



CRS FRANCHISING, LLC

FRANCHISE DISCLOSURE

DOCUMENT

ISSUED: APRIL ~~22~~28, 2024 2025

FRANCHISE DISCLOSURE DOCUMENT



CRS Franchising,
LLC A Pennsylvania limited liability
company 195 Montour Run Road., Suite
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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 **\$135,300** [201,300](#) to **\$294,000** [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 **\$190,300** [256,300](#) to **\$514,000** [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 www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

them. Issuance Date: April **2028**, **2024** [2025](#)

NOTICE 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. **At least 48 hours prior to the time the purchaser signs a business opportunity contract, or at least 48 hours prior to the receipt of any consideration by the seller, whichever occurs first, the seller must provide the prospective purchaser a written document, the cover sheet of which is entitled in at least 10- point bold face capital letters "DISCLOSURES REQUIRED BY NORTH CAROLINA LAW." Under this title shall appear the statement in at least 10-point type that "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" Nothing except the title and required statement shall appear on the cover sheet.**

§ 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."

g) 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.

(v)

h 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 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

- [A. FINANCIAL STATEMENTS](#)
- [B. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS](#)
- [C. LIST OF CURRENT AND FORMER FRANCHISEES](#)
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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 “[franchisorFranchisor](#)” refer to CRS Franchising, LLC d/b/a CRS. “[youYou](#),” “your,” and “[franchiseeFranchisee](#)” 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](#)

CRS Franchising, LLC

[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. **From** [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; **Duckstein Contracting**; 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-** [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-~~ 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:

Number of Franchised Businesses We Grant You the Right to Develop	Initial Franchise Fee Cost Per Unit in Range	Cumulative Development Fee
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 ¹	Amount	Due Date	Remarks
Royalty Fee ³	The greater of (i) 7% of Gross Revenue, <u>or</u> The minimum royalty fee is (ii) the <u>Minimum Royalty Fee of \$1,000 per month.</u> ³	The <u>Monthly, on the 5th</u> day after you receive payment for any and all Services performed.	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. The Royalty Fee applies on a per-Territory basis. <u>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.</u>
Review/Consulting Fee	3% of Gross Revenue	The <u>Monthly, the 5th</u> day after you receive payment for <u>any and</u> 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	The <u>Monthly, the 5th</u> 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.

<p>Local Advertising Expenditure⁴</p>	<p>Up to 4% of your Gross Revenue.</p> <p>Currently <u>1</u>% of your Gross Revenue.</p>	<p>Monthly.</p>	<p>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 <u>1</u> notice.</p>
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Type of Fee ¹	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 ofthe members of the co- co- op.	Established by co- 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. You pay subscription fees directly to the software supplier, and not to us. 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. <u>The Technology Fee is assessed per</u>

			<u>territory in which you operate.</u>
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Type of Fee ¹	Amount	Due Date	Remarks
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- non- compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-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- <u>non-</u> compliance, or (2) the audit concludes that you under- <u>under-</u> reported gross sales by more than 3% for any 4-week period.
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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](#)

2.

independently, and not in 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 Sales or Revenue or (ii) \$1,000 per month (the “Minimum Royalty”) Fee”. If you operate in more the 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

**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 ¹	\$55,000	\$55,000	Collected funds – lump sum	Upon execution of Franchise Agreement	Franchisor
Grand Opening Marketing ²	\$2,000 <u>2,000</u>	\$6,000 <u>4,000</u>	As arranged	As incurred	Various suppliers and/or Franchisor
Rent (1 month rent, plus security deposit) ³	\$6,000 <u>8,000</u>	\$41,700	As arranged	Prior to opening your Business	Lessor
Leasehold Improvements ⁴	\$2,000 <u>5,000</u>	\$30,000 <u>\$80,000</u>	As arranged	As incurred	Contractors
Office Supplies ⁵	\$1,000	\$2,000 <u>3,000</u>	As arranged	Prior to opening your Business	Suppliers
Signage ⁶	\$400	\$3,000	As arranged	As incurred	Suppliers
Utility Security Deposits ⁷	\$200	\$2,000	Lump sum	Prior to opening your Business	Utility companies
Furniture, Fixtures, and Equipment ⁸	\$2,800	\$50,000 <u>\$60,000</u>	As arranged	Prior to opening your Business	Suppliers
Business Management and Technology System and Technology Fee (3 months) ⁹	\$3,700	\$4,000 <u>5,000</u>	Lump sum	Prior to opening your Business	Suppliers and Franchisor
Travel Expense for Initial Training ¹⁰	\$2,000	\$4,000	As arranged	As incurred	Transportation, hotels, restaurants
Vehicle ¹¹	\$6,500 <u>7,500</u>	\$13,000 <u>\$20,000</u>	As arranged	Prior to opening your Business	Suppliers
Inventory and Supplies ¹²	\$2,000	\$4,300 <u>6,000</u>	As arranged	Prior to opening your Business	Suppliers
Insurance ¹³	\$10,000	\$15,000	As arranged	Prior to opening your Business	Insurance company
Professional fees ¹⁴	\$1,500	\$3,000 <u>5,000</u>	As arranged	As incurred	Professional Advisors

Permits and Licenses ¹⁵	\$200	\$1,000 <u>4,000</u>	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) ¹⁶	\$40,000 <u>\$100,000</u>	\$60,000 <u>\$115,000</u>	As arranged	Weekly payroll, other expenses and purchases	Approved suppliers, employees, etc.
TOTAL	\$135,300 <u>\$201,300</u>	\$294,000 <u>\$422,700</u>			

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 14-foot 12-foot garage/drive thru door. Your facility must be climate controlled.

