. You may not open the Business until you have received our written approval. You must open the Business within ten (10) days of the date we give our written approval. Time is of the essence in opening the Business.

4.5. Relocation. You may not relocate the Business without our prior written consent. Such approval will not be unreasonably withheld, provided that (i) the new location for the Business premises is satisfactory to us and you comply with our then-current real estate project management requirements, (ii) your lease, if any, for the new location complies with our then-current requirements and you and your landlord execute the Lease Rider, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other Business, (v) you have fully performed and complied with each provision of this Agreement in the three years prior to the relocation (the “Relocation Request Date”), (vi) no Event of Default (as herein defined), or event which with the giving of notice and/or passage of time would constitute an Event of Default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If your Site Lease expires or is otherwise terminated, you must secure our approval of another site and enter into a Site Lease for the new approved site within 90 days. We reserve the right to terminate this Agreement if you fail to secure a new approved site within 90 days after you lose the Site Lease.

## **Article 5      TRAINING AND ASSISTANCE**

5.1. Initial Training. Prior to opening the Business, you (or your Principal Executive) and any key employees you designate to assist in supervising the day-to-day operations of the Business (collectively, “Required Trainees”) must personally attend and satisfactorily complete our initial training program (“Initial Training”). We will provide Initial Training as soon as practicable after the execution and delivery of this Agreement at our offices, currently in Coraopolis, Pennsylvania, online, or at any other location that we designate, including on-site at your location. Currently, Initial Training includes (i) 26 hours of Classroom Training; (ii) 16 hours of on-the-job training. We reserve the right to modify the length and location of Initial Training. We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training or have previously been trained at one of our Business. Each subsequent Principal Executive must attend our Initial Training unless we otherwise agree in writing, but we may permit them to attend Initial Training remotely via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

- A. Cost. We will provide instructors, facilities, and materials for up to two Required Trainees at no cost, provided that all of your trainees are trained during the same training session. You are solely responsible for any costs of travel, expenses, and wages associated with attendance at Initial Training. If space is available, you may bring more than two representatives to Initial Training. We reserve the right to charge a training fee of \$500 per trainee, which we may increase upon sixty (60) days’ written notice to you, for (i) each person in excess of two trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent Principal Executive or employee who attends the course. As used in this Agreement, “Training Fee” means any fee imposed in accordance with this Article.

B. Completion of Initial Training. If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training, or you must send replacement Required Trainees to complete Initial Training. Your Required Trainees must successfully complete Initial Training at least ten (10) days before the Opening Deadline. If you and your personnel satisfactorily complete our Initial Training and you do not expressly inform us at the end of Initial Training that you feel that you or they have not been adequately trained, then you and they will be deemed to have been trained sufficiently to operate a Business.

5.2. Opening Advice. Prior to opening your Business, we will work with you to create a pre-opening marketing plan for the Business. We may provide additional pre-opening assistance as we deem appropriate in our sole discretion. If you require opening support beyond what we customarily furnish to franchisees, we will have the right to impose a fee, plus expenses, for providing the agreed additional support.

5.3. Additional Training. We may periodically conduct mandatory or optional training programs for your Required Trainees or your employees at our office or another location that we designate. You will pay us our then current Additional Training Fee, currently \$250 per day of training, for training programs that we require you or your employees to attend. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. We may require your Required Trainees or employees to satisfactorily complete any additional training programs that we specify. We may require your Required Trainees to participate in refresher or advanced training in each year of the Term.

5.4. Additional Management Training. We may in the future require your Required Trainees to attend additional training programs focused on management at a location that we designate. We may charge a reasonable fee (currently, \$500.00 per day, plus all out-of-pocket expenses for our trainer(s)) for each trainer assigned to your Business for this training. We may increase the amount to be charged for each trainer upon sixty (60) days' prior written notice.

5.5. Training by You. You or your Principal Executive are responsible for training all of your other employees in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters or send one of our representatives to train them at your Business and pay us any related Training Fees.

5.6. Requested Consulting Services. We may provide consulting services at your request subject to the availability of our personnel or the personnel of any Area Representative. We will give you information about new developments, techniques, and improvements in the areas of merchandising, advertising, management, operations, and Business design. We may provide consulting services through the distribution of written or recorded material; by digital platform; in meetings, seminars, teleconferences, webinars, or in person. If services are provided at the Site, you must pay us our then-current consulting fee as well as our costs and expenses of travel.

5.7. Travel and Living Expenses. You are responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by your trainees. You are responsible for reimbursing us for any travel and living expenses incurred by our employees or agents related to providing any additional training, remedial training, or consulting services at your Business.

**Article 6      BUSINESS OPERATION AND SYSTEM STANDARDS**

6.1.    Manual.

- A. Compliance with the Manual. We will furnish you with electronic access to our Manual, on loan for as long as this Agreement or a successor franchise agreement remains in effect. We reserve the right to furnish all or part of the Manual to you in electronic form and to establish terms of use for access to any restricted portion of our website. You must comply with and abide by each required System Standard contained in the Manual, as they may be amended, modified, or supplemented periodically and such other written or electronically transmitted System Standards that we may issue periodically. We will maintain the Manual and the System and brand Standards. You acknowledge that we may amend, modify, or supplement the Manual at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised mandatory System Standards within 30 days after we transmit the updates, unless otherwise specified.
  
- B. Use of the Manual. You agree to keep your copy of the Manual current. If there is any dispute as to the current contents of the Manual, the terms of the master copy maintained at our headquarters will control. You acknowledge that we own the copyright in the Manual and that your copy of the Manual remains our property and will be returned to us immediately upon expiration or termination of this Agreement. You will treat the Manual, and the information contained therein, as confidential and will maintain the confidentiality of such information. You will not, without our prior written consent, copy, duplicate, record, use, or otherwise reproduce in any way the Manual, in whole or in part, or otherwise make their contents available to any unauthorized person.

6.2.    Management and Personnel.

- A. Business Management. Unless otherwise specified in the Manual, at all times that your Business is open for business, it must be under the personal, on-premises supervision of either you, your Principal Executive, or a trained manager. You may not permit your Business to be operated, managed, directed, or controlled by any other person or entity without our prior written consent. If at any time during the Term no Owner, Principal Executive, or employee who has completed our Initial Training to our satisfaction is able to operate the Business, we may elect to do so on your behalf. You will pay us all costs and expenses we incur while operating your Business.
  
- B. Employment Decisions and Policies. You are solely responsible for all labor and employment-related matters and decisions related to your Business, including hiring, firing, promoting, demoting, and compensating (including through wages, bonuses, or benefits) your employees. You must ensure that your employees are qualified to perform their duties in accordance with our System Standards and successfully pass a background check. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manual or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Business.

6.3.    Operation of the Business. You will not use the Site for any purpose other than the operation of the Business in compliance with the System and the Manual. You will not lease, sublease, or assign the Site Lease for all or any portion of the Site, without our prior written consent.

- A. Operating Hours. You must keep the Business open for business to the public at least during the hours we prescribe from time to time in the Manual or otherwise approve, unless prohibited by applicable law or by the Site Lease (if any) for the Business premises.

- B. Notice of Independent Contractor. During the Term, you agree to hold yourself out to the public as an independent contractor operating your Business under license from us, and you must display in a conspicuous location in or upon the Business, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify: "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the CRS trademark, which is owned by CRS Franchising, LLC." You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

6.4. Pricing. We may provide you with recommended or mandatory prices for products and services based upon the insurance carriers' requirements, which have specific pricing for the market/exact prices that franchisees may charge for products or services sold and are updated on a monthly basis (except to the extent such authority is limited or prohibited by applicable law).

6.5. Products, Supplies, Operating Assets, and Services.

- A. Purchases. We have the right to require that products, supplies, equipment, goods, and services that you purchase for resale or purchase or lease for use in your Business ("Operating Assets"): (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manual.
- B. Products and Services You May Offer. You may offer in the Business only the products, services, and classes that we have approved in writing. In addition, you must offer the specific services that we require in the Manual or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all services that we designate as mandatory. You may sell services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the reasonably anticipated customer demand for your services, if we have not prescribed specific standards. You may submit a request to us to provide additional services outside of what we have approved. In the event that you request, and we agree, to allow you to provide services that were not previously authorized by us, any revenue generated by such services will be subject to the same payment obligations, including without limitation all duties to pay Royalty Fees, Marketing Fees, or any other fees set forth hereunder.
- C. Revenue from Purchases. You acknowledge and agree that we and our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate. If you derive any revenue based on payments or promotional allowances received from suppliers or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Revenue.
- D. Approval Process. If you would like to offer products, services, or use any Operating Assets or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test

samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters, currently in Coraopolis, Pennsylvania, to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within ninety (90) days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Business may differ from those that we permit or require to be offered in other Businesses.

- E. Revocation of Approval. We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the item or service or any items or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct. If we revoke approval of a previously-approved service that you have been offering to customers, you must immediately discontinue offering the service.

6.6. Distribution. You may not make any sales of products or services outside of the Business, provide services outside of the Business, or use vendor relationships that you establish through your association with us or the CRS brand for any other purpose besides the operation of the Business, unless we consent in writing. If applicable, you agree to purchase products solely for resale to customers, and not for resale or redistribution to any other party, including other CRS franchisees. You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing.

6.7. Participation in System-wide Programs, Conferences, and Councils.

- A. Promotional Programs. You must participate in all in-Business promotional programs that we offer to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manual or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons (including Groupons and similar discounts) unless approved or offered by us or our affiliates.
- B. Conferences. You, your Principal Executive, your trained managers, or any of your representatives that we designate must attend franchise conventions, meetings, product shows or demonstrations, and teleconferences that we or our Area Representative may require periodically in the Manual or otherwise in writing. We or our Area Representative, in our or their sole discretion, will designate the time and place of any meetings, which may be held in-person or remotely via teleconference or web seminar. In each year, you and your employees shall not be required to attend in person more than three days of franchisee conventions and meetings that we organize, which shall count towards the five days of additional training programs that we may require your Required Trainees to attend annually. We or your Area Representative will be responsible for arranging meetings and providing meeting materials. You are responsible for arranging and paying for travel and living expenses that you and/or your representatives incur. We or our Area Representative may require you to pay us or our Area Representative a reasonable registration fee for you and each of your representatives. If you or any of your representatives fail to attend any events that we require you and/or they to attend, regardless of the reason for the absence, you must pay us the registration fee that each absent

required attendee would have incurred plus \$500.00 for each absent required attendee, unless we have previously excused them in writing in our sole discretion.

- C. Franchisee Advisory Council. We may establish an advisory council of franchisees (“Franchisee Advisory Council”) using a form and process set forth in the Manual to advise us on various issues and strategies. The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchisee Advisory Council or dissolve the Franchisee Advisory Council at any time. If we establish a Franchisee Advisory Council, you must participate in all council-related activities and meetings and must pay any dues related to the administration of the Franchisee Advisory Council.

6.8. Business Management and Technology System.

- A. Acquisition and Updates. You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manual necessary to operate our point-of-sale system, our billing system, and other technology systems that we designate (collectively, the “Business Management and Technology System”). You must use the Business Management and Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers’ contact information, (iv) generate sales reports and analysis relating to the Business, and (iv) provide other services relating to the operation of the Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. You must replace, upgrade, or update at your expense the Business Management and Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Business Management and Technology System requirements.
- B. Use of the Business Management and Technology System. You agree: (i) that your Business Management and Technology System will be dedicated to uses relating to the operation of the Business; (ii) to use the Business Management and Technology System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Manual; (iv) to do all things necessary to give us unrestricted access to the Business Management and Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify; (v) to maintain the Business Management and Technology System in good working order at your own expense; (vi) to ensure that your employees are adequately trained in the use of the Business Management and Technology System and our related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Business Management and Technology System. You also must comply with all laws and payment card provider standards relating to the security of the Business Management and Technology System, including, without limitation, the Payment Card Industry Data Security Standards. You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Business Management and Technology System (or any of its components) fails to operate on a continuous basis or as we or you expect. You further agree that Franchisor shall at all times maintain access to the software used in your Business Management and Technology System.

