

**FRANCHISE DISCLOSURE DOCUMENT  
(Area Representative)**



**Tectum Franchising LLC  
d/b/a CR3 American Exteriors,  
a Virginia Limited Liability Company  
780 Lynnhaven Parkway  
Suite 240  
Virginia Beach, VA 23452  
888-393-9903  
www.CR3America.com**

As an CR3 American Exteriors area representative, you will solicit others to operate a CR3 American Exteriors unit franchised business that offers, sells, and performs roofing and remodeling services for commercial and residential customers within an area representative territory, and you will provide ongoing support services to such unit franchised businesses in exchange for a portion of certain fees collected (the “Area Representative Business”).

The total investment necessary to begin operations of a CR3 American Exteriors Area Representative Business is \$109,750 to \$517,00. This includes is \$100,000 to \$500,000. that must be paid to the Franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your Area Representative 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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact: Mark Luterman at 1446 Baltimore Street, Suite E, Hanover, PA 17331 or by phone at (717) 634-4026.

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission (FTC). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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 30, 2025; Amended June 3, 2025

Unit Franchisees must comply with all federal, state, and local laws and regulations which apply generally to all businesses and specifically to businesses involving building and construction. These laws and regulations may require Unit Franchisees to register, obtain a license, or obtain professional certification from local or state regulators prior to offering the Approved Products and Services. These laws also include national and local building codes. Unit Franchisees will be responsible for obtaining any necessary municipality permits and complying with all municipality building and inspection protocols.

Unit Franchisees will also be subject to federal, state, and local safety and environmental laws, rules, and regulations. Unit Franchisees must strictly comply with all Occupational Safety and Health Administration (OSHA) requirements and any other state or local rules or regulations relating to jobsite safety at all times during the operation of their franchised business. Unit Franchisees must strictly comply with all Environmental Protection Agency (EPA) rules, regulations and guidelines pertaining to the use and disposal of materials.

You will need to be familiar with your local codes, laws, rules, and regulations in order to support Unit Franchises. Likewise, you will need to obtain and maintain the same licenses, permits, or certifications required by applicable state, local, and federal laws for the performance of the residential and commercial construction as Unit Franchises in the Area Representative Territory you select, so that you can support Unit Franchises.

You should investigate the application of these laws further. We recommend that you consult with your attorney regarding the application of any federal, state, or local law or regulation to the Area Representative Business

### **Market and Competition.**

~~The target market for our Products and Services is highly developed and very competitive. You will compete with established businesses offering similar products and services in your Territory. The competition will include local independent outlets, regional chains, national chains, and other franchised businesses.~~

~~Your primary customers will be commercial or residential property owners, property managers, and other individuals responsible for the construction, maintenance or repair of commercial or residential property.~~

The general market for the recruitment and support of franchisees is well developed and highly competitive. You will focus most of your activity on locating individuals to purchase, own and operate a CR3 American Exteriors Unit Franchise within your Area Representative Territory and offering support to them. Typically, prospective franchisees will have a background in construction and will either be looking to franchise an existing construction business or open a new construction business. Recruitment and support are a year-round business. You will compete with other franchisors, franchise brokers and consultants, and other Area Representatives or similar franchise sellers who also recruit individuals looking to purchase franchise opportunities.

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### ITEM 3. LITIGATION

**John Hewitt, Chief Executive Officer and Chairman of Loyalty, LLC, has been named in the following litigation:**

**Pending Actions:**

*There are no pending actions.*

Ira Lubert and John Martinson v. John T. Hewitt, ATAX, LLC, and Loyalty, LLC (Case No 250503829) filed May 30, 2025, in the Court of Common Pleas of Philadelphia County, Pennsylvania. The Plaintiffs are investors in ATAX, LLC, and claim that they were solicited to invest in ATAX as a qualified opportunity zone business (QOZB), yet it did not qualify as a QOZB. Further, Plaintiffs claim that, as a result of the non-QOZB status, the defendants promised certain changes, some of which defendants have not made, specifically an amendment to ATAX's Operating Agreement and certain financial controls. The Plaintiffs also allege that Hewitt, with the assistance of certain Loyalty employees, made cash withdrawals from ATAX and paid those funds to himself, to Loyalty, and to other Loyalty brand companies without ATAX Board approval. The Plaintiffs sue for (1) Fraud Against Defendant Hewitt, (2) Aiding and Abetting Fraud (Against Defendant Loyalty), (3) Breach of Fiduciary Duty (Against Defendants Hewitt and Loyalty), (4) Conversion (Against Defendants Hewitt and Loyalty), (5) Breach of Contract (Against Defendants Hewitt, Loyalty, and ATAX), (6) Unjust Enrichment (Against Defendants Hewitt and Loyalty), (7) Breach of Virginia Stock Corporation Act (Against Defendants Hewitt and Loyalty), and (8) Violation of Pennsylvania Voidable Transfers Act (Against Defendants Hewitt and Loyalty). Plaintiffs seek a judgment, an order rescinding their investments, redemption of their ownership interests at a fair value, monetary damages in an amount to be determined at trial, fees, and interest. Defendants offered to buy out the Plaintiffs' investments for a profit that would be beneficial to Plaintiffs. Defendants intend to file an Answer generally denying the allegations and vigorously contesting the claims made. No trial date has been set.

**Concluded Actions:**

JTH Tax LLC d/b/a Liberty Tax Service v. John T. Hewitt, Loyalty LLC, ATAX LLC, ATAX Franchise, Inc. and Yneva Marte (Case No.2:21-cv-00076-RBS-LRL) filed February 4, 2021 in the United States District Court for the Eastern District of Virginia. Plaintiff filed the action alleging that ATAX franchisees maintained signage that is confusingly similar to trade dress and logos of the plaintiff. The Plaintiff also alleges that Mr. Hewitt tortiously interfered with certain contractual relations by discussing with existing and former franchisees of the Plaintiff opportunities at ATAX. The complaint alleges that Mr. Hewitt breached his employment agreement by sharing and using trade secrets, confidential and proprietary information for his own benefit or the benefit of a third party by convincing existing and prospective franchisees of the Plaintiff to leave and instead open ATAX franchises. Lastly, the complaint alleges that Mr. Hewitt engaged in a conspiracy to unfairly compete against and damage Liberty Tax by convincing customers and prospective customers to pick ATAX over Liberty Tax. Plaintiffs sought \$20 million in actual damages, treble damages, costs, and legal fees along with injunctive relief. The Defendants have denied the allegations. The matter was settled on December 31, 2021. Under the

not to grant John T. Hewitt any options or other rights to acquire equity in Liberty Tax or to nominate him to the company's board of directors. On December 20, 2019, the court granted the joint motion and the motion to seal, which fully resolved the legal proceedings initiated by the DOJ. Although he is referenced in the court's order, John T. Hewitt was not a named party to this case.

Other than these actions, no litigation is required to be disclosed in this Item.

#### **ITEM 4. BANKRUPTCY**

No bankruptcy is required to be disclosed in this item.

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#### **ITEM 5. INITIAL FEES**

When you sign an Area Representative Agreement you will pay to us a non-refundable area representative fee (the "Area Representative Fee") in an amount ranging from \$100,000 to \$500,000. The Area Representative Fee is fully earned by us upon payment.