4. Leasehold Improvements. Leasehold improvement costs, including floor covering, wall treatment, counters, 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. 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. 15. 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. 16. 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. 17. 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 AGREEMENT¹

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee ²	\$110,000 – \$275,000	Lump Sum	On signing Development Agreement	Franchisor
Initial Investment to Open Initial Franchise (minus Initial Franchise Fee) ³	\$80,300 - \$239,000 \$146,300 - \$367,700	See Chart 7(A) above in this Item		
TOTAL⁴	\$190,300 – \$514,000 \$256,300 – \$642,700			

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 CRS Franchising, LLC

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

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

There are no We have established a voluntary purchasing cooperatives or 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, ~~2023~~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
t. Transfer	FA Article 13 DA §7	Item 17

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 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 carriers' carrier's](#) requirements) which have specific pricing for [the each market and are updated on a monthly basis](#). (Section 6.4).

- Establishing and using administrative, bookkeeping, accounting, and inventory control

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 **and segregated administratively in our 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 **2023 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.

\$27,997.35 from franchisee brand fund contributions but did not spend any of the Brand Fund Contributions.

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

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-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

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, **Ashley Taylor-Nock**[Danielle Miller](#), has **18** [7](#) years of industry experience including **3** [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
Getting Started with CRS Culture, History, and Basic Setup (Employee Handbook, Orientation Materials, etc.	3	0	Our headquarters in Coraopolis, PA or Your Location
Operations Basics	3	2	Our headquarters in Coraopolis, PA or Your Location
Pricing	1	0	Our headquarters in Coraopolis, PA or Your Location
New Client Interactions: (Setting Expectations) for New Clients	3	3	Our headquarters in Coraopolis, PA or Your Location
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Client Interactions: Managing Relationships and Keeping People as Returning Customers	3	3	Our headquarters in Coraopolis, PA or Your Location
FAQ's	3	0	Our headquarters in Coraopolis, PA or Your

			Location
Client Satisfaction	2	0	Our headquarters in Coraopolis, PA or Your Location <u>Online, or our offices in PA</u>
<u>Sales and Marketing</u>	<u>4</u>		
<u>Software and Technology</u>	<u>8</u>	<u>0</u>	<u>Online, or our offices in PA</u>
<u>Business Operations</u>	<u>12</u>	<u>0</u>	<u>Online, or our offices in PA</u>
Opening the Business Vehicle Preparation <u>Warehouse Operations – Safety, Cleaning, Equipment, Location, Design and Set Up & Chemicals</u>	1 <u>8</u>	3 <u>0</u>	Our headquarters in Coraopolis, PA or Your Location <u>Online, or our offices in PA</u>
Deep Clean and Maintenance	1	2	
Equipment Maintenance	1	0	Our headquarters in Coraopolis, PA or Your Location
Weekly Duties	3	3	Our headquarters in Coraopolis, PA or Your Location
Other Procedure Reviews / Miscellaneous	1	0	Our headquarters in Coraopolis, PA or Your Location
Onboarding Graduation	1	0	Our headquarters in Coraopolis, PA or Your Location
TOTALS:	26 Hours	16 Hours	
Subject	Hours of Classroom Training	Hours of On- The- Job Training	Location
<u>Technical Operations</u>	3	0	24 <u>Hours</u>
Operations Basics: - Maintenance of spreadsheets, documents, and forms - Manager and Group Tasks List - Managing the Procedure Checklist - Working with Insurance Companies	2	0 <u>32</u> <u>Hours</u>	24 <u>Hours</u>

- Billing <u>TOTAL HOURS</u>				aop olis, PA or You r Loc atio n
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**ADDITIONAL TRAINING PROGRAM FOR
FRANCHISEES
(OWNER/OPERATOR/MANAGER)**

Subject	Hours of Classroom Training	Hours of On- The- Job	Location
Pre-opening Readiness: A. Location and Truck Set Up Build- Out Checklist B. Travel to corporate (franchisor) location	10	15	Our headquarters in Coraopolis, PA or Your Location

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

Additional Management Training. Currently, the Additional Training for Owner/Operator/Manager is not required, but may be offered in the future as a required training or optional training.

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 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 CRS Franchising, LLC

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 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-** **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.