6.9. Compliance with Laws and Good Business Practices. You must comply with all applicable laws. You will obtain and maintain in good standing any and all licenses, permits, and consents necessary for you to lawfully operate the Business. You have sole responsibility for such compliance despite any information or advice that we or our Area Representatives may provide. In all dealings with customers, prospective customers, suppliers, us, and the public, you must adhere to the highest standards of honesty, integrity, fair

dealing, and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Businesses.

6.10. Notice of Proceedings. You will notify us in writing within five days after the commencement of any action, suit, or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of the Business, including without limitation any criminal action or proceeding brought by you against any employee, customer, or other person, but excluding civil proceedings against customers to collect monies owed.

6.11. Insurance. During the Term, you must maintain in force at your sole expense insurance coverage for the Business in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify in the Manual for all similarly situated Businesses. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All coverage must be on an “occurrence” basis, except for the employment practices liability insurance coverage, which is on a “claims made” basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. All general liability and workers’ compensation coverage must provide for waiver of subrogation in favor of us and our affiliates. We may, upon at least sixty (60) days’ notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name us, our Area Representative, and any affiliates we designate as an additional insured and provide for thirty (30) days’ prior written notice to us of a policy’s material modification or cancellation. You agree periodically to send us a valid certificate of insurance or duplicate insurance policy evidencing that you have maintained the required coverage and paid the applicable premiums from time to time upon our request, and in any case prior to opening your Business. If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance and pay us a reasonable fee for such service.

6.12. Taxes. You will pay when due all taxes, assessments, and governmental charges upon or against you or your real or personal properties, income, and revenue; provided that no such tax, assessment, or governmental charge need be paid so long as the validity, applicability, or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained to pay the disputed amount, if necessary.

## **Article 7      MARKETING**

7.1. Our Advertising Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available for purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared. We or our affiliates will retain all copyrights relating to such advertising materials.

7.2. Brand Fund. If we establish a brand awareness program (the “Program,” or “Brand Fund”) for national, regional, and local advertising, public relations and marketing programs and market research (“Brand Awareness”), we will direct and have sole and absolute discretion over the Brand Awareness and the Program and its expenditures, including concepts, materials and media used therein. All Brand Fund Contributions will be part of the Program. Neither you nor any of our other franchisees will be deemed a third-party beneficiary with respect to the Program or have any right to enforce any obligation to contribute thereto. Franchisee understands and acknowledges that Company-Owned Outlets may not be required to contribute to the Program. Franchisee understands and acknowledges that the Program is intended to benefit

the System as a whole and that Franchisor and its designee undertake no obligation in administering the Program to ensure that any particular franchisee benefits directly or pro rata from the Brand Awareness. If this Agreement is terminated or expires, you will not be entitled to a refund of any Brand Fund Contributions paid. We may, in our sole discretion, advance monies to the Program and charge the Program interest on such advances and may authorize repayment of such advances from the Program, all in accordance with such terms as we deem necessary or appropriate. You agree that the Program may otherwise be used to meet any and all costs incident to such Brand Awareness, including joint or collective advertising and brand awareness campaigns of our direct or indirect parent corporations or subsidiaries thereof or affiliated companies using the System. We also have the right to expend all, or any portion of, the monies in the Program for cooperative advertising, brand awareness or promotional programs on a regional or local basis; provided, however, that such programs will be available to all similarly situated franchisees as determined by us. We reserve the right to terminate the Program at any time. If we terminate the Program, we will use all remaining Program assets for Brand Awareness-related costs. You must pay the Brand Fund Contribution each month. Beginning in the fourth month after you open for Business, you must pay the minimum Brand Fund Contribution. We may change the amounts of the minimum and total Contribution on sixty (60) days' prior written notice to you.

7.3. Handling of Contributions. All payments to the Program may be deposited in our general operating account before being moved to an account solely for the Program; may be segregated on a solely administrative basis while being commingled with our funds; and may be deemed our asset, subject to our obligation to use the funds in the Program and in accordance with the terms of this Agreement. We will furnish you with Program financial statements certified to be correct by one of our officers annually on request within 120 days of the end of the fiscal year. We may, in our sole discretion, elect to accumulate monies in the Program for such periods of time as we deem necessary or appropriate, with no obligation to expend monies received in any fiscal year during such fiscal year. We intend and you acknowledge that the Program is not a trust.

7.4. Local Marketing.

- A. Monthly Expenditure. You must spend a minimum of 1% of your Gross Revenues per month on local advertising ("Local Advertising Expenditure") consistent with the advertising policies set forth in the System Standards. We may, in our sole discretion, require you to pay the Local Advertising Expenditure to us or otherwise direct its use.
- B. Approval of Advertising Materials. You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part. You agree to conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manual. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within fourteen (14) days of the date we received the material, the material is deemed disapproved. We reserve the right to require you to discontinue the use of any advertising or marketing materials.
- C. Advertising Cooperatives. You agree to join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or approve for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Businesses ("Advertising Cooperatives") and to abide by the bylaws, rules, and regulations duly required by the Advertising Cooperative, which we have the right to mandate or approve. If you join an Advertising Cooperative, the Advertising Cooperative may require you to spend additional funds on marketing programs conducted by the Advertising Cooperative, which may be in addition to your Brand Fund Contribution. Amounts you contribute to any Advertising Cooperative will be credited against your Local Advertising Expenditure. We shall have the right to approve any marketing materials or marketing programs developed by any Advertising Cooperative in the manner specified in this Agreement or the System Standards.

## 7.5. Digital Marketing.

- A. Restrictions. We or our affiliates may, in our sole discretion, may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, “Digital Marketing”) that are intended to promote the Marks, your Business, and the entire network of Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Business. Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Business or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct any Digital Marketing, we will have the right to retain full control over all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.
- B. System Website. As part of our Digital Marketing, we or one of our designees will operate and maintain a System Website, which may include basic information related to each Business and the ability for customers to purchase services from your Business. You must promptly provide us with any information that we request regarding your Business for inclusion on the System Website.

## **Article 8      RECORDS, REPORTS, AUDITS, AND INSPECTIONS**

8.1. Bookkeeping and Records. You agree to keep complete and accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles. You must preserve all of your books and records in hard copy or in a format from which hard copies can be readily generated for at least five (5) years from the date of preparation or such longer period as may be required by law. You must maintain such information and records on the Business Management and Technology System as we may require from time to time in the Manual and you acknowledge and agree that we will have access to that data remotely via a network connection that we will specify. At our request, you must retain and use, at your expense, the services of an accountant or accounting firm that we approve.

8.2. Reports and Financial Statements. You agree to submit financial and operational reports and records to us at the times and in the manner specified in the Manual. Upon our written request, by April 15 of each year, you must submit your balance sheet and income statement for the previous calendar year. With respect to your year-end income statement and balance sheet, you or the Principal Executive must certify that the income statement and balance sheet are correct and complete and that they have been prepared in accordance with generally accepted accounting principles. We have the right to demand audited financial statements if an Event of Default has occurred within the last calendar year. In addition, you must provide us within 15 days after our request, exact copies of federal and state income and other tax returns and any other forms, records, books, reports, and other information that we periodically require relating to the Business or you.

8.3. Additional Information. You shall respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement. We may from time to time require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide a basis for providing our prospective franchisees with information concerning actual or potential earnings or to comply with applicable law. You will provide such information promptly on our request, and will certify that such information is true and complete in all material respects.

8.4. Inspection. We have the right, through our employees, an Area Representative, and any agents we designate, at any time during business hours and without prior notice to you to: (i) inspect the Site and Business for compliance with the Manual, (ii) videotape, photograph or otherwise record the operation of the Business, (iii) interview your employees, landlord, and customers, (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of the Business, and (v) examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of the Business. We may require you to install and maintain, at your expense, a video surveillance system that we designate which we may access remotely through a connection that we specify to ensure compliance with our standards and the Manual. Our right to inspect your business records includes records maintained electronically or off-site. You must cooperate with such inspections by giving our representatives unrestricted access and rendering such assistance as our representatives may reasonably request. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, not to exceed thirty (30) days, we have the right to correct such deficiencies and charge you a reasonable fee plus our costs and expenses incurred in such inspection. Any inspections will be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including without limitation the wages and cost of travel and living expenses for our representatives.

8.5. Auditing. Without limiting the foregoing, we may audit or cause to be audited any statement you are required to submit to us and we may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by you in connection with the Business. If any such audit or review discloses an understatement of the Gross Revenue for any period or periods, you will pay to us, within ten (10) days after demand for payment is made, all additional Royalty Fees, Marketing Fees, or other amounts required to be paid based upon the results of such audit or review. In addition, if such understatement for any period or periods is two percent (2%) or more of the Gross Revenue for such period or periods, you will reimburse us for the cost of such audit or review, including without limitation the charges of any independent accountant and any related attorneys' fees and the cost of travel and living expenses and wages for such accountants, employees, or other agents. You will pay to us, on demand, interest at the rate of 18% per annum or the maximum rate allowed by law, whichever is less, interest calculated from the date when the fees should have been paid to the date of actual payment. These remedies are in addition to and cumulative with our other remedies and rights under this Agreement and at law or equity.

## **Article 9**      **INTELLECTUAL PROPERTY**

### 9.1. Marks and Trade Dress.

- A. Acknowledgements. You acknowledge that we or our affiliates are the owner of the Marks and the Trade Dress, that you have no interest in the Marks and the Trade Dress beyond the nonexclusive License granted herein, and that, as between we and you, we have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill associated with and symbolized by them. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.
- B. Rights. Your right to use the Marks and the Trade Dress applies only to the Business operated at the Site as expressly provided in this Agreement, including advertising related to the Business. You may only use in your Business the Marks and the Trade Dress we designate, and only in compliance with written rules that we prescribe from time to time. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. You may not use

any material bearing the Marks or the Trade Dress without our prior written approval, which may be revoked at any time on reasonable notice to you. You must display the Marks in a manner that we specify on signage at the Business and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate.

9.2. Copyrights. You acknowledge that as between you and us, any and all present or future copyrights relating to the System or the CRS concept, including, but not limited to, the Manual and marketing materials, (collectively, the “Copyrights”) belong solely and exclusively to us. You have no interest in the Copyrights beyond the non-exclusive License granted in this Agreement.

9.3. No Contesting Our Rights. During and after the Term, you agree not to directly or indirectly contest our ownership, title, right or interest in or to, or our license to use, or the validity of, (i) the Marks, (ii) the Trade Dress, (iii) the Copyrights, or (iv) any trade secrets, methods, or procedures that are part of the System (collectively, the “Intellectual Property”), or contest our sole right to register, use, or license others to use the Intellectual Property.

9.4. Changes to the Intellectual Property. We have the right, on reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you, in our sole discretion. You agree to implement any such change at your own expense within the time we reasonably specify.

9.5. Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys’ fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

9.6. Post-Termination or Expiration. Your License to use the Marks will terminate and any right you have to use the Intellectual Property will revert to us without cost and without the execution or delivery of any document on expiration or termination of this Agreement. You will execute all documents that we require to confirm such reversion on our request.

9.7. Innovations. All ideas, concepts, techniques, or materials relating to a Business or the System (collectively, “Innovations”), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and the Intellectual Property, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Article you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Business or otherwise without our prior approval.

## **Article 10      PROPRIETARY INFORMATION**

10.1. Receipt of Proprietary Information. You acknowledge that prior to and during the Term, we may disclose to you, orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management,

operation, or promotion of the Business (collectively, “Proprietary Information”), including (i) site selection criteria and methodologies; (ii) methods, formats, systems, System Standards, sales and marketing techniques, knowledge and experience used in developing and operating Businesses, including information in the Manual; (iii) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Businesses; (iv) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Businesses use and/or sell; (v) knowledge of the operating results and financial performance of other Businesses; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; and (vii) any other information we reasonably designate from time to time as confidential or proprietary. “Proprietary Information” does not include (i) information that is part of the public domain or becomes part of the public domain other than by the wrongful conduct of you or a third party, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

10.2. Nondisclosure of Proprietary Information. We and our affiliates own all right, title, and interest in and to the Proprietary Information. You will not, nor will you permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manual) to any other person, except to the extent necessary for your professional advisors and your employees to perform their functions in the operation of the Business. You acknowledge that your use of the Proprietary Information in any other business would constitute an unfair method of competition with us and our franchisees. You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any employee or other person to whom you disclose Proprietary Information. You will take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and will implement any systems, procedures, or training programs that we require. At our request, you will require anyone who may have access to the Proprietary Information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third-party beneficiary of such covenants with the independent right to enforce the agreement.