The amount of the Area Representative Fee is calculated based on the number of Unit Territory's that we designate for potential development within your Area Representative Territory. Each Unit Territory will contain a minimum population of approximately 500,000 residents and the fee will be \$10,000 for area representative rights over each undeveloped Unit Territory. The minimum number of Unit Franchises that we may designate for potential development under an Area Representative Agreement is 10 and the maximum number of Unit Franchises that we may designate for potential development under an Area Representative Agreement is 50.

When purchasing an Area Representative Territory with existing developed Unit Territories, the precise amount will be negotiated based upon pertinent factors such as: how many existing CR3 American Exteriors Unit Territories are already in your Territory and how much royalty revenue they generate, demand for Services and the level of competition in your area, population density, geographic layout, road layouts and traffic patterns, and demographic factors.

The Area Representative Agreement conveys no right to operate any Unit Territory. We do not offer Unit Franchises under this disclosure document. Unit Franchises are offered under a separate franchise disclosure document for Unit Franchises. Likewise, rights to operate a Unit Territory are only conveyed by us and through a separate Unit Franchise Agreement. The terms and other

**ITEM 6. OTHER FEES**

Type of Fee (Note 1)	Amount	Due Date	Remarks
Lead Generation (Note 2)	Typically, \$100 - \$150 per lead.	Within 30 days of transaction	You may purchase leads to help with lead generation.
CR3 Internal Sales Fee (Note 3)	\$5,000	At the time of sale	If our internal franchise sales staff or representative assists in the sale of a Unit Franchise within your Territory, you will pay this fee to us.
Loyalty Brands Sales Fee (Note 4)	\$15,000	At the time of sale	If a Loyalty Brands franchise sales representative assists in the sale of a Unit Franchise within your Territory, you will pay this fee to us.
Franchise Broker Referral Fee (Note 5)	Will vary under circumstances. We will deduct the actual amount of a broker's fee before calculating any initial fee commission to you.	At the time of sale	Shared expense deducted from any initial fee commission due to you when a candidate is referred by a broker and then purchases a Unit Franchise within your Area Representative Territory
Transfer Fee (Note 6)	\$10,000	Prior to acceptance of transferee	Payable at closing and subject to state law.
Renewal Fee (Note 7)	\$1,000 per Unit Franchise Territory developed or available for potential development within the Area Representative Territory	Upon execution of a successor agreement.	You will pay this fee if you choose to renew the area representative agreement at the end of the initial term.
Technology Fee	If paid to us, our then-current fee, up to \$200 per month (we currently do not have a	Monthly	We may require you to utilize certain software to manage

	technology fee for Area Representatives).		your Area Representative Business. You will typically pay these fees directly to vendors or suppliers. However, we reserve the right to procure certain technology services and impose a “Technology Fee” of up to \$200 per month upon sixty (60) day’s advance notice to you.
Late Fees	Lesser of 1% per month or the highest rate allowable by law of the state where you are located.	As incurred	Apply to amounts owed to us that are five (5) days past due.
Insurance	Amount of premiums	Prior to opening	You must purchase and maintain insurance coverage that we designate
Indemnification	Will vary under circumstances	As incurred	Payable if we incur on your behalf.
Attorney Fees and Costs	Will vary under circumstances	As incurred	Each party will bear their own cost.
Third Party Charges	Will vary under circumstances	As incurred	Payable if we incur on your behalf.

**Note 1: Fees-**All of the listed fees are uniformly imposed payable to us, unless otherwise noted and are non-refundable. We reserve the right to set off amounts owed to use against amounts owed to you.

**Note 2: Lead Generation-**We may generate or purchase leads and offer them to you but you are under no obligation to purchase them from us, except that you will pay the CR3 Internal Sales Fee if a lead generated by us purchases a Unit Franchise within your Territory as described below. The cost will vary depending upon cost and difficulty of obtaining the lead.

**Note 3: CR3 Internal Sales Fee –** We maintain an internal sales team (the “CR3 Internal Sales Team”) to generate, develop, and close qualified leads. We actively advertise the brand and our franchise offering to generate interest. A representative from the CR3 Internal Sales Team typically ensures a prospect is disclosed with the then-current unit disclosure document, works with the prospect throughout the sales process to select a territory, and coordinates with the operations and legal teams through execution of a franchise agreement. You will always incur this fee on the sale of a Unit Franchise in your Territory unless you fully generate, develop, and close the transaction without the assistance of a representative from the CR3 Internal Sales Team. We

will deduct the CR3 Internal Sales Fee from any Initial Fee Commission otherwise due to you. This fee is paid solely by you and is not a shared expense.

**Note 4: Loyalty Brands Sales Fee** - Loyalty Brands maintains a sales team (the “Loyalty Brands Sales Team”) to generate, develop, and close qualified leads for franchisors. Loyalty Brands may, during the term, actively advertise our Mark and our franchise offering to generate interest. A representative from the Loyalty Brands Sales Team serves the same basic functions as the CR3 Internal Sales Team. For leads that Loyalty Brands develops or leads that are turned over to Loyalty Brands, a representative of the Loyalty Brands Sales Team will ensure the prospect is disclosed with the then-current unit disclosure document, work with the prospect throughout the sales process to select a territory, and coordinate with the operations and legal teams through execution of a franchise agreement. You will incur this fee on the sale of a Unit Franchise in your Territory if Loyalty Brands either (i) independently develops the lead or (ii) you or some other party introduces the lead to Loyalty Brands before introducing them to us directly. We will deduct the Loyalty Brands Sales Fee from any Initial Fee Commission otherwise due to you. This fee is paid solely by you and is not a shared expense.

**Note 5: Broker Fee**- We may utilize an independent franchise broker to develop leads. Brokers are typically paid a commission based on a successful referral. Rates vary. If a Unit Franchise located within the geographical boundaries of your Area Representative Territory is sold to an individual or entity referred by a broker, then the amount of the broker’s fee will be shared equally (50/50) between you and us. This amount will be deducted before any Initial Fee Commission is paid to you. For example, if a \$40,000 initial fee is paid to us by a Unit Franchisee and the Unit Franchisee was introduced to you or us by a broker with a \$20,000 broker/referral fee, the Net Initial Franchise Fee would be \$20,000, and you would receive \$10,000 (50% of the \$20,000 Net Initial Franchise Fee). You do not have any right or authority to reject a broker referral, regardless of its cost.

**Note 6: Transfer**-For the protection of both buyer and seller, Tectum Franchising LLC may serve as the settlement agent on transfers of ownership. You will pay the transfer fee to us at closing. In addition, prior to transfer, all outstanding amounts due to us must be paid. However, if you transfer your Area Representative Territory to an entity in which you are the majority owner, or if you transfer the Outlet to your child, parent, sibling, or spouse, you will not pay this transfer fee.

**Note 7: Renewal Fee** – The renewal fee is determined based on the size of your Area Representative Territory and is calculated at a rate of \$1,000 per Unit Franchise Territory developed or still available for potential development within the Area Representative Territory at the end of your initial term. For example, if your Area Representative Agreement grants you the right to potentially develop 20 Unit Franchises within the boundaries of your Area Representative Territory, and you maintain rights over all 20 Unit Franchises at the time of renewal, then your renewal fee would be \$20,000.