We have applied for registration of the following Marks with the Principal Register of the USPTO and has filed all required affidavits with respect to each of the Marks:

[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	U.S. App. Ser. No.	Our
Human Resources Functions:		
- Interviewing, hiring, & firing	5	0
- Coaching, providing feedback, and performance management		
Advertising / Marketing:		
- Advertising Procedure & Strategy Calendar		
- Online Advertising	5	0
- Offline/In-Person Partnerships		
- Organic promotion / signage		
- Additional pre-opening expectations		
- Press releases		
Payroll:		
- Software set up & overview	3	0
- Procedure & Checklist		
- Bonus / Incentives		

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Staff Scheduling:

- Software set up & overview
- Schedule Management Procedure

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Our

TOTALS:

30 hours

15 hours



9781414
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February
27,
2023 Mark

Registratio
No.

<p>YOUR TRUSTED PACKOUT PARTNER</p>	<p>7551262</p>	<p>October 29, 2024</p>	
	<p>7560515</p>	<p>November 5, 2024</p>	

At this time, we do not have a registration for this trademark. Therefore, this trademark does not have many of the legal benefits and rights as a federally registered trademark. If your right to use

this trademark is challenged, you may have to change to an alternative trademark which will increase your expenses.

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

~~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,

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 ¹	§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
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Provision	Section (§) in Franchise Agreement	Summary
		<p>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.</p>
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.

<p>g. "Cause" defined – curable defaults</p>	<p>§14.1</p>	<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; 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; 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; if Franchisee abandons or ceases to operate all or any part of the Business conducted under this Agreement for <u>seventy- two (72) hours or longer (except as otherwise provided herein) or defaults under any mortgage, deed of trust or lease</u></p>
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Provision	Section (§) in Franchise Agreement	Summary
		<p>seventy-two (72) hours or longer (except as otherwise provided herein) or defaults under any mortgage, deed of trust or lease 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>

<p>h. "Cause" defined – non- curable defaults</p>	<p>§14.1</p>	<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 <u>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</u></p>
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Provision	Section (§) in Franchise Agreement	Summary
		<p>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 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>

<p>i. Your obligations on termination/ non-renewal</p>	<p>§15</p>	<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 <u>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</u></p>
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Provision	Section (§) in Franchise Agreement	Summary
		<p>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 recognizable indicia or colors.</p>
j. Assignment of contract by us	§13.1	<p>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.</p>
k. “Transfer” by you – defined	§13.2	<p>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</p>
l. Our approval of transfer by you	§13.3	<p>Transfers require (i) our prior written consent, which will not be unreasonably withheld; and (ii) the satisfaction of certain conditions.</p>

m. Conditions for our approval of transfer	§12.3	<p>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;</p> <p>The proposed Transfer is on commercially reasonable terms;</p> <p>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;</p> <p>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.</p>
Provision	Section (§) in Franchise Agreement	Summary
n. Our right of first refusal to acquire your business	§13.9	If you want to transfer your business (other than to your co-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.

<u>Provision</u>	<u>Section (§) in Franchise Agreement</u>	<u>Summary</u>
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-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.

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 financial performance representation is based upon our existing Company-Owned Outlet and our Franchised Outlets. It includes historical financial results from our existing Company-Owned Outlet

whose business was in operation for the entire fiscal years of 2021, 2022, and 2023, and the Franchised Outlets whose business was in operation for a minimum of 6 months during the 2023 fiscal year. The only criteria used to select the financial performance information that is included in Item 19 is operation for a minimum of 6 months during the fiscal year from January 1 to December 31, 2023. As of December 31, 2023, we had 1 Company-Owned Outlet and 5 Franchised Outlets in operation. We excluded from this representation, 1 Franchised Outlet because it had not operated for more than 6 months during the 2023 fiscal year.

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

<u>LOCATION¹</u>	<u>GROSS SALES</u>
<u>Louisville, KY</u>	<u>\$763,108.81</u>
<u>Indianapolis, IN</u>	<u>\$694,493.87</u>
<u>Cleveland, OH</u>	<u>\$428,651.10</u>
<u>Tulsa, OK</u>	<u>\$408,151.47</u>
<u>Ft. Myers, FL</u>	<u>\$359,785.19</u>
<u>TOTAL GROSS SALES</u>	<u>\$2,654,190.44</u>
<u>AVERAGE GROSS SALES</u>	<u>\$530,838.09</u>

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

<u>LOCATION¹</u>	<u>GROSS SALES</u>
<u>Atlanta, GA</u>	<u>\$616,747.06</u>
<u>Cary, NC</u>	<u>\$280,933.08</u>
<u>Cypress, TX</u>	<u>\$214,081.62</u>
<u>Charleston, SC</u>	<u>\$199,003.05</u>
<u>Apopka, FL</u>	<u>\$96,160.37</u>
<u>TOTAL GROSS SALES</u>	<u>\$1,406,925.18</u>
<u>AVERAGE GROSS SALES</u>	<u>\$281,385.04</u>

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.

The Company-Owned Outlet operates in a manner that is materially and substantially similar to all franchised units and we do not anticipate it will operationally differ from franchise outlets in the future. Table 1 of this Item 19 details the Gross Revenue generated by the Company-Owned Outlet during a period comprising fiscal years 2021, 2022, and 2023 (the “Measurement Period”), along with (a) the costs and expenses associated with operating the Company-Owned Outlet (collectively, the “Operating Costs”); and (b) the estimated fees that would have been incurred by the Company-Owned Outlet in connection with the Royalty Fees, Marketing Fees (excluding those the Company-Owned Restaurant also pays), if it were a Business governed by our current form of franchise agreement (collectively, the “Estimated Fees”) over the Measurement Period.