10.3. Customer Information.

- A. Protection of Customer Information. You must comply with our System Standards, other directions from us, and all applicable laws regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Information on your Business Management and Technology System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Information. “Customer Information” means names, contact information, financial information and other personal information of or relating to the Business’s customers and prospective customers. If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Information was compromised or disclosed. You are responsible for any financial losses you incur or remedial actions that you must take as a result of a breach of security or unauthorized access to Customer Information in your control or possession.
- B. Use of Customer Information. You have the right to use Customer Information while this Agreement or a successor franchise agreement is in effect, but only to market CRS products and services to customers in accordance with the policies that we establish periodically and applicable law. You may not sell, transfer, or use Customer Information for any purpose other than marketing CRS products and services.

## **Article 11**      **INDEMNIFICATION**

11.1. **Indemnification.** You agree to indemnify, defend (at our election), and hold us, our Area Representative, and our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors, and assignees (the “Indemnified Parties”) harmless from and against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (i) the Business’s operation; (ii) the business you conduct under this Agreement; (iii) your performance or breach of this Agreement; or (iv) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Business’s construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. “Losses” means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable costs or expenses that an Indemnified Party incurs, including accountants’, arbitrators’, mediators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

We agree to indemnify, defend, and hold you harmless from and against all Losses which are the result of our gross negligence or willful misconduct.

11.2. **Indemnification Procedure.** You agree to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described above (collectively, “Proceedings”), including those alleging the Indemnified Party’s negligence, gross negligence, willful misconduct or wrongful omissions. Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Article (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Article. Your obligations in this Article will survive the expiration or termination of this Agreement.

11.3. **Willful Misconduct or Gross Negligence.** Notwithstanding anything herein to the contrary, you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding hereunder) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party’s willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment) or our failure to compel you to comply with this Agreement. However, nothing in this Article limits your obligation to defend us and the other Indemnified Parties.

## **Article 12**      **COVENANT NOT TO COMPETE**

12.1. **During Term.** You acknowledge that you will receive valuable, specialized training and confidential information regarding the operational, sales, promotional, and marketing methods of the CRS concept. During the Term, you and your Owners will not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity:

- A. own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any business that offers content recovery services, or other services of the kind offered by the Business or the CRS system, or (ii) any entity that grants franchises or licenses for any of these

types of businesses (collectively, each, a “Competitive Business”) at any location in the United States;

- B. divert or attempt to divert any business or customer or potential business or customer of the Business to any Competitive Business, by direct or indirect inducement or otherwise;
- C. perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;
- D. use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Business; or
- E. directly or indirectly solicit for employment any person who at any time within the immediate past twelve (12) months has been employed by us, or our affiliates, or by any of our franchisees.
- F. Encroach upon the territory of any other CRS franchisees by soliciting or offering services outside of your Territory. In the event that you breach this Section 12.1(f), you hereby indemnify and hold us harmless against any claims, action, losses, demands, suits, or any other losses as a result of your breach of this provision, and you will immediately cease such territory encroachment and all activities associated therewith upon notice from us, and will be responsible for compensating the franchisee(s) affected by your encroachment in the amount of ten percent (10%) of the gross revenue of all jobs completed in the franchisee’s territory during your period of encroachment.

12.2. After Termination, Expiration, or Transfer. For two years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, you and your Owners may not, without our prior written consent, (i) directly or indirectly own, manage, engage in, be employed in a managerial position by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located within a fifty-mile (50-mile) radius of your former Business or any other Business that is operating or under development at the time of such expiration, termination, or Transfer, or (ii) solicit for employment any person who at any time within the immediate past twelve (12) months has been employed by us, or our affiliates, or by any of our franchisees. With respect to the Owners, the time period in this Article will run from the expiration, termination, or Transfer of this Agreement or from the termination of the Owner’s relationship with you, whichever occurs first.

12.3. Publicly Traded Corporations. Ownership of less than five percent (5%) of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Article.

12.4. Covenants of Owners and Employees. The Owners personally bind themselves to this Article by signing this Agreement or the attached Guarantee. We may, in our sole discretion, require you to obtain from your officers, directors, managers, Owners’ spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants similar in substance to those contained in this Article as we prescribe in the Manual and otherwise. The agreements must be in a form acceptable to us and grant us an independent right to enforce their terms.

12.5. Enforcement of Covenants. You acknowledge and agree that (i) the time, territory, and scope of the covenants provided in this Article are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Article is determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible provided such determination is made by a court of competent jurisdiction in a final, unappealable ruling. You agree that the existence of any claim you may have against us, whether or

not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Article. You acknowledge that any breach or threatened breach of this Article will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Article. Such injunctive relief will be in addition to and cumulative with any other remedies that we may have.

## **Article 13      TRANSFER AND ASSIGNMENT**

13.1. Transfer by Us. We may assign this Agreement and all of our rights, duties, and obligations under this Agreement to any person or Entity that we choose in our sole discretion, but only to a person or legal entity who agrees to assume all of our obligations hereunder. Upon any such assignment, we will be released from all of our duties and obligations hereunder, and you will look solely to our assignee for the performance of such duties and obligations.

13.2. Definition of Transfer. For purposes of this Agreement, “Transfer” as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Business, substantially all the assets of the Business, or in the ownership of the franchisee (if you are an Entity). “Transfer” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A “Control Transfer” means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Business or all or substantially all of the Business’s assets; or (iii) any Controlling Ownership Interest (defined below) in you (if you are an Entity), whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a “Controlling Ownership Interest” in you mean either (i) 20% or more of your direct or indirect legal or beneficial ownership interests in your Entity or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and policies of you or the Business to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

13.3. No Transfer Without Our Consent. This Agreement and the License are personal to you, and we have granted the License in reliance on your (and, if you are an Entity, your Owners’) business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent, except as provided in this Agreement. If you or any of your Owners desire to make a Transfer, you must promptly provide us with written notice. Any purported Transfer without our prior written consent will be void and will constitute an Event of Default (as herein defined), for which we may terminate this Agreement without opportunity to cure. We have sole and absolute discretion to withhold our consent, except as otherwise provided in this Agreement. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. No Transfer that requires our consent may be completed until at least sixty (60) days after we receive written notice of the proposed Transfer. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement. If your Business is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so.

13.4. Control Transfer. The conditions of this Article will apply to any proposed Control Transfer.

- A. When you provide written notice of the proposed Transfer, you must pay to us a non-refundable deposit of \$10,000, plus our out-of-pocket costs, to cover our administrative costs incurred in reviewing the proposal. The deposit will be applied towards your Transfer Fee in the event that the Transfer is completed.

- B. You or your transferee must pay to us the Transfer Fee. You must make such payment by wire transfer from the proceeds of the sale at the closing if we so request.
- C. You must satisfy all of your accrued monetary obligations to us and must be in compliance with all obligations to us under this Agreement and any other agreement that you have with us and our affiliates as of the date of the request for our approval of the Transfer or you must make arrangements satisfactorily to us to come into compliance by the date of the Transfer.
- D. You and your Owners must execute a general release, in a form that we prescribe, in favor of us, our Area Representatives, our affiliates, and our and their affiliates' past, present, and future officers, directors, managers, members, equity holders, agents, and employees, releasing them from all claims, including claims arising under federal, state, and local laws, rules, and regulations.
- E. You and your Owners must agree to remain liable for all of the obligations to us in connection with the Business arising before the effective date of the Transfer and execute any and all instruments that we reasonably request to evidence such liability.
- F. You and your Owners must continue to be bound by the provisions of those Articles of this Agreement which, by their terms or nature, would survive the expiration or termination of this Agreement if either occurred on the date of the Transfer.
- G. You must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the Site Lease to your transferee.
- H. Your proposed transferee (or, if the transferee is not an individual, all owners of any legal or beneficial interest in the transferee) must demonstrate to our satisfaction that he or she meets all of our then-current qualifications to become a CRS franchisee, including not having any involvement with a Competing Business, or if he or she is already a CRS franchisee, he or she must not be in default under any of their agreements with us and must have a good record of customer service and compliance with our System Standards.
- I. Your proposed transferee and their representatives must successfully complete our then-current training requirements at their expense.
- J. Your proposed transferee (and any owner of a beneficial or legal interest therein) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee.
- K. Your proposed transferee (and any owner of a beneficial or legal interest therein) must execute, for a term ending on the last day of the Term and with such Successor Term as is provided by this Agreement, our then-current franchise agreement for new franchisees and such other agreements as we may require, which agreements will supersede this Agreement in all respects. The terms of the new franchise agreement may differ significantly from the terms of this Agreement. The prospective transferee will not be required to pay any initial Franchise Fee.
- L. Your proposed transferee must make arrangements to modernize, renovate, or upgrade the Business to conform to our then-current System Standards for new CRS Businesses at transferee's own expense.

- M. Your proposed transferee must covenant that it will continue to operate the Business under the Marks and using the System.
- N. We must determine, in our sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Business, and if you or your Owners finance any part of the purchase price, you and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Business are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with this Agreement.

13.5. Non-Control Transfers. For any Transfer that does not result in a Control Transfer, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we may request. We will have the right to require you to pay a Transfer Fee that is equal to \$2,500.00 plus our administrative costs in processing such Transfer, including any attorneys' fees and other third-party costs that we incur. We will have a reasonable time (not less than thirty (30) days) after we have received all requested information to evaluate the proposed Transfer. You and your transferee must satisfy the conditions we specify in this Agreement or elsewhere. You and your Owners must sign the form of agreement and related documents that we specify to reflect your new ownership structure. We may withhold our consent on any reasonable grounds or make our consent subject to your satisfaction of reasonable conditions.

13.6. Transfer To an Entity. We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that: (i) the Entity has and will have no other business besides operating CRS Businesses; (ii) you satisfy the conditions in this Article we specify; (iii) the Owners hold equity interests in the new Entity in the same proportion shown on Attachment A; and (iv) you pay a Transfer Fee that is equal to \$10,000 plus our administrative costs in processing such Transfer, including any attorneys' fees and other third party costs that we incur.

13.7. Permitted Transfers. The other provisions in this Article do not apply, including our right of first refusal and right of approval, to the following Transfers:

- A. Security Interests. You may grant a security interest in the Site (if you own the Site), the Business, any Operating Assets, this Agreement, or any direct or indirect legal or beneficial interest in you to a financial institution or other party that provided or provides any financing for your acquisition, development, or operation of the Business, but only if that party signs our then current form of lender consent to protect our rights under this Agreement. Any foreclosures or other exercise of the rights granted under that security interest are subject to all applicable terms and conditions of this Article.
- B. Transfer to a Trust. Any Owner who is an individual may Transfer his or her ownership interest in you (or any of your Owners that is an Entity) to a trust that he or she establishes for estate planning purposes, as long as he or she is a trustee of the trust and otherwise controls the exercise of the rights in you (or your Owner) held by the trust and you notify us in writing of the Transfer at least ten (10) days before its anticipated effective date. Dissolution of or transfers from any trust described in this paragraph are subject to all applicable terms and conditions of this Article.

13.8. Death or Incapacity. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing for consent to Transfer the person's interest no more than three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition). The Transfer will be subject to the provisions of this Article, as applicable, except there shall be no Transfer Fee due. In addition, if the deceased or incapacitated person is you or the Principal Executive, we will have the right (but not the obligation) to take over operation of the Business until the Transfer is completed and to charge a reasonable management fee

for our services. For purposes of this Article, “incapacity” means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days or (ii) for sixty (60) or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of this Article, the executor may transfer the decedent’s interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this paragraph within 120 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement.