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## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount (Low)	Estimated Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
Area Representative Fee (Note 1)	\$100,000	\$500,000	Check or Wire Transfer	At Signing of Area Representative Agreement	Us
Computer and Software (Note 2)	\$900	\$1,500	As billed	Before opening	Suppliers
Insurance Deposits (Note 3)	\$1,500	\$2,000	As billed	Varies	Insurers
Travel for Initial Training (Note 4)	\$1,500	\$2,000	As Incurred	Before opening	Airlines, Lodging & Ground Transportation
Professional Fees (Note 5)	\$2,500	\$5,000	As billed	Before opening	Attorneys and Accountants
Business Licenses and Permits (Note 6)	\$100	\$1,000	As incurred	Before opening	Government
Office Supplies	\$250	\$500	As incurred	Before Opening	Suppliers
Additional Funds-3 Months (Note 7)	\$3,000	\$5,000	As Arranged	As Necessary	Us, Employees, Utilities, Lessor & Suppliers
<b>TOTAL (Note 8)</b>	<b>\$109,750</b>	<b>\$517,000</b>			

#### Explanatory Notes to Item 7

Note 1: Area Representative Fee – The Area Representative Fee is calculated based on the number of Unit Franchises authorized for potential development. The minimum number of Unit Franchises that we may designate for potential development under an Area Representative Agreement is 10 and the maximum number is 50. The Area Representative Fee is \$10,000 per Unit Franchise authorized by us for potential development. The Area Representative Fee is fully earned by us upon payment from you and is not refundable. We or our affiliate do not finance any part of the initial investment. See Item 5.

Note 2: Computer, Software and Point of Sales System – You will be required to purchase a computer for the operation of the Area Representative Business. You may be required to use certain software as part of the Area Representative Business. Additional information about the computer system is disclosed in Item 11 of this Disclosure Document.

Note 3: Insurance Deposits – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance and we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments.

Note 4: Travel for Initial Training – You must complete our pre-opening training program before opening your Area Representative Business. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program.

Note 5: Professional Fees – These estimates are for costs associated with the engagement of professionals. ~~We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, the and the Area Representative Agreement.~~ It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of the Area Representative Business.

Note 6: Business Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate the Area Representative Business. The licenses will vary depending on the state within which you operate and the location of your Area Representative Business. Depending on the location of your Area Representative Business you may be required to register as a franchise seller with a state franchise regulator.

Note 7: Additional Funds – As with starting any business, it is recommended to have additional funds available for unforeseen expenses. The estimate of additional funds for the initial phase of your Franchised Business is based on your operating expenses for the first three months of operation. The estimate of additional funds does not include employee salary or an owner's salary or draw.

Note 8: Total Estimate – We base this estimate upon the years of experience our management team has in the industry.

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media, or digital media unless expressly approved by us in writing. We strictly control how you may use websites and digital media, and you must assign all website media and digital media accounts to us. (Area Representative Agreement, Section 4.) We may create, operate and promote websites, social media accounts (including, but not limited to, Facebook, Twitter, and Instagram), applications, digital advertising (including pay-per-click and display ads) or other means of digital marketing to promote the brand, our Marks, your Area Representative Business and our franchise opportunities. We have the sole right to control all aspects of any digital marketing including all digital marketing related to your Area Representative Business, and you must assign all website media and digital media accounts to us (Area Representative Agreement, Section 4.10).

Initial Training – Not less than 45 days prior to commencing the operations of the Area Representative Business, you or your Managing Owner must attend and complete our initial training program. We will provide you and, up to one of your designated managers, with training in accordance with our initial training program at no additional fee or charge. (Area Representative Agreement, Section 4.1.) Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner and one Operating Manager at our corporate offices located in Hanover, Pennsylvania, remotely. or another relocation designated by us. The training program takes place over a one week period and is further described below in this Item 11 in more detail.

#### Site Selection

~~You may operate your Area Representative Business from a home office. Or, if you own Assistance to Hire and operate a Unit Franchise within your Area Representative Territory, Train Employees. You are solely responsible for hiring, firing, compensating, withholding, and remitting applicable payroll taxes and day-to-day supervision and control over your employees. The Operations Manual may recommend best practices on how to hire and train employees; however, nothing in the Operations Manual will be construed to shift control over your employees to us. We do not provide further assistance with hiring or training employees.~~

#### Site Selection

~~You may administratively operate your Area Representative Business from a home office, from the office of your Unit Franchise. Generally, we do not own or lease the real property that will serve as your any Unit Franchisee owned or controlled by you, or from any other office location, and you are responsible for all costs and expenses in locating and evaluating proposed sites for your selected by you. You do not require our approval to maintain an office location. Accordingly, we do not generally own the premises and lease it to you, and we do not help with site selection nor your lease or purchase negotiation. Likewise, we do not provide any assistance in forming the premises to local ordinances and building codes or obtaining any required permits, nor provide any assistance in constructing, remodeling or decorating the premises.~~

~~The boundaries of each Unit Franchise to be developed within your Area Representative Territory will be defined at the time you and we execute the Area Representative Agreement (see Item 12). The Area Representative Agreement, Section 1.6. conveys no right for you to develop or operate a Unit Franchise. We are the sole determiner of how Unit Territories are defined and whether prospects are approved to purchase a Unit Franchise.~~

#### Time to Open

~~You may not open or commence the operations of the Area Representative Business until you have completed our initial training requirements and obtained the necessary licensing and authorization from state and regulatory agencies within your Area Representative Territory including, if applicable, registration of the Unit Franchise Disclosure Document, filing of the Unit Franchise Disclosure Document, and all appropriate waivers and requirements related to the sale of franchises and/or business opportunities within your Area Representative Territory and any other state that maintains jurisdiction related to the operations of the Area Representative Business.~~ You must open and commence the operations of the Area Representative Business not later than three months from the date of signing your Area Representative Agreement. (Area Representative Agreement, Section 3.5.D)

We estimate that the length of time between the signing of your Area Representative Agreement and opening the Area Representative Business to be approximately one week to three months. Factors that may affect this estimated time period include the length of time taken by you to complete, to our satisfaction, our initial training program. You must open the Area Representative Business within three months from the date of signing your Area Representative Agreement, or otherwise we may terminate your Area Representative Agreement without refunding any fees or other funds to you.

### **Post-Opening Obligations**

Communication of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your Area Representative Business including, but not limited to, System related marketing materials, franchisee candidate presentations, status of referred franchisee candidate approval or disapproval, and other standards and specifications as we may designate, modify, supplement and amend from time to time as set forth in the Manuals. (Area Representative Agreement, Sections 4.5)

Access to Unit Franchise Disclosure Document and Sales Materials – We will provide you with access to our then current Unit Franchise Disclosure Document and to our approved franchise sales materials and media. (Area Representative Agreement, Section 4.6.) You must ensure that the Unit Franchise Disclosure Document is current and in compliance with all laws, rules, and regulations within your Area Representative Territory, including, without limitation, all franchise disclosure document disclosure, registration, filing, and franchise sales requirements before you solicit any prospective franchisee for us. (Area Representative Agreement, Section 3.4 and 4.6);

Payment of Fees Under the Area Representative Agreement – During the initial term of the Area Representative Agreement and for so long as you are in compliance with the terms and conditions of the Area Representative Agreement, we pay the following fees to you:

Franchise Fee Compensation – For each Unit Franchise that we authorize and approve for development and operation within your designated Area Representative Territory during the initial term of your Area Representative Agreement, we will pay to you a one-time payment / amount equal to 50% of the net initial net franchise fee that is unconditionally paid to us and received by us after all deductions (the “AR Franchise Fee Compensation”); and

Royalty Compensation – For each Unit Franchise that is developed and first opened within your Area Representative Territory during the initial term of your Area Representative Agreement, we will pay to you 50% of the net royalty fees paid to us by each Unit Franchise operating within your Area Representative Territory during the initial term of your Area Representative Agreement and, if applicable, the renewal term of your Area Representative Agreement (the “AR Royalty Compensation”);

(Area Representative Agreement, Section 2.1);

Refresher Training – We may provide refresher training programs or seminars, including national and regional meetings. (Area Representative Agreement, Section 4.2);

Marketing Standards and Approval – We may establish, update, and communicate to you our standards for the marketing and promotion of Unit Franchises, including, without limitation, the marketing materials and marketing media that you may use. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and media that may be requested by you for use in the marketing and promotion of Unit Franchises. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of Unit Franchises and the promotion of your Area Representative Business. (Area Representative Agreement, Sections 4.8). You have no authority to approve or disapprove marketing or advertising for Unit Franchises;

Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the System that you must utilize in the operations of your Area Representative Business. (Area Representative Agreement, Section 4.13); and

Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees.