Except for the Estimated Fees that are (a) estimated and calculated based on the Gross Revenue figures reported by the Company-Owned Outlet, and (b) required to disclose herein under applicable pre-sale disclosure laws, the data and information provided in Table 1 of this Item below is based on the historical and actual performance of the Company-Owned Outlet over the Measurement Period(s) detailed above. Neither we nor a certified public accountant have independently audited or verified the information.

The explanatory notes included with the following charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following charts.

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

Table 1: Company-Owned Outlet Statement of Income and Certain Expenses FY 2021, FY 2022, FY 2023¹

Category	FY 2021	FY 2022	FY 2023
Gross Revenue ²	\$879,821	\$1,324,796	\$1,674,085
Cost of Sales ³			
Payroll Salaries (Field)	\$125,133	\$218,377	\$373,828
Payroll Tax (Field)	\$39,751	\$76,711	\$106,082
Subcontractors	\$58,903	\$50,487	\$14,578
Materials	\$39,142	\$37,838	\$32,690
Gross Profit	\$616,892	\$941,383	\$1,146,907

Operating Expenses⁴			
Insurance³ⁱ	\$10,739	\$11,233	\$19,359
Rent³ⁱⁱ	\$106,325	\$141,821	\$144,000
Salaries and Wages³ⁱⁱⁱ	\$80,208	\$105,097	\$158,747
Utilities^{3iv}	\$22,456	\$23,212	\$24,542

Program Fees	\$13,414	\$42,905	\$65,510
Vehicle Purchase and Maintenance	\$10,662	\$24,000	\$1,603
Fuel	\$1,136	\$8,110	\$9,636
Other Operating Expenses^{3v}	\$3,9534	\$31,269	\$18,407
Estimated Fees⁵			
Royalty Fee⁵ⁱ	\$61,588	\$92,736	\$117,186
Review Consulting Fee⁵ⁱⁱ	\$26,395	\$39,749	\$50,223
Marketing Fund Contribution⁵ⁱⁱⁱ	\$8,798	\$13,248	\$16,741
Technology Fee^{5iv}	\$4,800	\$4,800	\$4,800
EBITDA (if franchised)⁶	\$266,417	\$403,208	\$516,155
EBITDA Margin Percentage (if franchised)⁶	30.3%	30.4%	30.8%

Notes:

- 1. The figures in the tables above use the historical information that our Company-Owned Outlet provided. Upon your reasonable request, we will provide written substantiation for this financial performance representation.**
- 2. “Gross Revenue” means all revenues derived from all services sold and all services conducted at the Company-Owned Outlet less sales tax, discounts, allowances, and returns.**
- 3. “Cost of Sales” means the cost of payroll salaries, payroll taxes, subcontractors, and materials.**
- 4. “Operating Expenses” means other expenses attributable to the operation of the Company-Owned Outlet, including supplies, office supplies, merchant fees and banking charges, business licenses & permits, office expenses, marketing expenses, local/co-op marketing expenses, charitable contributions, postage and delivery, and other miscellaneous expenses. (i) “Insurance” means the expenses paid for insurance for; (ii) “Rent” means expenses paid for rent. The facilities expenses for your Business may vary based upon the property size, location, amenities provided in your lease, prevailing costs of vendor services in your market, the building type and layout, and other factors; (iii) “Salaries and Wages” means wages, bonuses, payroll taxes, and payroll processing expenses for Business employees. Table 1 does not include salary or wages for the owner/operator. If you intend to hire a general manager to oversee the operations of your franchise outlet, we estimate the average starting salary costs to be approximately \$40,000 to \$70,000 based on our owners’ experience in operating the Company-Owned Outlet. If you choose to take a salary as the owner/operator, your labor expense will be higher; (iv) “Utilities” means the expenses paid for utilities. These numbers are based on our experience operating in the Pittsburgh, Pennsylvania area and may vary significantly based upon the location of your Business, prevailing wage rates, the strength of the labor market, and other factors, and (v) “Other Operating Expenses” includes all other expenses categorized as operating expenses which a franchisee could reasonably expect to incur.**

5. “Estimated Fees” are calculated based on the rate set in Item 6 above. (i) Royalty Fees are 7% of Gross Revenue; (ii) Review Consulting Fees are 3% of Gross Revenue (iii) Marketing Fund Contributions are 1% of Gross Revenue; and (iv) Technology Fees are \$400 per month. To calculate the estimated fees under (i) and (ii), the total Gross Revenue was multiplied by the applicable percentage. To calculate (iii), the \$400 per month Technology Fee was multiplied by twelve months.

6. “EBITDA (if franchised)” means Gross Revenue minus Disclosed Operating Costs, and Estimated Fees. EBITDA does not include interest paid on debt, taxes, depreciation, or amortization expenses. EBITDA Margin Percentage (if franchised) means EBITDA expressed as a percentage of Gross Revenue.