13.9. Right of First Refusal.

- A. Our Right. We have the right, exercisable within thirty (30) days of receiving notice of your intent to Transfer and such documentation and information that we require, to send written notice to you that we intend to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third party or, at our option, the cash equivalent thereof. If you and we cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise our rights. We must receive, and you and your Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Business or your business prior to the closing of our purchase. Closing on our purchase must occur within ninety (90) days of the date of our notice to the seller electing to purchase the interest. We may assign our right of first refusal to another Entity or person either before or after we exercise it. However, our right of first refusal will not apply to Permitted Transfers, transfers on death or incapacity, or transfers to your spouse or child.
- B. Declining Our Right. If we elect not to exercise our rights under this Article, the transferor may complete the Transfer after complying with the applicable provisions in this Agreement. The Transfer must close within ninety (90) days of our election (or such longer period as applicable law requires); otherwise, the third-party’s offer will be treated as a new offer subject to our right of first refusal. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller’s interest will constitute a new offer subject to the same right of first refusal as the party’s initial offer. The Transfer is conditional on our determination that the Transfer was on terms substantially the same as those offered to us.

13.10. Commissions and Fees. You agree to pay us all brokerage commissions, finder’s fees, and similar charges we incur in connection with the transfer of your franchise.

**Article 14      TERMINATION AND DEFAULT**

14.1. Events of Default. The occurrence of any of the events in this Article will constitute an “Event of Default” under this Agreement.

(a) Curable Defaults:

(i) You fail to pay any financial obligation pursuant to this Agreement (a) within five (5) days of the date on which we give notice of such delinquency, (b) immediately on written notice if a payment has not been made within sixty (60) days after the date on which it is required to be paid, or (c) immediately on written notice if you are determined to have under-reported your Gross Sales during any month by two

(2%) percent or more of the actual Gross Sales during such month on two (2) or more occasions during the Term of this Agreement, whether or not you subsequently rectify the deficiency.

(ii) You fail, for a period of fifteen (15) days after notification of non-compliance by an appropriate authority, to comply with any law or regulation applicable to the operation of the Business.

(iii) You fail to perform or breach any covenant, obligation, term, condition, warranty, or certification herein or fail to operate the Business as specified in the Manual, fail to pay promptly any undisputed invoices from us, our affiliates, or your suppliers, and fail to cure such non-compliance or deficiency within thirty (30) days (or such longer term as granted by us) after your receipt of written notice.

(iv) You abandon or cease to operate all or any part of the Business conducted under this Agreement for seventy-two (72) hours or longer or default under any mortgage, deed of trust or lease with us or any third party covering the Business or the Site, fail to cure such abandonment or default and we or such third party treat such act or omission as a default, and you fail to cure the default to the satisfaction of us or such third party within any applicable cure period granted you by us or such third party.

(b) Non-Curable Defaults

(i) You become insolvent or make a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if you file a petition in bankruptcy or one is filed against and consented to by you or not dismissed within thirty (30) days, or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed.

(ii) A final judgment in excess of Five Thousand Dollars (\$5,000) against you relating to the Business remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction).

(iii) You fail to commence operation of the Business as required by this Agreement.

(iv) You make, or have made, any materially false statement or report in connection with this Agreement or application therefore.

(v) Any transfer and assignment provision contained in Article 13 of this Agreement is violated.

(vi) You receive from three (3) or more notices to cure the same or similar defaults or violations of this Agreement during any twelve (12) month period.

(vii) You or your Principal Executive fail to complete to Franchisor's reasonable satisfaction any of our required Initial Training.

(viii) You or any of your Owners violate any covenant of confidentiality or non-disclosure contained in this Agreement or otherwise disclose, use, permit the use of, copy, duplicate, record, transmit or otherwise reproduce any manual, material, good, or information created or used by us and designated for confidential use in the System.

(ix) You or any person controlling, controlled by or under common control with you, or any principal officer or employee of you or any such person, owning an interest in the Business is convicted of a felony, or any other crime or offense that is reasonably likely, in our sole subjective opinion, to affect adversely the System, the Marks, or the goodwill associated therewith.

(x) You or any guarantor(s) default on any other agreement with us or any of our affiliates, and such default is not cured in accordance with the terms of such other agreement.

(xi) You fail to perform or breach any covenant, obligation, term, condition, warranty, or certification in this Agreement related to the Marks, including misuse of the Marks.

#### 14.2. Our Remedies on Default.

(a) Right to Terminate. If an Event of Default occurs, we may, at our sole election and without notice or demand of any kind, terminate this Agreement and any and all other rights granted under it with immediate effect. You will not be relieved of any of your obligations, debts, or liabilities under this Agreement by such termination.

(b) Other Remedies. If an Event of Default occurs, we may, at our sole election and on delivery of written notice to you, take any or all of the following actions without terminating this Agreement:

(i) temporarily or permanently reduce the size of the Territory, in which event any restrictions on us and our affiliates will not apply in the geographic area that was removed from the Territory;

(ii) temporarily remove information concerning the Business from the System Website or stop your or the Business's participation in any other programs or benefits offered on or through the System Website;

(iii) suspend your right to participate in one or more programs or benefits that the Brand Fund provides;

(iv) suspend any other services that we or our affiliate provides to you under this Agreement or any other agreement, including any services relating to the Business Management and Technology System;

(v) suspend or terminate any temporary or permanent fee reductions to which we might have agreed whether as a policy, in an amendment to this Agreement, or otherwise;

(vi) suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements;

(vii) undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us on demand for all costs and expenses that we reasonably incur in performing any such obligation or duty; or

(viii) enter the Business's premises and assume the management of the Business ourselves or appoint a third party (who may be our affiliate) to manage the Business. All funds from the operation of the Business while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Business will be charged to that account. We or our appointee may charge you (in addition to the amounts due under this Agreement) a management fee equal to five (5%) percent of the Business's Gross Revenue during the period of management ("Management Fee"), plus any direct out-of-pocket costs and expenses. We or our appointee has a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses, or obligations the Business incurs, or to any of your creditors for any products or services the Business purchases, while managing it. You shall not take or fail to take any action the commission or non-commission of which would interfere with our or our appointee's exclusive right to manage the Business and may, in our sole discretion, be prohibited from visiting the Business so as to not interfere with its operations. Our (or our appointee's) management of the Business will continue for intervals lasting up to ninety (90) days each (and, in any event, for no more than a total of one year), and

we will during each interval periodically evaluate whether you are capable of resuming operation of the Business and periodically discuss the Business's status with you.

(c) Exercise of Other Remedies. Our exercise of our rights to assume management of your Business or appoint an agent to do the same will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default. You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement following our exercise of any of these rights. If we exercise any such right, we may thereafter terminate this Agreement without providing you any additional corrective or cure period.

14.3. Termination By You. Subject to state law, you may terminate this Agreement only if: (i) we commit a material breach of this Agreement; (ii) you give us written notice of the breach; (iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within sixty (60) days after receipt of your notice; and (iv) you are in full compliance with your obligations under this Agreement. If we cannot reasonably correct the breach within this sixty (60) day period but provide you with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period shall be the amount of time reasonably required to effect a cure. Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this paragraph (including by taking steps to de-identify the Business or otherwise cease operations under this Agreement) will constitute an Event of Default by you.

## **Article 15      YOUR OBLIGATIONS UPON EXPIRATION OR TERMINATION**

15.1. Covenant. In addition to any other provision of this Agreement which by its terms or nature is intended to survive the expiration or termination of this Agreement, you agree to comply with the terms of this Article on expiration or termination of the Agreement for any reason.

15.2. Payment of Costs and Amounts Due. You will pay all sums owed to us and our affiliates. If this Agreement is terminated due to an Event of Default, you will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default. These payment obligations will give rise to and remain, until paid in full, a lien in favor of us against the Business premises and any and all of the personal property, fixtures, equipment, and inventory that you own at the time of the occurrence of the Event of Default separate and additional to any other lien or interest we may have under this Agreement. We are hereby authorized at any time after the Effective Date to make any filings and to execute such documents on your behalf reasonably related to perfecting the lien created hereby. You also will pay to us all damages, costs, and expenses, including reasonable attorneys' fees, that we incur after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Agreement.

15.3. Discontinue Use of the System and the Intellectual Property. You must immediately cease using, in advertising or in any other manner, (i) the Intellectual Property (including, without limitation, the Marks and the Trade Dress), (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Intellectual Property or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or the Trade Dress.

15.4. Return of Proprietary Information. You must immediately return to us, at your expense, all copies of the Manual, all of your Customer Information that you are permitted by law to transfer to us, and all other Proprietary Information (and all copies thereof). You may not use any Proprietary Information or sell, trade or otherwise profit in any way from any Proprietary Information at any time following the expiration or termination of this Agreement.

15.5. Cease Identification with Us. You must immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Business or the Marks (collectively, “Identifiers”). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this paragraph, you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer.

15.6. Our Right to Purchase Business Assets.

- A. Exercise of Option. Upon termination of this Agreement for any reason or expiration of this Agreement without a fully executed successor franchise agreement, we may, by written notice within fifteen (15) days of the date of termination or expiration (the “Exercise Notice”), purchase the Operating Assets, and other assets used in the operation of the Business that we designate (the “Purchased Assets”). We have the unrestricted right to exclude any assets we specify relating to the Business from the Purchased Assets and not acquire them. You agree to provide us the financial statements and other information we reasonably require, and to allow us to inspect the Business and its assets, to determine whether to exercise our option under this paragraph. If you or one of your affiliates owns the Site, we may elect to include a fee simple interest in the Site as part of the Purchased Assets or, at our option, lease the Site from you or that affiliate for an initial five-year term with one renewal term of five years (at our option) on commercially reasonable terms. You (and your Owners) agree to cause your affiliate to comply with these requirements. If you lease the Site from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.
- B. Operations Pending Purchase. While we are deciding whether to exercise our option under this Article, and, if we do exercise that option, during the period beginning with our delivery of the Exercise Notice and continuing through the closing of our purchase or our decision not to complete the purchase, you must continue to operate the Business in accordance with or on the same terms as this Agreement. However, we may, at any time during that period, assume the management of the Business ourselves or appoint a third party (who may be our affiliate or our Area Representative) to manage the Business.
- C. Purchase Price. The purchase price for the Purchased Assets will be their fair market value for use in the operation of a Competitive Business (but not a CRS business). However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, any Proprietary Information or our other intellectual property rights, or participation in the network of Businesses. For purposes of determining the fair market value of all equipment (including the Business Management and Technology System) used in operating the Business, the equipment’s useful life shall be determined to be no more than three years. If we and you cannot agree on fair market value for the Purchased Assets, we will select an independent appraiser after consultation with you, and his or her determination of fair market value will be the final and binding purchase price.
- D. Closing. We will pay the purchase price at the closing, which will take place no more than sixty (60) days after the purchase price is determined, although we may decide after the purchase price is determined not to complete the purchase. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. We are entitled to all customary representations, warranties and indemnities in our asset purchase, including

representations and warranties as to ownership and condition of and title to, assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events and conditions that existed or occurred in connection with the Business or your business prior to the closing of our purchase. At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Business's licenses and permits which may be assigned or transferred. If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your Owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us, our Area Representatives, and our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

15.7. De-identification of the Site. If we do not exercise our option to acquire the Site Lease or the Site, you will make such modifications or alterations to the Site immediately upon termination or expiration of this Agreement that we deem necessary to distinguish the appearance of the Site from a CRS business, including, but not limited to, removing the signs, the Marks, and any Trade Dress that could indicate to the public an association with the CRS brand. If you do not comply with the requirements of this Article, we may enter the Business without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes. You agree to reimburse us on demand for our expenses in making such changes.

15.8. Promote Separate Identity. You will not, directly or indirectly, in any manner, identify yourself, or any individual connected with you, as a former CRS franchisee or as otherwise having been associated with us, or use in any manner or for any purpose any of the Marks.

15.9. Surviving Provisions. You and your Owners must comply with the provisions of this Agreement which by their nature or by their terms survive the expiration or termination of this Agreement.

15.10. Injunctive and Other Relief. You acknowledge that your failure to abide by the provisions of this Article will result in irreparable harm to us, and that our remedy at law for damages will be inadequate. Accordingly, you agree that if you breach any provisions of this Article, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

## **Article 16      DISPUTE RESOLUTION AND GOVERNING LAW**

16.1. Mandatory Pre-Litigation Mediation. Except as otherwise provided in this Article, prior to filing any proceeding to resolve any dispute based upon, arising out of, or in any way connected with this Agreement, a party must submit the dispute for mediation. The mediation will be held before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the American Arbitration Association ("AAA"). All parties must attend and participate in the mediation. The mediation shall not last more than one day and shall be held in Coraopolis, Pennsylvania, unless we no longer have an office there, in which case it will be held in the metropolitan area of our then-current principal place of business. If we and you do not resolve our dispute, then thereafter any party may file for litigation, as applicable in accordance with the terms of this Agreement. The mediation shall be governed by the rules of the AAA. It is the intent of the parties that mediation shall be held not later than fourteen (14) days after a written request for mediation shall have been served on the other parties. The obligation to mediate shall not be binding upon either party with respect to claims relating to the Marks, the non-payment or underpayment of any monies due under this Agreement, the noncompetition covenants, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief provided such equitable relief is deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute.