Establishing Prices - We establish the price of our Unit Franchise offering, which is published on an annual basis through our separate Unit Franchise disclosure document. We reserve the right to adjust the fees for Unit Franchises at any time, offer promotional discounts, and extend financing - all in our sole judgment.

## **Advertising**

Our Obligation to Conduct Advertising. We may use online, radio, television, direct mail, billboards, print or other advertising. We may use local, regional, or national advertising. We may produce advertising material in-house or through outside national or regional agencies. We are not required to spend any amount on advertising in the area or Territory where you will be located. Further, we are not obligated to advertise for the franchise system. (Franchise Agreement, Section 2).

Generally – All marketing, marketing materials, and marketing media used by you in the marketing and promotion of your Area Representative Business and the promotion of Unit Franchises must be pre-approved by us in writing and conform to our standards and specifications. You may only

use the marketing, marketing materials, and media that we designate and approve in writing. In our sole and absolute discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy, and digital media that you may use at your own expense. If you wish to use marketing materials or media that are not currently approved by us in writing, you may submit a written request for permission, and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount in the marketing, sale or promotion of Unit Franchises within your Area Representative Territory or otherwise. (Area Representative Agreement, Section 1.10.A).

Local Marketing — ~~You are not authorized to engage in any marketing (including, without limitation, all public relations, promotions, local marketing, digital media, or web based marketing) unless we pre-approve such marketing in writing. (Area Representative Agreement, Sections 1.10.C, 1.10.D, and 3.4).~~ You are required to market and promote Unit Franchises within local markets comprising your Area Representative Territory. There are no minimum amounts that must be spent by you on advertising under the Area Representative Agreement; however, it is recommended that you spend \$1,000 to \$5,000 per month on lead generation. We will review your local marketing programs and notify you if we approve same. We will make available to you, and provide you with access to, our approved brochures, displays, presentations, and marketing campaigns (in the form of a source document) that you may use. In those instances where we provide you with access to our marketing campaigns, we will provide you with the source designs and design specifications. You will incur the direct costs associated with broadcasting, using, and distributing such marketing campaigns. All digital media and marketing must be approved by us. (Area Representative Agreement, Section 4.14).

Advisory Council. ~~As of the Issuance Date, we do not have an advisory council but reserve the right to form one in the future. If we establish a Franchisee Advisory Council (“FAC”), it will be composed of franchisees that advises us on operational and advertising policy. We will select the members. The FAC will serve in an advisory capacity only. We have the power to form, change, or dissolve the advertising council.~~

Advertising Cooperative. ~~You are not required to participate in a local or regional advertising cooperative.~~

Advertising Fund. ~~We do not have an Advertising Fund for Area Representatives. Therefore, you are not required to participate in any Advertising Fund for Area Representatives. We maintain a separate advertising fund for Unit Franchisees, but the Area Representative Agreement does not require you to participate in this fund.~~

### **Computer System**

You must use the computer systems, point of sale systems, customer relationship management systems, and business management systems that we specify and designate. Currently you are required to purchase and use a notebook computer that maintains internet access and has video conference capability. Currently, we have not designated, and do not require that, you use a point of sale system or customer relationship management system, but we may require that you do so in the future. The cost of the computer system that you will be required to purchase varies depending on the vendor and manufacturer, and such computer system is estimated to cost between ~~\$1,000~~900 to \$1,500. You are obligated to install the software upgrades and patches as provided by the

manufacturer of the computer, point of sale system, customer relationship management system, and any other business management systems that we specify and designate. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair, and updates for the computer and point of sale systems is \$500 per year. There are no contractual limitations on the frequency or cost of this obligation. You will grant us independent access to the information and data that is electronically collected and stored on your computer system. Subject to applicable laws, if any, there are no contractual limitations on our right to access such information respecting the Franchised Business. You will generate and store data regarding our franchise System, franchisees who purchase a unit in your Area Representative Territory, and information relating to or arising from your recruitment and lead development efforts.

### **Initial Training**

We will provide initial training for you or, if you are a Corporate Entity, your Managing Owner and one operating manager at no additional fee or charge. Either you or your Managing Owner must successfully complete the initial training program to our satisfaction prior to commencing the operations of, and opening, the Franchised Business. The initial training program takes place over an approximate one-week period. Although we provide you or, if you are a Corporate Entity, your Managing Owner and one Operating Manager, with initial training at no additional fee or charge, you will be responsible for all travel and accommodation expenses in connection with your attendance and participation in our initial training program. (Area Representative Agreement, Section 4.1.). Your Operating Manager will be required to execute a confidentiality agreement on a form provided by us before attending training. We do not provide training to any other employees of yours. Currently, we provide our initial training program no less frequently than quarterly, and on an as-needed basis. ~~Any employees attending training will be required to execute a confidentiality agreement on a form provided by us.~~

### **TRAINING PROGRAM**

<b>Subject (Note 1)</b>	<b>Hours of Classroom Training</b>	<b>Hours of on-the-job Training</b>	<b>Location (Note 2)</b>
CR3 American Exteriors Overview	2.00	0.00	Hanover, PA
Financials 101	1.00	0.00	Hanover, PA
Marketing	4.00	0.00	Hanover, PA
Pricing to job	2.00	0.00	Hanover, PA
Vendor Relationships	2.00	0.00	Hanover, PA
Supplies and Materials	1.00	0.00	Hanover, PA
Technology	1.00	0.00	Hanover, PA
Due Diligence	1.00	0.00	Hanover, PA
Operations	4.00	0.00	Hanover, PA
Getting Started	4.00	4.00	Hanover, PA, on-line or Your location

Post-In-Person Training - Operations	0.00	4.00	On-line or Your Location
The Role of An Area Representative	8.00		
<b>Total</b>	<b>30.00</b>	<b>8.00</b>	

Note 1: Subject – This training schedule includes the training program offered to Unit Franchisees of ours. If you have completed this program in the past twenty-four (24) months, then you will not be required to complete the entire program again. Instead, you will complete only our training entitled “The Role of An Area Representative”.

Note 2: Location - We presently hold Initial Training in Hanover, PA or online, at our choosing.

Instructors:

The following Instructors teach our initial training program: Mark Luterman, Carnie Fryfogle, Marci Mayfield, and Kathleen Shreoder. We may have additional guest instructors present during the course of our training. All guest instructors will have a minimum of 5 years of experience in the subject taught.