7.

Table 2: Franchised Outlet Gross Revenue and Net Profit that Operated a minimum of 6 months during the 2023 Measurement Period

TOTAL Gross Revenue	Combined Net Profit	Total Margin
\$1,377,922	\$246,209	17.9%
Units At or Above Margin	Percentage of Units At or Above Margin	
3	75%	

1. The above table represents the aggregate total of the Gross Revenue and Net Profit, respectively, from our four (4) outlets that operated at least 6-months during the Measurement Period. The franchised outlets are located in Cleveland, OH, Indianapolis, IN, Southwest Florida, and Louisville, KY. The above table excludes our franchised outlet in Tulsa, OK because it opened in November 2023 and was not operating for a minimum of 6 months.

Other than the preceding 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 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 2021 TO 2023 2022 TO 2024**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE (+ or -)
Franchised	2021 <u>2022</u>	0	<u>0</u> <u>1</u>	<u>-1</u>

	2022	0	2	+2
	2023	<u>21</u>	5	<u>+34</u>
	<u>2024</u>	<u>5</u>	<u>36</u>	<u>+31</u>
Company Owned	2021 <u>2022</u>	1	1	-
	2022	1	1	-
	2023	1	1	-
	<u>2024</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total Outlets	2021 <u>2022</u>	1	<u>12</u>	<u>+1</u>
	2022	1	3	+2
	2023	<u>32</u>	6	<u>+34</u>
	<u>2024</u>	<u>6</u>	<u>37</u>	<u>+31</u>

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES
TO NEW OWNERS (OTHER THAN THE
FRANCHISOR) FOR YEARS 2021 TO 20232022
TO 2024

STATE	YEAR	NUMBER OF TRANSFERS
All States	2021	0
	2022	0
	2023	0
Total Outlets	2021 <u>2022</u>	0
	2022	0
	2023	0
	<u>2024</u>	<u>0</u>

TABLE NO. 3
STATUS OF FRANCHISED
OUTLETS FOR YEARS 2021 TO
20232022 TO 2024

STATE	YEAR	OUTLET S AT START OF YEAR	OUTLETS OPENED	TERMINA TIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF YEAR
FL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
IN	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
KY	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
OH	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
OK	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total Outlets	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	3	0	0	0	0	5

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINA TIONS	NON-RENEWALS	REACQUIRED BY FRANCHISO R	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF YEAR
	2021 <u>2022</u>	0	0	0	0	0	0	0

FLCA	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
FL IN	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2021 <u>2024</u>	0 <u>1</u>	0 <u>5</u>	0	0	0	0	0 <u>6</u>
GA KY	2022	0	0	0	0	0	0	<u>10</u>
	2023	<u>10</u>	0	0	0	0	0	<u>10</u>
	2021 <u>2024</u>	0	0 <u>3</u>	0	0	0	0	0 <u>3</u>
IN OH	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2021 <u>2024</u>	0 <u>1</u>	0	0	0	0	0	0 <u>1</u>
KY	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022 <u>2023</u>	0	1	0	0	0	0	1
	2023 <u>2024</u>	1	0	0	0	0	0	1
2021	0	0	0	0	0	0	0	0
OK MI	2022	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023 <u>2024</u>	0	1	0	0	0	0	1
NC	2022	0	<u>20</u>	0	0	0	0	<u>20</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
NJ	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
OH	<u>2022</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
OK	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
PA	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>

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

TABLE NO.4
STATUS OF COMPANY-OWNED
OUTLETS FOR YEARS 2021 TO
20232022 TO 2024

<u>STATE</u>	<u>YEAR</u>	<u>OUTLETS AT START OF YEAR</u>	<u>OUTLETS OPENED</u>	<u>OUTLETS REACQUIRED FROM FRANCHISEES</u>	<u>OUTLETS CLOSED</u>	<u>OUTLETS SOLD TO FRANCHISEES</u>	<u>OUTLETS AT END OF THE YEAR</u>
<u>PA</u>	2021 <u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Total Outlets</u>	<u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total Outlets	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023 <u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31,
20232024

<u>STATE</u>	<u>FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED</u>	<u>PROJECTED NEW FRANCHISED OUTLETS IN NEXT FISCAL YEAR</u>	<u>PROJECTED NEW COMPANY OWNED OUTLETS IN NEXT FISCAL YEAR</u>
<u>AZ</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>CO</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>FL</u>	<u>50</u>	<u>63</u>	<u>0</u>
<u>SCGA</u>	<u>2</u>	<u>03</u>	<u>0</u>
<u>TXIL</u>	<u>13</u>	<u>20</u>	<u>0</u>
<u>NCMI</u>	<u>1</u>	<u>10</u>	<u>0</u>
<u>PAMO</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>NC</u>	<u>4</u>	<u>2</u>	<u>0</u>

NJ	1	0	0
<u>OR</u>	<u>2</u>	<u>0</u>	<u>0</u>
<u>SC</u>	<u>0</u>	<u>2</u>	<u>0</u>
<u>TX</u>	<u>5</u>	<u>0</u>	<u>0</u>
<u>UT</u>	<u>3</u>	<u>0</u>	<u>0</u>
<u>VA</u>	<u>2</u>	<u>0</u>	<u>0</u>
TOTAL	1126	910	0

Our fiscal year ends on December 31 of each year. **We have presented the foregoing numbers as of December 31, 2023.**

Exhibit C lists the names of all current and former franchisees and the addresses and telephone numbers of their outlets as of the **issuance date** 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.