Class Action Waiver. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES AGREE THAT ANY CLAIMS WILL BE ADJUDICATED ON AN INDIVIDUAL BASIS, AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS, COLLECTIVE, OR OTHER JOINT ACTION WITH RESPECT TO THE CLAIMS.

16.2. Forum for Litigation. You and the Owners must file any suit against us, and we may file any suit against you, in any federal court located in Pittsburgh, Pennsylvania, or a state court located in Pittsburgh, Pennsylvania, unless we no longer have an office there, in which case, you must file any suit against us, and we may file against you, in federal or state courts located in the metropolitan area of our then-current principal place of business. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

16.3. Governing Law. This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of Pennsylvania without regard to any principles of conflict of laws.

16.4. Mutual Waiver of Jury Trial. You and we each irrevocably waive trial by jury in any litigation.

16.5. Mutual Waiver of Punitive Damages. Each of us waives any right to or claim of punitive, exemplary, multiple, or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained.

16.6. Remedies Not Exclusive. Except as provided in the previous paragraph, no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under Applicable Laws. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

16.7. Limitations of Claims. Except for:

- A. claims against you by us concerning the underreporting of Gross Revenue and corresponding underpayment of any fees;
- B. claims against you by us relating to third-party claims or suits brought against us as a result of your operation of the Business;
- C. claims against you by us for injunctive relief to enforce the provisions of this Agreement relating to your use of the Marks;
- D. claims against you by us relating to your financial obligations upon the termination or expiration of the Agreement;
- E. claims against you by us or concerning your obligations with respect to Proprietary Information and your covenant not to compete; and
- F. claims against you by us regarding an assignment of this Agreement or any ownership interest therein,
- G. any and all claims arising out of or relating to this agreement or our relationship with you will be barred unless a judicial proceeding is commenced in the proper forum within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim.

16.8. Our Right to Injunctive Relief. Nothing in this Agreement bars our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond in excess of \$1,000.00 or other security in seeking or obtaining injunctive relief whether preliminary or permanent and including specific performance with respect to this Agreement.

16.9. Attorneys' Fees and Costs. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees and other costs of litigation): (i) to enforce the terms of this Agreement or any obligation owed to us by you or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim you or the Owners assert against us on which we substantially prevail in court or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings.

## **Article 17      MISCELLANEOUS**

17.1. Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement between you and us with respect to the Business and supersede all prior discussions, understandings, representations, and agreements concerning the same subject matter. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document (the "FDD") that we delivered to you or your representatives. This Agreement includes the terms and conditions on Attachment A, which are incorporated into this Agreement by this reference.

17.2. Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by each party to this Agreement except that the Manual and any policies that we adopt and implement may be changed by us from time to time at our sole discretion.

17.3. Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such waiver must be in writing. No course of dealing or performance by any party, and no failure, omission, delay, or forbearance by any party, in whole or in part, in exercising any right, power, benefit, or remedy, will constitute a waiver of such right, power, benefit, or remedy. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

17.4. Importance of Timely Performance. Time is of the essence with respect to all of your obligations under this Agreement.

17.5. Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "include," "including," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

17.6. Severability. Each provision of this Agreement is severable from the others. If any provision of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability

will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

17.7. Applicable State Law Controlling. If the termination, renewal, or other provisions set forth in this Agreement are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of us and franchisees, the provisions of such statute will apply to this Agreement, but only to the extent of such inconsistency.

17.8. Survival. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer.

17.9. Consent. Whenever our prior written approval or consent is required under this Agreement, you agree to make a timely written request to us for such consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

17.10. Independent Contractor Relationship. This Agreement does not create, nor does any conduct by us create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose. You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. You are, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Business and its business, including any personal property, Operating Assets, or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Business. Further, we and you are not and do not intend to be partners, associates, or joint employers in any way, and we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances. We have no relationship with your employees and you have no relationship with our employees.

17.11. Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; or (iv) by facsimile (if the sender receives machine confirmation of successful transmission). Notices to you will be sent to the address set forth on Attachment A. Notices to us must be sent to:

CRS Franchising, LLC  
195 Montour Run Road, Suite 105  
Coraopolis, Pennsylvania 15108

Either party may change its mailing address or facsimile number by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile.

17.12. Execution. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument.

17.13. Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

17.14. No Third-Party Beneficiaries. Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

17.15. Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on Attachment A. To the extent that any provisions of Attachment A are in direct conflict with the provisions of this Agreement, the provisions of Attachment A shall control.

17.16. Delegation. While we currently do not have any plans to do so, we may delegate the performance of any or all of our obligations under this Agreement to an affiliate, agent, independent contractor, or other third party.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, upon signing below, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

CRS Franchising, LLC

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE

(IF ENTITY):

\_\_\_\_\_  
[Name]

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

(IF INDIVIDUAL):

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

**ATTACHMENT A**

**FRANCHISEE-SPECIFIC TERMS**

**Effective Date:**

**Franchisee's Name(s):**

**Ownership of Franchise:**

*If the franchisee is a business entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:*

<u>Name</u>	<u>Percentage Ownership</u>
<u>[FRANCHISEE MEMBER 1]</u>	%
<u>[FRANCHISEE MEMBER 2]</u>	%
<u>[FRANCHISEE MEMBER 3]</u>	%

**Principal Executive:**

**Designated Representative:**

**Franchise Fee: \$55,000**

**Franchisee's Address, Phone, and Email:**

**Protected Territory:**

*[Attach map or list of distinguishing territory features such as list of zip codes]*

Signature Page for Attachment A (Franchisee-Specific Terms)

FRANCHISOR

CRS Franchising, LLC

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE

(IF ENTITY):

\_\_\_\_\_  
[Name]

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

(IF INDIVIDUALS):

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Date: \_\_\_\_\_

*Schedule I to Attachment A of the Franchise Agreement  
Franchisee-Specific Terms  
(to be completed after site selection and acceptance)*

1. Site: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CRS Franchising, LLC agrees that, effective on the date specified below, (i) the address listed above is hereby accepted by us as the Site pursuant to the Franchise Agreement.

CRS Franchising, LLC:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Acknowledged and Agreed:  
[Franchisee]

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ATTACHMENT B

### PERSONAL GUARANTEE OF OWNER/SHAREHOLDER

This Personal Guarantee and Assumption of Obligations (this “Guarantee”) is given this [DD MONTH YYYY], by [INDIVIDUAL OWNER NAME].

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (“Franchise Agreement”) by CRS Franchising, LLC (“Franchisor”), a Pennsylvania limited liability company, and [FRANCHISEE ENTITY], a [STATE AND FRANCHISEE ENTITY TYPE] (“Franchisee”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Franchise Agreement and, including any renewal thereof, as provided in the Franchise Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Franchise Agreement (collectively, the “Franchise Documents”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

- acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guaranteed;
- any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

- the undersigned’s direct and immediate liability under this Guarantee shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
- the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;
- this Guarantee shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;

- such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this Guarantee, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Franchise Agreement.

This Guarantee shall be governed, construed, and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

GUARANTOR

\_\_\_\_\_  
[GUARANTOR NAME]

**DATE:**

## ATTACHMENT C

### FORMS OF GENERAL RELEASE

This GENERAL RELEASE (“**Release**”) effective as dated below by \_\_\_\_\_ (“**Releasor**”), with reference to the following facts:

The undersigned Releasor is the Franchisee under, and signatory to, that certain Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”) by and between CRS Franchising, LLC a Pennsylvania limited liability company (“**Franchisor**”) and Releasor granting Releasor the right to use the System and Marks to operate the Business subject to the terms provided thereunder.

Releasor agrees that all capitalized terms in this Release will have the meaning that are ascribed to them in the Franchise Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, RELEASOR AGREES AS FOLLOWS:

1. *General Release.* In consideration of, and as an inducement to, Franchisor’s agreement to renew or consent to a transfer of the Franchise Agreement, as applicable, Releasor, for itself and on behalf of its current and former parents, subsidiaries, affiliates and related entities, and its and their respective current and former shareholders, owners, officers, directors, members, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns, all persons acting on its or their behalf or claiming under it or them and all entities in which it or they has(ve) or had an ownership interest (individually, collectively, and in any combination, the “**Releasor Parties**”), hereby (i) releases and forever discharges Franchisor, their current and former parents, subsidiaries, affiliates and related entities, and its and their current and former shareholders, members, officers, directors, owners, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns (individually, collectively, and in any combination, the “**Released Parties**”), from any and all claims, debts, rights, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, of every nature, character or description whatsoever, at law or in equity, whether known or unknown, vested or contingent, suspected or unsuspected or anticipated or unanticipated which any or all of the Releasor Parties now own or have, have ever had, or may ever have, against any or all of the Released Parties arising prior to or as of the date of this Release, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against the Released Parties relating to any claim or demand released under this Article 1; provided, however, that this release and covenant not to sue will not apply to any claims that arise under any applicable federal or state franchise laws, except to the extent that such claims may by law be released by this Release. Releasor will take whatever actions are necessary or appropriate to carry out the terms of this Release and covenant not to sue upon Franchisor’s request. This Article 1 will survive the expiration or termination of this Release.

2. *Waiver of Rights.* This release is intended by Releasor to be a full and unconditional general release, as that phrase is used and commonly interpreted, and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Releasor (for itself and all other Releasor Parties) against the Released Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Releasor, for itself and the other Releasor Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under the statutory or common law of the state where the Business is located, whether now or hereinafter existing under the laws of the state where the Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship. Releasor, on its own behalf and on behalf of the other Releasor Parties, expressly waive the

provisions of Section 1542 of the Civil Code of the State of California (as well as under any other statutes or common law principles of similar effect whether now or hereinafter existing), which provides:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his settlement with the debtor or released party.**

In making this voluntary express waiver, Releasor acknowledges that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. *Release Not Admission.* Releasor understands and agrees that the giving or acceptance of this Release and the agreements contained herein will not constitute or be construed as an admission of any liability by Franchisor, or an admission of the validity of any claims made by or against Franchisor.

4. *Authority of Parties.* Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

5. *No Prior Assignments.* Releasor represents and warrants that Releasor has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all such Claims being released.

6. *Incorporation by Reference.* The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

7. *Controlling Law.* This Release will be governed, construed, and interpreted in accordance with the substantive laws of the state where the Business is located.

IN WITNESS WHEREOF, Releasor has executed this Release on the date shown below.

Releasor:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**GENERAL RELEASE  
FOR RENEWAL OR TRANSFER  
(for Owner)**

This GENERAL RELEASE (“**Release**”) effective as dated below by \_\_\_\_\_ (“**Releasor**”), with reference to the following facts:

The undersigned Releasor is the Franchisee under, and signatory to, that certain Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”) by and between CRS Franchising, LLC, a Pennsylvania limited liability company (“**Franchisor**”) and Releasor granting Releasor the right to use the System and Marks to operate the Business subject to the terms provided thereunder.

Releasor agrees that all capitalized terms in this Release will have the meaning that are ascribed to them in the Franchise Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, RELEASOR AGREES AS FOLLOWS:

1. *General Release.* In consideration of, and as an inducement to, Franchisor’s agreement to renew or consent to a transfer of the Franchise Agreement, as applicable, Releasor, for itself and on behalf of its current and former parents, subsidiaries, affiliates and related entities, and its and their respective current and former shareholders, owners, officers, directors, members, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns, all persons acting on its or their behalf or claiming under it or them and all entities in which it or they has(ve) or had an ownership interest (individually, collectively, and in any combination, the “**Releasor Parties**”), hereby (i) releases and forever discharges Franchisor, their current and former parents, subsidiaries, affiliates and related entities, and its and their current and former shareholders, members, officers, directors, owners, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns (individually, collectively, and in any combination, the “**Released Parties**”), from any and all claims, debts, rights, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, of every nature, character or description whatsoever, at law or in equity, whether known or unknown, vested or contingent, suspected or unsuspected or anticipated or unanticipated which any or all of the Releasor Parties now own or have, have ever had, or may ever have, against any or all of the Released Parties arising prior to or as of the date of this Release, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against the Released Parties relating to any claim or demand released under this Article 1; provided, however, that this release and covenant not to sue will not apply to any claims that arise under any applicable federal or state franchise laws, except to the extent that such claims may by law be released by this Release. Releasor will take whatever actions are necessary or appropriate to carry out the terms of this Release and covenant not to sue upon Franchisor’s request. This Article 1 will survive the expiration or termination of this Release.