<u>Instructor</u>	<u>Years of Experience in Subject Taught</u>	<u>Years of Experience with the Franchisor</u>
Mark Luterman	6	2
Carnie Fryfogle	12	2
Marci Mayfield	6	2
Katheleen Shreoder	6	2

Instructional materials that will be used in the initial training process includes our Manuals, live instruction, and handouts. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Area Representative Business.

After the opening of your Area Representative Business, we may require that you or, your Managing Owner, attend a system-wide training program (the “System-Wide Training Program”) that we may establish in our sole discretion. If we establish a System-Wide Training Program, the program will be offered from our corporate office in Hanover, PA, and you will be responsible for all travel and accommodation expenses. We will not require your attendance at a System-Wide Training Program for more than a total of five days in any calendar year.

## ITEM 12. TERRITORY

~~Your territory (“Area Representative Territory”) will be set forth in Schedule 1 of Under the Area Representative Agreement and will be defined by zip codes, political, we grant to you, subject to our reserved rights, the right to develop and operate an Area Representative Business within a geographic area that is referred to as your “Territory” or geographic boundaries. A typical “Area Representative Territory”. The scope and size of your Area Representative Territory will depend~~

upon the number of Unit Franchises that we mutually believe you can potentially develop and support during the term of your Area Representative Agreement.

We will mutually agree on the number of Unit Franchises that must be sold, developed, operated and supported by you when you sign the Area Representative Agreement. Depending on our mutual agreement, the number of Unit Franchises that must be sold, developed, supported and operated will be of a sufficient size to develop range from a minimum of 10- Unit Franchises to a maximum of 50 Unit Franchises. The geographic area where you must develop each in a "Unit Territory". Each Unit Territory Franchise will contain a be defined as a specific area when you sign the Area Representative Agreement.

While there is no minimum size for a Unit Franchise operating territory, each Unit Franchise territory will, generally, be a geographic area that contains a population of approximately 500,000 people. We obtain residents. The population data from the U.S. Census Bureau or another service we deem reliable will be obtained from a commercially available mapping tool that utilizes data, demographics, and other qualifying factors to define a territory. We may identify each Unit Franchise Territory by zip code, boundary streets, highways, county lines, designated market area, and/or other recognizable demarcations.

You may operate the Area Representative Business out of your home or from any office location. You are (the "AR Office"). We do not required require you to obtain our approval if you to relocate your Area Representative Business. As an area representative, you AR Office. However, under no circumstance will recruit and support Unit Franchisees. You may solicit outside of your you be permitted to relocate the Area Representative Territory for candidates to locate a Unit Franchise in your and/or modify the Area Representative Territory, including using other channels of distribution, without our prior written consent, which we may withhold in our sole reasonable business judgment.

You do not have the right to establish additional franchised outlets. However, you may ask us at any time to purchase additional franchises. When evaluating your ability to purchase additional franchises we will consider factors such as the Internet, catalog sales, telemarketing, your financial history, performance, and adherence to the terms of the Area Representative Agreement. You do not have rights of first refusal or other direct marketing, pursuant to our guidelines. The Area Representative Agreement does not provide you with any right to operate a Unit Franchise. similar rights to acquire additional territories.

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. There are no restrictions on our ability to accept or deny a prospect interested in developing a Unit Franchise to be located within your Area Representative Territory.

Continuation of your Territorial rights depends on achieving a certain development goal, namely, the Minimum Requirements specified in your Area Representative Agreement. You must satisfy the Minimum Requirements as to the total yearly number of Unit Franchise Agreements signed with Unit Franchises designated and to be located within the Area Representative Territory and, the cumulative number of Unit Franchises located within your Area Representative Territory that are developed, open, and operating. Your Minimum Requirements will be developed and agreed

~~upon by both of us before you sign an Area Representative Agreement and will be set forth in Schedule 2 of your Area Representative Agreement, based upon what you and we believe is a reasonable development schedule given the characteristics of the Area Representative Territory. If you fail to meet Minimum Requirements, we reserve the right to terminate your territorial rights under the Area Representative Agreement for the development of additional units. You will still maintain your rights, obligations and share in the Initial Franchise Fees and Royalties for any existing franchise agreements for the term of the Area Representative Agreement so long as you are in compliance with the remaining terms of the Area Representative Agreement; however, we may then freely sell and develop the terminated territory without sharing any of the initial franchise fees or royalties. There are no other circumstances that permit us to modify your territorial rights except on expiration or termination of the Area Representative Agreement.~~

~~We may grant you approval to open additional outlets within your Area Representative Territory if circumstances permit such as the population increases. We may grant you additional franchise territories if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate more outlets. You do not have rights of first refusal or similar rights to acquire additional territories.~~

~~Your right to operate a Area Representative Business in the Territory are subject to certain rights reserved by us. We, our parent, and our affiliates reserve all rights not expressly granted in the Area Representative Agreement. For example, we, our parent, and our affiliates have the right to:~~

Although you do not receive an exclusive territory, there are certain restrictions on our ability to solicit prospective Unit Franchise buyers within your territory, and we are restricted from granting any other franchisee area representative rights over your Area Representative Territory. To solicit prospective Unit Franchise buyers, we must (i) have an effective franchise disclosure document for Unit Franchises at the time, and (ii) secure any required filing, registration, or other approval required to offer Unit Franchises in the applicable state. We will take commercially reasonable efforts to ensure we have an effective disclosure document throughout the term of your Area Representative Agreement; however, there will be time periods where neither you or we can solicit prospective buyers or offer Unit Franchises. Moreover, the time for obtaining filing, registration, or other approval often will not be within our control. We will take commercially reasonable efforts to keep you apprised of the status of our ability to offer Unit Franchises, but it will be solely your responsibility to stay apprised of the current status and to ensure your compliance with all federal and state franchise laws when advertising or soliciting any prospective franchise buyer.

We may generate leads internally, utilize franchise brokers and consultants, or use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept ~~customers~~consumers within your Area Representative Territory using our principal trademarks (or another trademark) ~~without~~. We are the sole determiner of whether to offer a Unit Franchise to any prospective buyer, regardless of their location, and we are the sole determiner as to the price charged for each Unit Franchise. You will be entitled to compensation ~~to you~~for each Unit Franchise sold within your Area Representative Territory, subject to any deductions for any broker commissions, our Internal Sales Team or Loyalty Brand's Sales Team (See Item 6). Further, we reserve all rights not expressly granted in the Area Representative Agreement.

- ~~(a) develop and operate, and grant to others the right to develop and operate, Unit Franchises and CR3 Businesses using the System and Marks within your Area Representative Territory and outside your Area Representative Territory;~~
- ~~(b) operate and grant to others the right to develop and operate Area Representative Business using the System and Marks for the development of Unit Franchises and/or CR3 Businesses located outside of your Area Representative Territory, as we deem appropriate and irrespective of the proximity to your Area Representative Territory;~~
- ~~(b) to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one Area Representative Territory, yet work in another, and other cross-territorial situations;~~
- ~~(c) to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with one or more businesses (competitive or not), including businesses that offer and sell products and services and/or franchises that are the same as or similar to Unit Franchises, Area Representative Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Area Representative Agreement;~~
- ~~(d) to operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere;~~
- ~~(f) to negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,~~
- ~~(g) to engage in any other business activities not expressly prohibited by the Area Representative Agreement, anywhere.~~

There are restrictions on your ability to solicit or accept orders from consumers both inside and outside your Area Representative Territory. Unit Franchises can only be offered and sold through disclosure of our separate Unit Franchise disclosure document, and only when we are legally permitted to offer franchises as outlined above. Further, we are the sole determiner of whether a prospective buyer is qualified to purchase and operate a Unit Franchise, and you may not offer any franchise rights without our written approval. You may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, pursuant to our guidelines, to solicit customers anywhere; however, you may only solicit prospective buyers to purchase a Unit Franchise to be located within an undeveloped portion of your Area Representative Territory.