During the last three (3) years, no 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 **for the year ended as of December 31, 2024, as of** December 31, 2023 , and **the period from March 14, 2022 to as of** December 31, 2022. **We have also included an unaudited profit and loss statement from January 1, 2024 through July 31, 2024. Because we began operations in March 2022, we have not been in business for three years or more and cannot include all the financial statements required by the FTC for the last three years.** Our fiscal year ends on December 31.

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**ITEM 22
CONTRACT
S**

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

Document/Contract	Location in FDD
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
RECEIPT
S**

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.



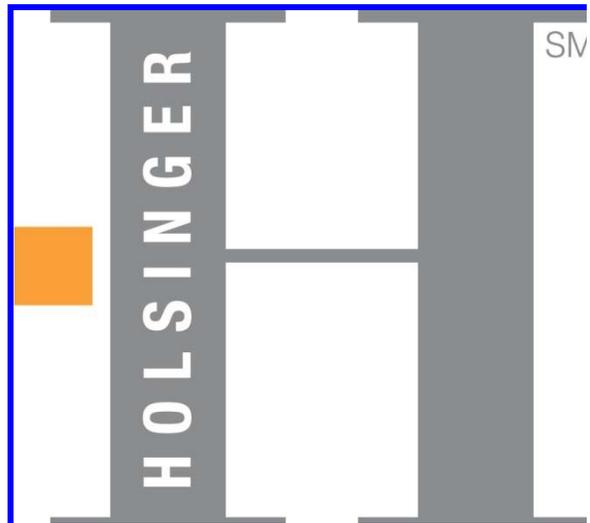
Outside the box. Within the lines.™

Financial Statements

CRS FRANCHISING, LLC

DECEMBER 31, 2024 AND 2023





Outside the box. Within the lines.



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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MSI Global Alliance Independent Member Firm



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.



Wexford, Pennsylvania

April 25, 2025

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CRS FRANCHISING, LLC
BALANCE SHEETS

ASSETS

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

LIABILITIES AND MEMBER'S DEFICIT

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

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

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

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

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

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

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

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

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

<u>Finance Lease Weighted Average Remaining Lease Term</u>	<u>4 years</u>
<u>Finance Lease Weighted Average Discount Rate</u>	<u>3.93%</u>

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:

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

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.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.
 PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED
 THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR
 EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

CRS Franchising LLC

January - July, 2024

	TC
Income	
400 Services	154,90
401 Technology Fee	20,40
402 Territory Fees	1,031,09
403 Brand Fund	55,89
535 Uncategorized Income	1,48
Total Income	\$1,263,76
GROSS PROFIT	\$1,263,76
Expenses	
500 Advertising & marketing	73,85
539 Website ads	9,11
Total 500 Advertising & marketing	82,96
501 Commissions & fees	483,96
503 Meals	12,73
507 Travel	1,06
508 Airfare	12,80
509 Hotels	35,14
510 Taxis or shared rides	3,83
Total 507 Travel	52,84
519 Insurance	2,26
523 Legal & accounting services	25
506 Accounting fees	50
513 Legal Fees	14,87
Total 523 Legal & accounting services	15,62
526 QuickBooks Payments Fees	3,89
529 Payroll expenses	1,75
525 Salaries & wages	214,09
Total 529 Payroll expenses	215,84
531 Office expenses	15,70
504 Software & apps	51,60
532 Shipping & postage	59
533 Office supplies	8,70
534 Printing & photocopying	1,47
Total 531 Office expenses	78,08
540 Utilities	1,58
541 Phone service	2,66

Total 540 Utilities	4,25
543 Rent	24,32
545 Repairs & maintenance	1,31

CRS Franchising LLC

January - July, 2024

	TO
General business expenses	
536 Memberships & subscriptions	3,36
537 Bank fees & service charges	2,41
Total General business expenses	5,77
Taxes paid	
530 Payroll taxes	127,04
Total Taxes paid	127,04
Total Expenses	\$1,110,94
NET OPERATING INCOME	\$152,82
Other Expenses	
Vehicle expenses	1
Total Vehicle expenses	1
Total Other Expenses	\$1
NET OTHER INCOME	\$ -1
NET INCOME	\$152,80

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT C

LIST OF CURRENT AND FORMER FRANCHISEES

CURRENT FRANCHISEES

Open and Operating as of December 31, ~~2023~~2024

State	City	Business Address	Email	Contact Name
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
State FL	City Lakeland	Business Address 5300 Region Court, Ste 1300 Lakeland, FL 33815	Email lakelandfl@crspackout.com	Contact Name Adam Raynor
FL	Apopka*	700 S Hawthorne Ave Suite 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