2. *Waiver of Rights.* This release is intended by Releasor to be a full and unconditional general release, as that phrase is used and commonly interpreted, and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Releasor (for itself and all other Releasor Parties) against the Released Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Releasor, for itself and the other Releasor Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under the statutory or common law of the state where the Business is located, whether now or hereinafter existing under the laws of the state where the Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship. Releasor, on its own behalf and on behalf of the other Releasor Parties, expressly waive the

provisions of Section 1542 of the Civil Code of the State of California (as well as under any other statutes or common law principles of similar effect whether now or hereinafter existing), which provides:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his settlement with the debtor or released party.**

In making this voluntary express waiver, Releasor acknowledges that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts.

3. *Release Not Admission.* Releasor understands and agrees that the giving or acceptance of this Release and the agreements contained herein will not constitute or be construed as an admission of any liability by Franchisor, or an admission of the validity of any claims made by or against Franchisor.

4. *Authority of Parties.* Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

5. *No Prior Assignments.* Releasor represents and warrants that Releasor has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all such Claims being released.

6. *Incorporation by Reference.* The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

7. *Controlling Law.* This Release will be governed, construed, and interpreted in accordance with the substantive laws of the state where the Business is located.

IN WITNESS WHEREOF, Releasor has executed this Release on the date shown below.

Releasor:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT D**

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM**

**Bank Name:**

**ABA Number:**

**Account Number:**

**Account Name:**

Effective as of the date of the signature below, [FRANCHISEE NAME] (the “Franchisee”) hereby authorizes CRS Franchising, LLC (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated [EFFECTIVE DATE OF FA] (the “Franchise Agreement”) for the business operating at: [FRANCHISEE’S PRINCIPAL ADDRESS] (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. [FRANCHISEE NAME] shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE:

FRANCHISOR:

\_\_\_\_\_  
[FRANCHISEE NAME]

\_\_\_\_\_  
CRS Franchising, LLC

\_\_\_\_\_  
Name, Title

\_\_\_\_\_  
Name, Title

**PLEASE ATTACH A VOIDED BLANK CHECK, FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.**

**ATTACHMENT E**

**LEASE RIDER**

THIS LEASE RIDER is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between CRS Franchising, LLC ("Company"), \_\_\_\_\_ ("Franchisee"), and \_\_\_\_\_ ("Landlord").

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a CRS Business ("Business") at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at \_\_\_\_\_

\_\_\_\_\_ (the "Premises") for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Business and for no other purpose.
2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the CRS system as Company may from time to time prescribe for the Business.
3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

CRS Franchising, LLC  
195 Montour Run Road, Suite 10  
Coraopolis, Pennsylvania 15108

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the CRS system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the CRS trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

**5.** Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment.

**6.** If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

**7.** Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

**8.** Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

**9.** The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

**10.** Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Lease Rider of the date first above written:

COMPANY:

FRANCHISEE:

CRS Franchising, LLC

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

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

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

LANDLORD:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT F**

**CONFIDENTIALITY AND NON-COMPETE**

**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**

*(for trained employees, officers, directors, general partners, members, Controlling Person(s) and any other management personnel of Franchisee)*

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of \_\_\_\_\_ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from CRS Franchising, LLC (the "Company") to: (i) establish and operate an CRS franchised business (the "Business"); and (ii) use in the operation of the Business the Company's trade names, trademarks and service marks (collectively, the "Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of an CRS business (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized \_\_\_\_\_ and \_\_\_\_\_ approved \_\_\_\_\_ location: \_\_\_\_\_ (the "Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the Business and System generally, including without limitation: Company's proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Business (collectively, the "Manual"); Franchisor's proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Business and other CRS businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Business; and any techniques, methods and know-how related to the operation of an CRS business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the "Confidential Information").

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Business during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Company, upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which provides or offers content recovery services and similar services (collectively, a "Competing Business"). I also agree that I will not undertake any action to divert business from the Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Controlling Person of Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Business, or an officer/director/manager/partner of Franchisee that has not already executed a personal guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of one year after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 10-mile radius of the Premises; or (ii) within a 5-mile radius of any other CRS business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this one-year period following the termination or expiration of my employment with the Franchisee.

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

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees, and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF PENNSYLVANIA AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT FOR PENNSYLVANIA. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY PENNSYLVANIA OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. "Business day" for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

## ATTACHMENT G

### FRANCHISEE COMPLIANCE QUESTIONNAIRE

**DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE).**

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE

As you know, CRS Franchising, LLC (“we”, “us”), and you are preparing to enter into a franchise agreement for the right to operate a CRS franchise, or operate a franchisee Territory (each, a “Business”). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay us the appropriate Franchisee Fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes \_\_\_ No \_\_\_ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?
- Yes \_\_\_ No \_\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes \_\_\_ No \_\_\_ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes \_\_\_ No \_\_\_ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes \_\_\_ No \_\_\_ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)? Please provide the name of the lawyer/law firm that completed the review: \_\_\_\_\_
- Yes \_\_\_ No \_\_\_ 6. Do you understand the success or failure of your Business(es) will depend in large part upon your skills, abilities, and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Territory, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace?
- Yes \_\_\_ No \_\_\_ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?
- Yes \_\_\_ No \_\_\_ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under the Franchise

Agreement, without regard to the proximity of these activities to the premises of your Business(es)?

- Yes \_\_\_ No \_\_\_ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then-current headquarters?
- Yes \_\_\_ No \_\_\_ 10. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?
- Yes \_\_\_ No \_\_\_ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?
- Yes \_\_\_ No \_\_\_ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Principal Executive(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?
- Yes \_\_\_ No \_\_\_ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes \_\_\_ No \_\_\_ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?
- Yes \_\_\_ No \_\_\_ 15. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?
- Yes \_\_\_ No \_\_\_ 16. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes \_\_\_ No \_\_\_ 17. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes \_\_\_ No \_\_\_ 18. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes \_\_\_ No \_\_\_ 19. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or

assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_ No \_\_\_ 20. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Business purchase with exception of those payments or loans provided in the Disclosure Document?

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

\_\_\_\_\_  
Signature of Franchisee Applicant

\_\_\_\_\_  
Signature of Franchisee Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature of Franchisee Applicant

\_\_\_\_\_  
Signature of Franchisee Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER**

**EXHIBIT F**

**AREA DEVELOPMENT AGREEMENT WITH ATTACHMENTS**



**DEVELOPMENT AGREEMENT**

between

**CRS FRANCHISING, LLC**

and

---

FRANCHISEE

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## ATTACHMENTS

- Attachment A – Franchisee-Specific Terms
- Attachment B – Payment and Performance Guarantee

## CRS FRANCHISING, LLC

### AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT (this “Agreement”) is made and entered into as of the date set forth on Attachment A to this Agreement (the “Effective Date”) (Attachment A and all appendices and/or schedules attached to this Agreement are hereby incorporated by this reference) between CRS Franchising LLC, a Pennsylvania limited liability company doing business as Content Recovery Specialists or CRS (“Franchisor,” “we,” “us,” or “our”) and the person or entity identified in Attachment A as the franchisee (“Franchisee” or “you”) with its principal place of business as set forth in Attachment A.

#### RECITALS

- A. We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the “Initial Franchise Agreement”), in which we have granted you the right to establish and operate one CRS business within the protected territory set forth in the Initial Franchise Agreement (a “Business”).
- B. We desire to grant to you the exclusive right to establish and operate a specified number of Businesses within a specified geographical area in accordance with a development schedule.
- C. If you are a corporation, limited liability company, partnership, or other entity (collectively, an “Entity”), all owners of a legal and/or beneficial interest in the Entity (the “Owners”) are listed in Attachment A to this Agreement.
- D. You desire to establish and operate additional Businesses upon the terms and conditions contained in our then-current standard franchise agreements (a “Franchise Agreement”).

**NOW, THEREFORE**, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

#### **1. Grant of Development Rights and Development Area**

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated in Attachment A to this Agreement (the “Development Area”) the number of Businesses specified in the development schedule in Attachment A (the “Development Schedule”). This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement). Rights to use the Marks and the System are granted only by the Franchise Agreements.

#### **2. Fees**

Upon execution of this Agreement, you must pay us a development fee in the amount specified in Attachment A (the “Development Fee”), which is based on the initial franchise fee you must pay for each Business that you develop (the “Franchise Fee”, which is also specified in Attachment A). The Development Fee will be credited towards 100% of the Franchise Fee due under the Franchise Agreement for each Business that you develop pursuant to this Agreement, including the Initial Franchise Agreement. The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Development Schedule.

Based upon the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance and has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Maryland franchisees until we have completed all of our pre-opening obligations and you are open for business. For

Maryland franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

### **3. Development Schedule and Deadlines**

#### **3.1 Development Schedule**

You must enter into Franchise Agreements, and open and operate Businesses in accordance with the deadlines set forth in the Development Schedule. By each “Opening Deadline” specified in the Development Schedule, you must have the specified number of Businesses open and operating. Prior to opening additional Businesses in your Development Area, you must: (i) possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Business in our reasonable judgment; (ii) be in full compliance with all brand requirements at any existing Businesses you operate; and (iii) be in compliance with any Franchise Agreement or any other agreement entered into with us.

#### **3.2 Damaged Operating Assets.**

If the equipment and vehicles (“**Operating Assets**”) used in the operation of any Business in your Development Schedule are destroyed or damaged by any cause beyond your control such that they may no longer continue to be utilized for the operation of a particular Business, you must immediately give us notice of such destruction or damage (“**Destruction Event**”). You must diligently work to repair and restore the Operating Assets as soon as possible to resume operation of your Business. If a Business is closed due to a Destruction Event, the Business will continue to be deemed “in operation” for the purpose of this Agreement for up to 30 days after the Destruction Event occurs. If a Business (i) is closed in a manner other than those described in this Section 3.2 or as otherwise agreed by us in writing or (ii) fails to reopen within 30 days after a Destruction Event, then we may exercise our rights under Section 6.2 (Our Remedies). In the event the Operating Assets are completely destroyed or otherwise incapable of being repaired following a Destruction Event, we will not exercise the remedies set forth under Section 6.2 *provided, that* (a) within the 30 days after the Destruction Event you have made arrangements with us or our designated supplier to obtain new Operating Assets for use in your Business; and (b) you are open and operating your Business in the protected territory within ninety (90) days of the Destruction Event.

### **4. Development Area**

**4.1 Development Area.** Except as provided in this Section 4.1, while this Agreement is in effect, provided that you open and operate the Businesses in accordance with the Development Schedule and the minimum number of Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, we will not operate, or license any person other than you to operate, a Business under the Marks (as defined in your Initial Franchise Agreement) and the System (as defined in your Initial Franchise Agreement) within the Development Area. Each Business you open will be granted a protected territory as set forth in the individual Franchise Agreement for that Business. This Agreement does not give you the right open or operate in any portions of the Development Area until you have signed a new Franchise Agreement which includes that portion of the Development Area as your protected territory.

**4.2 No Other Restriction On Us.** Except as expressly provided in Section 4.1 or any other agreement between the parties, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Business. For example, we and our affiliates have the right to:

- (a) Establish or license franchises and/or company-owned outlets or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area;

(b) Sell or offer, or license others to sell or offer, any products or services using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area;

(c) Advertise, or authorize others to advertise anywhere, using the Marks;

(d) Acquire, be acquired by, or merge with other companies with existing similar businesses, and/or CRS Businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the CRS name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name; and

(e) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement.