Neither we nor an affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which such business sells or will sell goods or services similar to those you will offer, but we reserve the right to do so.


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### ITEM 13. TRADEMARKS

Under the terms of the Area Representative Agreement, you will be granted a license to use the “CR3 American Exteriors” trademark and those other marks that we designate (“Marks”). ~~We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your Area Representative Business. You may only use the Marks as authorized by us in writing and under the terms of your Area Representative Agreement. You may not use the Marks in the name of any entity that you establish.~~

#### Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Licensed Marks and our System are registered with the United States Patent and Trademark Office (the “USPTO”) and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these principal trademarks all required affidavits have been filed with the USPTO.

Description of Mark	Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
	7,233,884	Principal	December 5, 2023

As to our principal trademarks there are no currently effective material determinations by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state. There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving our principal trademarks.

We know of superior rights, and potentially infringing uses, that could materially affect your use of the Registered Marks or other related rights in certain geographic areas throughout the United States

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The Area Representative Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are

“Confidential Information” means our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the Area Representative Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise System, all other materials relating to our Franchise System that are not a matter of public record, and all information generated during the performance of the Area Representative Agreement.

“Customer Data” is considered Confidential Information and includes all information about Customers that may be collected in connection with their use of your services including, but not limited to, name, telephone number, address and email address.

Upon termination of your Area Representative Agreement, you must return to us our Operations Manuals and any Confidential Information. You may never - during the initial term, any renewal term, or after the Area Representative Agreement expires or is terminated - reveal any of our Confidential Information to any other person or entity or use it for the benefit of any other person or business.

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

The Area Representative Agreement requires that you or, if you are an entity, that your managing shareholder, member or partner (your “Managing Owner”) be personally responsible for the management and overall operations of your Area Representative Business. Your Managing Owner must complete, to our satisfaction, our initial training program and be approved by us. As used in this Item 15, the term "to our satisfaction" means that we are the sole determiner of whether training is completed consistent with our standards, expectations and requirements; however, we will not unreasonably fail or refuse a Managing Owner. At all times, the Area Representative Business must be managed and supervised by you or your Managing Owner.

You and, if you are an entity, each of your members, shareholders and/or partners (collectively, “Owners”) must personally sign and guarantee the obligations under the Area Representative Agreement. ~~Each Owner must personally-~~ However, your spouse is not required to guarantee your ~~obligations to us~~ performance under the Area Representative Agreement. This means your spouse is not bound by their own personal guaranty, duty of confidentiality or duty not to compete; however, that does not mean you can circumvent your obligations by sharing our know-how with your spouse (or any family member) nor assist them in competing with us.

You agree to accurately and completely furnish to us the names, contact information, and ownership percent on anyone owning an interest in this franchise on the Signature Page to the Area Representative Agreement. No change to the owners or ownership percentages are permitted without our prior written consent.

Franchisees and Owners are subject to a covenant not to compete along with confidentiality requirements.

The Area Representative Agreement contains restrictive covenants; whereby You and each Owner must agree that during the term of the Area Representative Agreement and for 24 months following the expiration or termination of your Area Representative Agreement that each of you will not: (a) participate in any business that competes with the Area Representative Business or any CR3 Unit Franchise, and that for 24 months after the expiration or termination of the Area Representative Agreement neither of you will participate in any business that competes with the Area Representative Business or any CR3 Unit Franchise that is located within, and/or services customers and/or prospective franchisees within your Area Representative Territory, within a 10 mile radius surrounding your Area Representative Territory, or within a 10 mile radius surrounding the location of each CR3 Unit Franchise located within your Area Representative Territory; or (b) solicit, divert, or attempt to divert active or potential Unit Franchisee to another franchise opportunity.

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

You must offer and sell only the goods and services that we approve, and you must sell all the goods and services that we authorize.

Area Representatives do not offer or sell any tangible goods. Instead, you will recruit prospects to open and operate a Unit Franchise within the geographical boundaries of their Area Representative Territory. Unit Franchises can only be offered and sold through disclosure of a separate unit disclosure document. You will only be permitted to recruit prospects when we have issued a current unit disclosure document and obtained any required state registration. We will take commercially reasonable efforts to keep our disclosure document current and to disclose any prospect as soon as practicable after receiving your request. As an Area Representative you are not be authorized to sign any documents on our behalf or on behalf of the System. You will refer all qualified franchisee candidates to us and we may, in our sole and absolute discretion, determine whether or not we approve or disapprove of each respective franchisee candidate. If we reject a franchisee candidate or elect to not enter into a Unit Franchise Agreement with a franchisee candidate, you will not receive any compensation.

As long as you meet the Minimum Requirements (see Item 12) and are in substantial compliance with the terms and conditions of the Area Representative Agreement, you will not be limited to who you recruit and refer to us. However, you will be required to utilize our Internal Sales Team to assist in any transaction if the lead was generated by us, our parent, an affiliate of ours, or an existing franchisee of ours. Likewise, we will always establish the price of the Unit Franchise offering in our reasonable judgment, which may vary from time to time. Finally, you will not have management authority or responsibility over the offer or sell of Unit Franchises.

As an Area Representative you will be responsible for complying with all applicable laws, rules, and regulations related to the offer and sale of franchises including the proper disclosure of our Unit Franchise Disclosure Document, the disclosure and registration of your activities as a franchise seller, and adherence to all laws, rules, and regulations related to the offer and sale of franchises.

Provision	Section In Area Representative Agreement	Summary
		ours under a franchise agreement with us), or (iii) aid or facilitate another person or entity (except our franchisees) to engage in the offer, sale, or performance of roofing or remodeling services for commercial or residential customers. Collectively, (i), (ii), and (iii) are referred to as the “Restricted Activities”.
r. Non-competition covenants after the franchise is terminated or expires	7.8.B	You will not engage in any Restricted Activities within the Area Representative Territory or within 10 miles of any Unit Franchise developed in your Area Representative Territory during the Term of the Agreement.
s. Modification of the agreement	9.2	No modifications except for changes in the System implemented through our Operations Manual. Revisions to the Manual will not unreasonably affect the franchisee’s obligations, including economic requirements, under the Agreement.
t. Integration/merger clause	9.1	Only the terms in the Area Representative Agreement are binding (subject to federal or state law). Any representations or promises made outside the Disclosure Document and Area Representative Agreement may not be enforceable. Nothing in any Area Representative Agreement(s) is intended to disclaim the representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	8	You <del>must</del> <u>are required to</u> first attempt to resolve claims <del>against us</del> through mediation <u>with our CEO. If not resolved, then you must submit any dispute to mediation before a third-party mediator. If not resolved through mediation, then you must submit the dispute to arbitration</u> (subject to applicable state law). <u>We utilize the same dispute process, except that we have the right to bring claims for violation of a restrictive covenant in court without utilizing any alternative dispute resolution.</u>
v. Choice of forum	8.95	<del>Venue</del> <u>All claims not subject to mediation and jurisdiction for any Claims will arbitration must be proper solely in</u> brought before the state <del>and/or</del> federal court <del>nearest</del> <u>closest</u> to our

Provision	Section In Area Representative Agreement	Summary
		<p><del>corporate headquarters, presently located in Virginia Beach, VA office (subject to applicable state law). However, if you are an Illinois or Maryland resident or your Area Representative Territory is located in Illinois or Maryland, you will bring any Claims, if at all, solely in arbitration before the American Arbitration Association in the city or county where our corporate headquarters are located (subject to applicable state law).), except that we have the right to commence action against you for violation of restrictive covenants in any court of competent jurisdiction.</del></p>
w. Choice of Law	8.86	Virginia law governs (subject to applicable state law).