<u>NC</u>	<u>Durham</u>	<u>2101 Westinghouse Blvd. Raleigh, NC 27604</u>	<u>carync@crspackout.com</u>	<u>Vivek Santuka</u>
State <u>NC</u>	City <u>Greensboro</u>	Business Address <u>2101 Westinghouse Blvd. Raleigh, NC 27604</u>	Email <u>carync@crspackout.com</u>	Contact Name <u>Vivek Santuka</u>
FL	Clearwater/ St. Petersburg	TBD <u>2550 118th Ave N, St. Petersburg, FL 33716</u>	floridaacs@crspackout.com	Vik Patel
FL	Dunedin/ Trinity	TBD <u>2550 118th Ave N, St. Petersburg, FL 33716</u>	floridaacs@crspackout.com	Vik Patel
FL	Lakeland	5300 Region Court, Suite 1300 Lakeland, FL 33815	lakelandfl@crspackout.com	Adam Raynor
FL	Tampa	TBD <u>2550 118th Ave N, St. Petersburg, FL 33716</u>	floridaacs@crspackout.com	Vik Patel
NC <u>PA</u>	Cary <u>Allentown</u>	2101 Westinghouse Blvd. Raleigh, NC 27604 <u>Velocity 309, 701 S West End Blvd, Quakertown, PA 18951</u>	carync@crspackout.com <u>allentownpa@crspackout.com</u>	Vivek Santuka <u>John Bateson</u>
<u>PA</u>	<u>Bucks Mont</u>	<u>Velocity 309, 701 S West End Blvd, Quakertown, PA 18951</u>	<u>allentownpa@crspackout.com</u>	<u>John Bateson</u>
NJ	Hunterdon	115 River Rd. Flemington, NJ 08822	hunterdonnj@crspackout.com	Leo Menard
PA <u>NJ</u>	Allentown <u>Trenton</u>	TBD <u>115 River Rd. Flemington, NJ 08822</u>	<u>allentownpa@crspackout.com</u> <u>hunterdonnj@crspackout.com</u>	John Bateson <u>Leo Menard</u>
<u>MI</u>	<u>Milford, Novi & Bloomfield</u>	<u>5323 A Dixie Hwy Waterford, Michigan 48329</u>	<u>bloomfieldmi@crspackout.com</u>	<u>Ken McLouth</u>

Opened for Operations between December 31, 2023, and the Issuance Date – Accounted For in Table 5 of Item 20.

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

State	City	Business Address	Email	Contact Name
FL	Clearwater / St.	TBD	floridaacs@crspackout.com	Vik Patel
FL	Dunedin /	TBD	floridaacs@crspackout.com	Vik Patel
FL	Lakeland	5300 Region Court, Suite 1300 Lakeland, FL 33815	lakelandfl@crspackout.com	Adam Raynor
FL	Tampa	TBD	floridaacs@crspackout.com	Vik Patel
NC	Cary	2101 Westinghouse Blvd.	carync@crspackout.com	Vivek Santuka
NJ	Hunterdon	115 River Rd. Flemington, NJ 08822	hunterdonnj@crspackout.com	Leo Menard
PA	Allentown	TBD	allentownpa@crspackout.com	John Bateson
SC	Charleston	1072 Business Park Rd Suite 200 Summerville SC 29483	charlestonmyrtleesc@crspackout.com	Harry Clayton, Jay Taylor, Matt Hudson & Todd Horne
SC	Myrtle Beach	1072 Business Park Rd Suite 200 Summerville, SC 29483	charlestonmyrtleesc@crspackout.com	Harry Clayton, Jay Taylor, Matt Hudson & Todd Horne
TX	Cypress	12302 FM 529, Bldg D Houston, TX 77041	cypresstx@crspackout.com	Samuel & Meghan

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
SC GA	Charleston Dalton	1072 Business Park Rd 6620 Bay Circle, Suite 200 Summerville SC 29483 , Peachtree Corners, GA 30071	georgia@crspackout.com	Harry Clayton, Jay Taylor, Matt Hudson & Todd Horne 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

<u>State</u>	<u>City</u>	<u>Business Address</u>	<u>Email</u>	<u>Contact Name</u>	<u>Phone Number</u>
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

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

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

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

FORMER FRANCHISEES

NONE.



FRANCHISE AGREEMENT

between

CRS FRANCHISING, LLC

and

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
CRS Franchising, LLC
2024 [2025](#) Franchise

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. A. Gross Revenue. “Gross Revenue” means all revenue that you receive 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.

~~B. Amount of Royalty Fee. You must pay us a monthly royalty fee (the “Royalty Fee”) equal to seven percent (7%) of your Gross Revenue for the previous month, payable within five (5) days of your receipt of payment for all services rendered. 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. Beginning in the seventh month after you open your Business, you must make a minimum Royalty Fee payment of the greater of 10% of your Gross Revenues or \$1,000 per month.~~

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 within five (5) days of your receipt of payment for all services rendered 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

3.6 **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

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.