## 5. **Term**

This Agreement expires at midnight on the last Opening Deadline date listed on the Development Schedule unless this Agreement is terminated sooner as provided in other sections of this Agreement.

## 6. **Termination**

**6.1 Events of Default.** Any one or more of the following constitutes an “Event of Default” under this Agreement:

(a) You fail to have open and operating the minimum number of Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;

(b) An Event of Default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or

(c) You breach or otherwise fail to comply fully with any other provision contained in this Agreement.

## **6.2 Our Remedies.**

If any Event of Default occurs under Section 6.1, we may, at our sole election: (i) declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect; (ii) terminate any exclusive or territorial rights that you may have within the Development Area or otherwise under this Agreement; and/or (iii) exercise any other remedy we may have in law or equity as a result of an Event of Default hereunder. Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. The rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. Notwithstanding anything to the contrary herein, a termination of this Agreement resulting from your failure to open and thereafter operate Businesses in accordance with the Development Schedule will not, in

itself, constitute cause for us to terminate any previously executed Franchise Agreement in effect at the time of such termination.

## **7. Assignment; Our Right of First Refusal**

**7.1 Rights Personal to You.** This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you without our prior written approval, which we may grant or withhold for any or no reason.

### **7.2 Our Right of First Refusal.**

(a) If you receive, and desire to accept, from a third party a bona fide offer to transfer any of your rights in this Agreement, you shall promptly notify us in writing and send us an executed copy of the contract of transfer. We shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to you that we intend to purchase your interest on the same terms and conditions offered by the third party.

(b) Closing on the purchase must occur within sixty (60) days from the date of notice by us to you of our election to purchase. If we elect not to accept the offer within the thirty (30) day period, you shall have a period not to exceed sixty (60) days to complete the transfer subject to our approval of the third-party transferee of your rights, which may be withheld in our sole discretion. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

(c) Our failure or refusal to exercise the option afforded by this Section 7 shall not constitute a waiver of any other provision of this Agreement.

(d) If the offer from a third-party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly-traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by us, and such appraiser's determination shall be binding.

**7.3 Our Rights to Assign Unrestricted.** We may assign this Agreement or any ownership interests in us without restriction.

## **8. Incorporation of Other Terms**

All Articles, and in particular Article 11 (Covenants), Article 14 (Post Term Obligations), Article 17 (Indemnification and Independent Contractor), Article 18 (Written Approval, Waivers, Forms of Agreement and Amendment), Article 19 (Enforcement), Article 20 (Notices), Article 21 (Governing Law and Dispute Resolution), Article 22 (Severability and Construction), Article 23 (Confidentiality), and Article 24 (Acknowledgements) of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement.

## **9. Miscellaneous**

Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Initial Franchise Agreement. This Agreement, together with the Initial Franchise Agreement, supersedes

all prior agreements and understandings, whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**[SIGNATURE PAGE FOLLOWS]**

**Signature Page to Area Development Agreement**

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:  
CRS FRANCHISING LLC

By:

Name:

Title:

Date:

FRANCHISEE:  
[FRANCHISEE]

By:

Name:

Title:

Date:

**Attachment A to the Area Development Agreement**

**FRANCHISEE SPECIFIC TERMS**

1. **Effective Date:**
2. **Franchisee's Name:**
3. **Franchisee's State of Organization** *(if applicable):*
4. **Development Area:** *[provide list of counties or zip codes which make up the Development Area]  
[attach map if necessary]*
5. **Total Development Fee:**
6. **Development Schedule:** You agree to establish and operate a total of \_\_\_\_\_ Businesses within the Development Area during the term of this Agreement. The Businesses must be open and operating in accordance with the following Development Schedule:

<u><b>MINIMUM NUMBER OF BUSINESSES</b></u> The minimum number of Businesses open and operating by each Opening Deadline	<u><b>OPENING DEADLINE</b></u> Deadline for having the minimum number of Businesses open and operating (Month Date, Year)
1	
2	
3	
4	
5	
	_____ (the Expiration Date of the Agreement)

7. **Ownership of Franchisee (Recital C):** If the franchisee is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

<u>Name</u>	<u>Percentage Ownership</u>
_____	_____ %
_____	_____ %

8. **Other Terms:**

**[SIGNATURE PAGE FOLLOWS]**

**Signature Page to Attachment A – Franchisee Specific Terms**

As Agreed:

**FRANCHISOR:**  
CRS FRANCHISING LLC

By:

Name:

Title:

Date:

**FRANCHISEE:**  
[FRANCHISEE]

By:

Name:

Title:

Date:

**Attachment B to the Area Development Agreement**

**PERSONAL GUARANTY OF OWNER/SHAREHOLDER**

This Personal Guaranty and Assumption of Obligations (this “**Guaranty**”) is given this \_\_\_\_\_, by \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith (“**Agreement**”) by CRS Franchising LLC (“**Franchisor**”), a Pennsylvania limited liability company, and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”), the undersigned hereby personally and unconditionally, jointly and severally: guaranties to Franchisor and its successors and assigns, for the Term of the Agreement and, including any renewal thereof, as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant stated in the Agreement and any documents, agreements, and instruments signed with or in connection with the Agreement (collectively, the “**Franchise Documents**”); and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Documents applicable to the owners of Franchisee.

The undersigned waives:

1. acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guarantied;
3. protest and notice of default to any party with respect to the indebtedness of non-performance of any obligations hereby guarantied;
4. any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;
5. any and all other notices and legal or equitable defenses to which the undersigned may be entitled;

The undersigned consents and agrees that:

1. the undersigned’s direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee’s obligations;
2. the undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
3. this Guaranty shall apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;
4. such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
5. such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which in any way modify or amend this

Guaranty, which shall be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied.

All capitalized terms when used shall have the meanings ascribed to them in the Area Development Agreement or Franchise Agreement.

This Guaranty shall be governed, construed and interpreted in accordance with the substantive laws of the state where Franchisor has its principal place of business at the time a dispute arises, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature as dated below.

**GUARANTOR(S)**

By:

Name:

Date:

By:

Name:

Date:

## EXHIBIT G

### FORMS OF GENERAL RELEASE

#### GENERAL RELEASE FOR RENEWAL OR TRANSFER

This GENERAL RELEASE (“**Release**”) effective as dated below by \_\_\_\_\_ (“**Releasor**”), with reference to the following facts:

The undersigned Releasor is the Franchisee under, and signatory to, that certain Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”) by and between CRS Franchising, LLC a Pennsylvania limited liability company (“**Franchisor**”) and Releasor granting Releasor the right to use the System and Marks to operate the Business subject to the terms provided thereunder.

Releasor agrees that all capitalized terms in this Release will have the meaning that are ascribed to them in the Franchise Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, RELEASOR AGREES AS FOLLOWS:

1. *General Release.* In consideration of, and as an inducement to, Franchisor’s agreement to renew or consent to a transfer of the Franchise Agreement, as applicable, Releasor, for itself and on behalf of its current and former parents, subsidiaries, affiliates and related entities, and its and their respective current and former shareholders, owners, officers, directors, members, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns, all persons acting on its or their behalf or claiming under it or them and all entities in which it or they has(ve) or had an ownership interest (individually, collectively, and in any combination, the “**Releasor Parties**”), hereby (i) releases and forever discharges Franchisor, their current and former parents, subsidiaries, affiliates and related entities, and its and their current and former shareholders, members, officers, directors, owners, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns (individually, collectively, and in any combination, the “**Released Parties**”), from any and all claims, debts, rights, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, of every nature, character or description whatsoever, at law or in equity, whether known or unknown, vested or contingent, suspected or unsuspected or anticipated or unanticipated which any or all of the Releasor Parties now own or have, have ever had, or may ever have, against any or all of the Released Parties arising prior to or as of the date of this Release, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against the Released Parties relating to any claim or demand released under this Article 1; provided, however, that this release and covenant not to sue will not apply to any claims that arise under any applicable federal or state franchise laws, except to the extent that such claims may by law be released by this Release. Releasor will take whatever actions are necessary or appropriate to carry out the terms of this Release and covenant not to sue upon Franchisor’s request. This Article 1 will survive the expiration or termination of this Release.

2. *Waiver of Rights.* This release is intended by Releasor to be a full and unconditional general release, as that phrase is used and commonly interpreted, and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Releasor (for itself and all other Releasor Parties) against the Released Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Releasor, for itself and the other Releasor Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under the statutory or common law of the state where the Business is located, whether now or hereinafter existing under the laws of the state where the Business is located, or any other applicable federal and state law with jurisdiction over the parties

relationship. Releasor, on its own behalf and on behalf of the other Releasor Parties, expressly waive the provisions of Section 1542 of the Civil Code of the State of California (as well as under any other statutes or common law principles of similar effect whether now or hereinafter existing), which provides:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his settlement with the debtor or released party.**

In making this voluntary express waiver, Releasor acknowledges that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts.

3. *Release Not Admission.* Releasor understands and agrees that the giving or acceptance of this Release and the agreements contained herein will not constitute or be construed as an admission of any liability by Franchisor, or an admission of the validity of any claims made by or against Franchisor.

4. *Authority of Parties.* Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

5. *No Prior Assignments.* Releasor represents and warrants that Releasor has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all such Claims being released.

6. *Incorporation by Reference.* The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

7. *Controlling Law.* This Release will be governed, construed, and interpreted in accordance with the substantive laws of the state where the Business is located.

IN WITNESS WHEREOF, Releasor has executed this Release on the date shown below.

Releasor:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**GENERAL RELEASE FOR RENEWAL OR TRANSFER  
(for Owner)**

This GENERAL RELEASE (“**Release**”) effective as dated below by \_\_\_\_\_ (“**Releasor**”), with reference to the following facts:

The undersigned Releasor is the Franchisee under, and signatory to, that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (“**Franchise Agreement**”) by and between CRS Franchising, LLC, a Pennsylvania limited liability company (“**Franchisor**”) and Releasor granting Releasor the right to use the System and Marks to operate the Business subject to the terms provided thereunder.

Releasor agrees that all capitalized terms in this Release will have the meaning that are ascribed to them in the Franchise Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, RELEASOR AGREES AS FOLLOWS:

1. *General Release.* In consideration of, and as an inducement to, Franchisor’s agreement to renew or consent to a transfer of the Franchise Agreement, as applicable, Releasor, for itself and on behalf of its current and former parents, subsidiaries, affiliates and related entities, and its and their respective current and former shareholders, owners, officers, directors, members, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns, all persons acting on its or their behalf or claiming under it or them and all entities in which it or they has(ve) or had an ownership interest (individually, collectively, and in any combination, the “**Releasor Parties**”), hereby (i) releases and forever discharges Franchisor, their current and former parents, subsidiaries, affiliates and related entities, and its and their current and former shareholders, members, officers, directors, owners, managers, attorneys, agents, representatives, employees, predecessors, successors and assigns (individually, collectively, and in any combination, the “**Released Parties**”), from any and all claims, debts, rights, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, of every nature, character or description whatsoever, at law or in equity, whether known or unknown, vested or contingent, suspected or unsuspected or anticipated or unanticipated which any or all of the Releasor Parties now own or have, have ever had, or may ever have, against any or all of the Released Parties arising prior to or as of the date of this Release, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against the Released Parties relating to any claim or demand released under this Article 1; provided, however, that this release and covenant not to sue will not apply to any claims that arise under any applicable federal or state franchise laws, except to the extent that such claims may by law be released by this Release. Releasor will take whatever actions are necessary or appropriate to carry out the terms of this Release and covenant not to sue upon Franchisor’s request. This Article 1 will survive the expiration or termination of this Release.

2. *Waiver of Rights.* This release is intended by Releasor to be a full and unconditional general release, as that phrase is used and commonly interpreted, and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Releasor (for itself and all other Releasor Parties) against the Released Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Releasor, for itself and the other Releasor Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which they would be entitled, now or at any time hereafter under the statutory or common law of the state where the Business is located, whether now or hereinafter existing under the laws of the state where the Business is located, or any other applicable federal and state law with jurisdiction over the parties

relationship. Releasor, on its own behalf and on behalf of the other Releasor Parties, expressly waive the provisions of Section 1542 of the Civil Code of the State of California (as well as under any other statutes or common law principles of similar effect whether now or hereinafter existing), which provides:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his settlement with the debtor or released party.**

In making this voluntary express waiver, Releasor acknowledges that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts.