## ITEM 18. PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

## 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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

Exhibit E-1 contains a list of the names of all franchisees and the addresses and telephones numbers of their outlets as of the end of our last fiscal year.

Exhibit E-2 contains the name and last known address and telephone number of every franchisee who has had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with the Franchise System which are incorporated or otherwise organized under state law and have asked us to be included in our Disclosure Document during the next fiscal year.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our Franchise System.

## ITEM 21. FINANCIAL STATEMENTS

Exhibit F contains our audited financial statements for fiscal year ending December 31, 2024, 2023, and 2022, along with our unaudited balance sheet and profit and loss statement as of March 31, 2025.

Our fiscal year end is December 31.

## ITEM 22. CONTRACTS

The proposed agreements regarding this franchise offering are included as exhibits to this Disclosure Document as follows:

- Exhibit B- Area Representative Agreement
  - Schedule 1-Territory
  - Schedule 2-Minimum Opening Requirement
  - Schedule 3-Automatic Bank Draft Authorization
  - Schedule 4-Telephone Number Assignment
  - Schedule 5 -Personal Guarantee
  - Schedule 6-Release
  - Schedule 6A – Biographical Information

## ILLINOIS

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Franchise Disclosure Document or Franchise Agreement are inconsistent with the terms below, the terms below control.

- a. Illinois law governs the Franchise Agreement.
- b. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- c. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.
- d. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
- e. Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Additionally, the Illinois Attorney General's Office has required us to highlight the following:

If any member of the Franchisor's **Internal Sales Team** assists YOU in any way with the recruitment of a prospective franchisee, YOU will be obligated to pay a \$5,000 fee.

If any member of an Affiliate's **Brand Sales Team** assists YOU in any way with the recruitment of a prospective franchisee, YOU will be obligated to pay a \$15,000 fee.

While a **Technology Fee** is not currently assessed to Area Reps, if the Franchisor elects to implement this fee; it could be up to \$200/month.

## MARYLAND

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, the terms of the Disclosure Document (“FDD”) and/or Area Representative Agreement (“ARA”) are amended as follows:

- a. Item 17.b. of the FDD and Section 1.2 of the ARA is modified to also provide,  
“Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”
- b. Item 17.u. of the FDD and Section 8.3 of the ARA is modified to also provide,  
“This Area Representative Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”
- c. Item 17.v. of the FDD and Section 8.7 of the ARA is modified to also provide,  
“Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”
- d. Item 5 of the FDD and Section 2.2A of the ARA are modified with the addition of the following language:  
  
“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the area representative agreement. “
- ~~fe.~~ The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under the federal bankruptcy law (11 U.S.C. Section 1010 et seq.).
- ~~f.~~ Litigation History. The litigation history of certain members of the management team may increase the risk of your investment. You should do your own research. Be sure to review the litigation disclosure (Item 3) in the FDD and do an Internet search of the franchisor and its officers.
- ~~g.~~ Notwithstanding anything to the contrary in the Franchise Agreement or any other agreement with us, franchisee may bring a lawsuit in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure law.
- ~~h.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the

inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**This Addendum must be executed simultaneously with the Area Representative Agreement ~~by signing the State-Specific Addendum Acknowledgment.~~**

<u>Franchisor</u>	<u>Franchisee</u>
<u>Signature</u>	<u>Signature</u>
<u>Name</u>	<u>Name</u>
<u>Title</u>	<u>Title</u>
<u>Date</u>	<u>Date</u>

## MINNESOTA

As to franchises governed by The Minnesota Franchise Act,, if any of the terms of the Franchise Disclosure Document (“FDD”) and Area Representative Agreement (“ARA”) are inconsistent with the terms below, the terms below control.

1. “Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.”

**FDD:** item 17

**ARA:** Section 8.9, 8.10

2. “With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.”

**FDD:** Item 17

**ARA:** Section 7

3. Minn. Rule 2860.4400D. prohibits requiring a franchisee to assent to a general release. Amend to exclude claims under the Minnesota Franchise Law.

**FDD:** Item 17

**ARA:** Section 1.2

4. Minn. Rule 2860.4400J prohibits termination penalties.

**FDD:** Item 17

**ARA:** Section 7

5. Pursuant to Minn. Stat. Sec. 80C.17, Subd.5, no action may be commenced pursuant to this section more than three years after the cause of action accrues.

**FDD:** Item 17

**ARA:** Section 9.5.A

6. Franchisor defers the collection of the Initial Fee until the opening of the franchised business.

FDD: Item 5 and Item 7 are modified to provide: “The Minnesota Department of Commerce requires us to defer payment of the initial franchise fee owed by franchisees to the franchisor until the franchisee has opened the franchised business.”

ARA: Section 2.2 is amended to provide, “Payment of the Initial Fee is deferred until you have opened the franchised business.”

7. Pursuant to Minnesota Statutes, Section 80C.12, Subd. 1(g), the franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

FDD: Items 13, 17

ARA: Section 3.7

8. Pursuant to Minnesota Rules 2860.4400J, the franchisee cannot consent to the franchisor obtaining injunctive relief and a court will determine if bond is required.

FDD: Item 17

ARA: Section 8.4(G)

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

## **7.8. Non-Compete and No Solicitation.**

### **A. In-Term.**

During the Term of this Agreement, you will not, except as required by this Agreement, anywhere in the United States, directly or indirectly:

- (i) recruit, search for, or solicit franchisees or prospective franchisees to engage in a business that offers, sales, or performs roofing or remodeling services for commercial or residential customers, or
- (ii) engage in the establishment or operation of a business that offers, sales, or performs roofing or remodeling services for commercial or residential customers (except as a franchisee of ours under a franchise agreement with us), or
- (iii) aid or facilitate another person or entity (except our franchisees) to engage in the offer, sale, or performance of roofing or remodeling services for commercial or residential customers.

(Collectively, (i), (ii) and (iii) will be referred to as the “Restricted Activities”).

### **B. Post-Term.**

You will not, for a period of two (2) years after expiration or termination of this Agreement, including a sale of the Area Representative Territory or your interest in it, in the Area Representative Territory or within ten (10) miles of any AR Unit Franchise, directly or indirectly, participate in any Restricted Activities.

## **7.9. Waiver of bond.**

If we are forced to bring suit to enforce any sections of this Agreement, you will waive any requirement that we post bond to obtain a temporary or permanent injunction to enforce these duties.

## **7.10. Severability.**

If any covenant or provision of this Agreement is determined to be void or unenforceable, in whole or in part, it will be deemed severed and removed and will not affect or impair the validity of any other covenant or provision. Further, these obligations are considered independent of any other provision in this Agreement and the existence of any claim or cause of action by either Party to this Agreement against the other, whether based upon this Agreement or otherwise, will not constitute a defense to the enforcement of these obligations.