3.14

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.

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. C.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

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

E.

D. 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

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. 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,

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.

~~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 **7.3.**

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

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. C.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

8.4. 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

B.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. 9.4.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. 9.5.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. 9.6.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. 9.7.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. 9.8.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,

10.2.

10.1. 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. 11.3. 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. 11.4. 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)

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

B. 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. C. perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

D. 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.

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

(iii)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. 13.3.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. 13.4.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. 13.5.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. N.Your proposed transferee must covenant that it will continue to operate the Business under the Marks and using the System.

N. O.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. 13.6.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. 13.8.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. 13.9.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. 13.10.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

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. **13.11.** Right of First Refusal.

13.12.

- 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. **13.13.** 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

(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) (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) (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)

(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

~~(x)~~ ~~(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)~~ ~~(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)~~ ~~(c)~~ 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),

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) (d) 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.

(e)

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. 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.

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

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.

16.3. 16.4. 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. 16.5. Mutual Waiver of Jury Trial. You and we each irrevocably waive trial by jury in any litigation.

16.5. 16.6. 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. 16.7. 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. 16.8. 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. 16.9. 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. 16.10. 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

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. 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. 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.

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. 17.16. 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. 17.17. 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]

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.

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 tree 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.

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?
- 2.
- Yes ___ No ___ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- 4.
- Yes ___ No ___ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- 6.
- 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?
- 8.
- 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: _____
- 10.
- 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?

12.

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?

14.

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)?

16.

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 ___

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?

20.

Yes ___ No ___

Yes ___ No ___ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

22.

Yes ___ No ___

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?

24.

Yes ___ No ___

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?

26.

Yes ___ No ___

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)?

28.

Yes ___ No ___

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?

30.

Yes ___ No ___

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?

32.

Yes ___ No ___

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?

34.

Yes No

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?

36.

Yes No

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

38.

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

Yes _____ **No** _____
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



DEVELOPMENT AGREEMENT

between

CRS FRANCHISING, LLC

and

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ATTACHMENTS

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

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.

<u>California</u>	<u>Michigan</u>	<u>Rhode Island</u>
<u>Hawaii</u>	<u>Minnesota</u>	<u>South Dakota</u>
<u>Illinois</u>	<u>New York</u>	<u>Virginia</u>
<u>Iowa</u>	<u>North Dakota</u>	<u>Washington</u>
<u>Indiana</u>	<u>Ohio</u>	<u>Wisconsin</u>
<u>Maryland</u>		

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 change, 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.

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:

State	Effective Date
California	July 10, 2024 Application Pending
Hawaii	Not Registered
Illinois	April 23, 2024 Application Pending
Indiana	April 23 July 2, 2024
Maryland	September 23, 2024 Application Pending
Michigan	August 25, 2024
Minnesota	June 6, 2024 Application Pending
New York	November 1, 2024 Application Pending
North Dakota	Not Registered
Rhode Island	December 26 ,2024
South Dakota	Not Registered
Virginia	May 20, 2024 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

CRS Franchising, LLC
FDD Exhibit **JL**

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 ~~22~~28, ~~2024~~ 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. ~~J.~~ 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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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 ~~22~~28, ~~2024~~ 2025

I received a Disclosure Document that included the following Exhibits:

- D. FINANCIAL STATEMENTS
- E. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- F. LIST OF FRANCHISEES
- G. OPERATIONS MANUAL TABLE OF CONTENTS
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- I. AREA DEVELOPMENT AGREEMENT WITH ATTACHMENTS
- J. FORMS OF GENERAL RELEASE
- K. FORM OF CONFIDENTIALITY AND NONCOMPETE AGREEMENT
- L. STATE SPECIFIC ADDENDA
- M. ELECTRONIC FUNDS TRANSFER FORM
- N. LEASE RIDER
- O. ~~J.~~ 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

Summary Report	
Title	compareDocs Comparison Results
Date & Time	5/1/2025 11:17:22 AM
Comparison Time	31.25 seconds
compareDocs version	v5.1.300.3

Sources	
Original Document	2024_CRS_FDD Iss. 04.22.24_FCV5.pdf
Modified Document	2025_CRS Packout_FDD Iss. 04.28.25_FCV1.1.pdf

Comparison Statistics	
Insertions	1061
Deletions	157
Changes	270
Moves	25
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	1513

Word Rendering Set Markup Options	
Name	Standard with color blue for redlining
<u>Insertions</u>	
Deletions	
<u>Moves / Moves</u>	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after saving	General	Always
Report Type	Word	Redline
Character Level	Word	False
Include Comments	Word	False
Include Field Codes	Word	True
Flatten Field Codes	Word	False
Include Footnotes / Endnotes	Word	True
Include Headers / Footers	Word	True
Image compare mode	Word	Insert/Delete
Include List Numbers	Word	True
Include Quotation Marks	Word	False
Show Moves	Word	True
Include Tables	Word	True
Include Text Boxes	Word	True
Show Reviewing Pane	Word	True
Summary Report	Word	End
Detail Report	Word	Separate (View Only)
Document View	Word	Print