3. *Release Not Admission.* Releasor understands and agrees that the giving or acceptance of this Release and the agreements contained herein will not constitute or be construed as an admission of any liability by Franchisor, or an admission of the validity of any claims made by or against Franchisor.

4. *Authority of Parties.* Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

5. *No Prior Assignments.* Releasor represents and warrants that Releasor has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all such Claims being released.

6. *Incorporation by Reference.* The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

7. *Controlling Law.* This Release will be governed, construed, and interpreted in accordance with the substantive laws of the state where the Business is located.

IN WITNESS WHEREOF, Releasor has executed this Release on the date shown below.

Releasor:

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT H

### FORM OF CONFIDENTIALITY AND NON-COMPETE AGREEMENT

#### CONFIDENTIALITY AND NON-COMPETE AGREEMENT

*(for trained employees, officers, directors, general partners, members, Controlling Person(s) and any other management personnel of Franchisee)*

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of \_\_\_\_\_ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from CRS Franchising, LLC (the "Company") to: (i) establish and operate an CRS franchised business (the "Business"); and (ii) use in the operation of the Business the Company's trade names, trademarks and service marks (collectively, the "Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of an CRS business (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized \_\_\_\_\_ and \_\_\_\_\_ approved \_\_\_\_\_ location: \_\_\_\_\_ (the "Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the Business and System generally, including without limitation: Company's proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Business (collectively, the "Manual"); Franchisor's proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Business and other CRS businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Business; and any techniques, methods and know-how related to the operation of an CRS business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the "Confidential Information").

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Business during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Company, upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which provides or offers professional recovery services (collectively, a "Competing Business"). I also agree that I will not undertake any action to divert business from the Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Controlling Person of Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Business, or an officer/director/manager/partner of Franchisee that has not already executed a personal guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of one year after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 10-mile radius of the Premises; or (ii) within a 5-mile radius of any other CRS business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this one-year period following the termination or expiration of my employment with the Franchisee.

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

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees, and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF PENNSYLVANIA AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT FOR PENNSYLVANIA. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY PENNSYLVANIA OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. "Business day" for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

**Signature Page for Form of Confidentiality and Noncompete Agreement**

**IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.**

**UNDERSIGNED**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

[FRANCHISEE NAME]

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

Title: \_\_\_\_\_

## EXHIBIT I

### STATE SPECIFIC ADDENDA

The following modifications are made to this Disclosure Document given to you and may supersede, to the extent then-required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated as of the Effective Date set forth in your Franchise Agreement. When the term “Franchisor’s Choice of Law State” is used, it means the laws of the state of Pennsylvania, subject to any modifications as set forth in the addenda below. When the term “Supplemental Agreements” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. These State Specific Addenda (“Addenda”) modify the agreements to comply with the state’s laws. The terms of these Addenda will only apply if you meet the requirements of the applicable state, independent of your signing the appropriate Addenda. The terms of the Addenda will override any inconsistent provision in the FDD, Franchise Agreement, or any Supplemental Documents. These Addenda are only applicable to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign the signature page to the Addenda along with the Franchise Agreement and any Supplemental Agreements.

## CALIFORNIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the Franchise Agreement, and the Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [dfpi.ca.gov](http://dfpi.ca.gov).

### ITEM 3 – LITIGATION

Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange

### ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2. The Franchise Agreement provides for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).

3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of Pennsylvania. This provision may not be enforceable under California law.

4. The Franchise Agreement and the Development Agreement require venue to be limited to Pennsylvania. This provision may not be enforceable under California law.

5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.

6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

9. The Franchise Agreement and any Area Development Agreement require binding arbitration. The arbitration will occur in Pennsylvania. If we are the substantially prevailing party, we will be entitled to  
CRS Franchising, LLC  
FDD Exhibit I

recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11. *Fee Deferral:* The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

## CONNECTICUT

**The State of Connecticut does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.**

1. Pursuant to Section 36b-63(c)(23) of the Connecticut Business Opportunity Investment Act:

**If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled”.**

2. Pursuant to Section 36b-63(c)(21) of the Connecticut Business Opportunity Investment Act, regarding historical information relating to sales or earning claims:

**"Caution: Some business opportunities have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well."**

3. Pursuant to Section 36b-63(c)(20) of the Connecticut Business Opportunity Investment Act regarding the Seller's Sales or Earnings Estimates and Projections:

**"Caution: These figures are only estimates of what we think you may earn. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well."**

## HAWAII

The following paragraphs are added in the state cover pages:

THESE FRANCHISES WILL HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for CRS Franchising, LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

**Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the disclosure document.**

## ILLINOIS

Illinois law governs the Disclosure Document, Franchise Agreement(s), and Development Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

A Surety Bond has been obtained by the Franchisor to assure its financial capability to its franchisees; the Bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## INDIANA

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Area Development Agreement will be governed by Indiana law. Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement and Area Development Agreement.
2. The prohibition by Indiana Code 23-2-2.7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement and the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. The post-termination non-competition covenants set forth in the Franchise Agreement and Area Development Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.
5. Nothing in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.
6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.

## IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

### NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to CRS Franchising, LLC, 195 Montour Run Road, Suite 101, Coraopolis, PA 15108, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

## MARYLAND

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement, and will apply to all franchises offered and sold under the laws of the State of Maryland:

### **Item 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

1. No release language in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Maryland. Any general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise.
3. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Maryland franchisees until we have completed all of our pre-opening obligations and you are open for business. For Maryland franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value, at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, marketing, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.<sup>1</sup>
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) the failure of the proposed franchisee to meet the franchisor's then-current reasonable qualifications or standards;
  - (ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor;
  - (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and

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<sup>1</sup>NOTE: Notwithstanding paragraph (f) above, we intend to fully enforce the provisions of the arbitration section of our agreements. We believe that paragraph (f) is preempted by the Federal Arbitration Act and that paragraph (f) is therefore unconstitutional.

- (iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
  
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona-fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
  
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

\*\*\*\*\*

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

\*\*\*\*\*

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor must, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

\*\*\*\*\*

The name and address of the franchisor's agent in this state authorized to receive service of process is: Michigan Department of Commerce, Corporation and Securities Bureau, 6546 Mercantile Way, P.O. Box 30222, Lansing, MI 48910.

Any questions regarding this notice should be directed to:

Department of the Attorney General's Office  
Corporate Oversight Division  
Attn: Franchise  
670 G. Mennen Williams Building  
Lansing, MI 48913

## MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Area Development Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.
2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Area Development Agreement.
5. Under the terms of the Franchise Agreement and Area Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

Based upon the Franchisor's financial condition, the Minnesota Securities Registration Division has required a financial assurance. Therefore, the Franchisor will defer collection of initial franchise fees until the franchised business opens.

## NEW YORK

### NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- a. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- b. No such party has pending actions, other than routine litigation. incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- c. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- d. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust; trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" section of Item 17(c), titled "**Requirements for franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" section of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of Law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## NORTH DAKOTA

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 5 “Initial Fees,” is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

Item 6 “Other Fees,” is supplemented by the addition of the following:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

Item 17 “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented by the addition of the following:

Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee’s place of business.

Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust, or

inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

**OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to CRS Franchising, LLC, 195 Montour Run Road, Suite 101, Coraopolis, PA 15108, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

## **RHODE ISLAND**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

### **ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

## VIRGINIA

**In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for CRS Franchising, LLC, for use in the Commonwealth of Virginia shall be amended as follows:**

Additional Disclosure: The following statements are added to Item 17:

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

Additional Disclosures:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

## **WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

**SIGNATURE PAGE FOR APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any Supplemental Agreements entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, or Supplemental Agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- California
- Hawaii
- Illinois
- Iowa
- Indiana
- Maryland

- Michigan
- Minnesota
- New York
- North Dakota
- Ohio

- Rhode Island
- South Dakota
- Virginia
- Washington
- Wisconsin

Date: \_\_\_\_\_

**FRANCHISOR:**

CRS Franchising, LLC

Name:

Title:

**FRANCHISEE:**

FRANCHISEE

Name:

Title:

**EXHIBIT J**

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM**

**Bank Name:**

**ABA Number:**

**Account Number:**

**Account Name:**

Effective as of the date of the signature below, [FRANCHISEE NAME] (the “Franchisee”) hereby authorizes CRS Franchising, LLC (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the franchise agreement dated [EFFECTIVE DATE OF FA] (the “Franchise Agreement”) for the business operating at the location identified on Attachment A of the Franchise Agreement (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Franchisor. **PLEASE ATTACH A VOIDED BLANK CHECK, FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.**

AGREED ON [DATE]:

**FRANCHISEE:**

[FRANCHISEE]

**By:**

**Name:**

**Title:**

**FRANCHISOR:**

**CRS FRANCHISING, LLC**

**By:**

**Name:**

**Title:**

[FRANCHISOR]  
FDD Exhibit J

## **EXHIBIT K**

### **LEASE RIDER**

THIS LEASE RIDER is entered into between the undersigned parties.

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated \_\_\_\_\_, (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a CRS ("Business") at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the "Lease"), pursuant to which Franchisee will occupy premises located at the address listed on the signature page below (the "Premises") for the purpose of constructing and operating the Business in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Business and for no other purpose.
2. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the CRS system as Company may from time to time prescribe for the Business.
3. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

CRS FRANCHISING, LLC  
195 Montour Run Road., Suite 105  
Coraopolis, PA 15108  
support@crspackout.com

4. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the CRS system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the CRS trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

5. Franchisee will be permitted to assign the Lease to Company or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment.

CRS Franchising, LLC  
FDD Exhibit K

6. If Franchisee assigns the Lease to Company or its designee in accordance with the preceding paragraph, the assignee must assume all obligations of Franchisee under the Lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

7. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

8. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

9. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

10. Landlord acknowledges that Company is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

IN WITNESS WHEREOF, the parties have executed this Lease Rider on the date signed below:

**COMPANY:**  
**CRS FRANCHISING, LLC**

**By:**

**Name:**

**Title:**

**FRANCHISEE:**  
[FRANCHISEE]

**By:**

**Name:**

**Title:**

**LANDLORD:**  
[LANDLORD]

**By:**

**Name:**

**Title:**

**Effective Date of this Lease Rider:**

**Premises Address:**

## EXHIBIT L

### State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Application Pending
Hawaii	Not Registered
Illinois	Application Pending
Indiana	July 2, 2024
Maryland	Application Pending
Michigan	August 25, 2024
Minnesota	Application Pending
New York	Application Pending
North Dakota	Not Registered
Rhode Island	May 15, 2025
South Dakota	Not Registered
Virginia	Application Pending
Washington	Not Registered
Wisconsin	April 23, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If CRS Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If CRS Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency (which are listed in Exhibit B).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Ashley Taylor-Nock	195 Montour Run Road, Coraopolis, PA 15108	(833) 525-7277

Issuance Date: April 28, 2025

I received a Disclosure Document that included the following Exhibits:

- A. FINANCIAL STATEMENTS
- B. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- C. LIST OF FRANCHISEES
- D. OPERATIONS MANUAL TABLE OF CONTENTS
- E. FRANCHISE AGREEMENT WITH ATTACHMENTS
- F. AREA DEVELOPMENT AGREEMENT WITH ATTACHMENTS
- G. FORMS OF GENERAL RELEASE
- H. FORM OF CONFIDENTIALITY AND NONCOMPETE AGREEMENT
- I. STATE SPECIFIC ADDENDA
- J. ELECTRONIC FUNDS TRANSFER FORM
- K. LEASE RIDER
- L. STATE EFFECTIVE DATES  
RECEIPTS

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date Received: \_\_\_\_\_

**Please sign and keep this copy for your records.**

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If CRS Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

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- G. FORMS OF GENERAL RELEASE
- H. FORM OF CONFIDENTIALITY AND NONCOMPETE AGREEMENT
- I. STATE SPECIFIC ADDENDA
- J. ELECTRONIC FUNDS TRANSFER FORM
- K. LEASE RIDER
- L. STATE EFFECTIVE DATES  
RECEIPTS

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date Received: \_\_\_\_\_

**Return This Copy To Us:      CRS Franchising, LLC**  
195 Montour Run Road., Suite 105  
Coraopolis, PA 15108