## **8. Dispute Resolution**

Any Claim or other controversy, dispute, or issue you or we may have arising out of or in any way relating to this Agreement or any other agreement between the parties ("Matter") will be resolved as described in this Section 8.

### **8.1. Internal Resolution**

Any issue that you may have arising out of or related to this Agreement (“Matter”) will be resolved as described in this Section 8. You must exhaust this internal dispute resolution procedure before you bring your Claim in Court.

Subject to Section 8.1(D), any Matter shall be submitted first for internal mediation, as follows:

## A. Notice

~~You~~The aggrieved party must provide written notice to ~~us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.~~

other party. The notice must contain:

- (i) A description of the specific nature of the Claim,
- (ii) All relevant facts,
- (iii) All supporting evidence, and
- (iv) Either the specific dollar amount of Damages, or the action requested to resolve the Matter (“Cure”);

## B. Response

~~We will~~The other party must provide a reply (“Response”) in writing within ten (10) business days with either:

- (i) Corrective Action Plan with a schedule of when the Matter will be resolved if it cannot be Cured within ten (10) business days; or
- (ii) A detailed explanation of why the Matter should not be considered a breach or dispute including any supporting evidence to clarify any disputed facts.

## C. Meeting

If in good faith, ~~you do~~the aggrieved party does not believe the Matter is settled after the Response then within twenty-one (21) days of receipt of the Response, ~~you may~~the parties will meet ~~with the CEO or at our agent~~then-current corporate headquarters (located in Virginia Beach, ~~VA~~Virginia as of the Effective Date) to discuss the Matter in person- (“Meeting”). Upon mutual agreement, the Parties may choose an alternate location or ~~meet~~conduct the Meeting via video call.

## D. Exclusions

We shall not be required to first attempt to resolve a Claim or other controversy, dispute, or issue against you (or your owners) through internal resolution as set forth in this Section 8.1 if such Claim or other controversy, dispute, or issue concerns an allegation by us that you (or your owners) have violated, or threatened to violate, or possess an imminent risk of violating:

- (i) any of our intellectual property rights in the Marks, our System, or our Confidential Information; or
- (ii) any of the Restricted Activities  
(“Excluded Matters”).

For Excluded Matters, we may elect, in our sole judgment, to either follow the alternative dispute resolution process set forth in Sections 8.1, 8.2 and 8.3, or file suit in the state or federal courts closest to our then-current corporate headquarters as provided in Section 8.6.

## 8.2. Mediation.

If in good faith, ~~you do~~the aggrieved party does not believe the Matter is settled after the Meeting, then within thirty (30) days of ~~receipt of the Response, such~~the Meeting, such party shall submit

the Matter to mediation administered by the American Arbitration Association (“AAA”) under its Commercial Mediation Procedures. The party will request mediation by:

- (i) completing the request for mediation form at: [https://www.adr.org/sites/default/files/Request\\_for\\_Mediation.pdf](https://www.adr.org/sites/default/files/Request_for_Mediation.pdf) (or the then-current form)
- (ii) paying the applicable fee imposed and collected by the ~~American Arbitration Association~~ AAA to initiate a mediation proceeding, and
- (iii) notifying the other party.

The mediation will ~~be conducted~~ occur at our then-current headquarters (located in accordance with the mediation rules Virginia Beach, Virginia as of the American Arbitration Association (“AAA”)-Effective Date), or at another mutually agreeable location.

### **8.3. Arbitration**

If a Matter cannot be resolved within ninety (90) days of the Response through Mediation, ~~then you must submit the Matter to arbitration in accordance with the rules of the AAA. Your attorney must include in your~~ the aggrieved party shall submit the Matter to be settled by arbitration administered by the AAA in accordance with its Commercial Arbitration Rules, in the city and state of our then-current headquarters (located in Virginia Beach, Virginia as of the Effective Date) and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed by the Federal Arbitration Act, as amended.

#### **A. Proportionality of Fees**

The filing party must include in its demand for arbitration an estimate for legal fees (“Budget”) necessary to establish liability and damages. The Budget will include the maximum number of: a) witness, b) experts and c) documents. The Arbitrator will evaluate the Budget for proportionality to the Cure. The Budget must be approved by the Arbitrator, before conducting any discovery, or hearings. The Arbitrator must approve any increases in the Budget.

#### **B. Enforceable**

In the event such Matter is resolved ~~within the ninety (90) days~~ following submission to arbitration, then the decision and award determined by such arbitration will be final and binding upon both Parties; enforceable by any court of competent jurisdiction.

#### **C. Costs**

Each party will bear their own cost, including reasonable attorney's fees and expert witness fees related to the resolution of the Matter. Other than the initiation fees, the cost of the Mediator or Arbitrator will be shared equally among the Parties.

### **~~8.4. Continued Performance~~**

~~Each Party will continue performance under this Agreement while the Matter is being resolved as described in this Section.~~

### **8.4. Limitations and Waivers**

#### **A. Limitation of Actions.**

You will bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims.

**8.5. Governing Law**

~~This Agreement is effective upon its acceptance in Virginia by our authorized officer. Except as to claims governed by federal law, Virginia law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties (“Claims”). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee will apply unless the jurisdictional requirements of such laws are met independently of this paragraph.~~

**8.6. Jurisdiction and Venue.**

~~Venue and jurisdiction for any Claims will be proper solely in the state and federal court nearest to our corporate headquarters; presently located in Virginia Beach, VA. However, if you are an Illinois or Maryland resident or your Area Representative Territory is located in Illinois or Maryland, you will bring any Claims, if at all, solely in arbitration before the American Arbitration Association in the city or county where our corporate headquarters are located.~~

**B. Prior Notice of Claims.**

Before commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

**C. Non-Waiver of Breach.**

The failure of either party to enforce any one or more of the terms or conditions of this Agreement will not be deemed a waiver of such terms or conditions or of either Party's rights thereafter to enforce each and every term and condition of this Agreement.

**D. Jury Waiver.**

In any trial between any of the Parties as to any Claims, you and we will waive our rights to a jury trial and instead have such action tried by a judge.

**E. Class Action Waiver.**

You will bring any Claims, if at all, individually and you will not join such Claim with Claims of any other person or entity or bring, join or participate in a class action against us.

**F. Compensatory Damages.**

As to any Claims, you and we will waive our rights, if any, to seek or recover punitive damages. Further, you and we waive any right to consequential damages and agree that any contract damages shall not exceed and shall be limited to a refund of Franchisee’s Initial Area Representative Fee.

**G. Waiver of Bond.**

If we are forced to bring suit to enforce any provision of this Agreement, you will waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

**8.5. Governing Law**

This Agreement is effective upon its acceptance in Virginia by our authorized officer. Except as to claims governed by federal law, Virginia law governs all Claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties. However, no laws regulating the

sale of franchises or governing the relationship between franchisor and franchisee will apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

**8.6. Jurisdiction and Venue.**

With respect to any proceeding not subject to mediation or arbitration, the parties agree that any action at law or in equity instituted against either party to this Agreement shall be commenced solely in the state or federal court nearest to our then-current corporate headquarters, which is located in Virginia Beach, Virginia as of the Effective Date, except that we will have the right to commence an action against you for any Excluded Matters in any court of competent jurisdiction.

**9. General**

**9.1. Entire Agreement**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the Parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

**9.2. Modification**

No modifications to this Agreement will have any effect unless such modification is in writing and signed by you and by our authorized officer. We may, however, modify the provisions of the Manual, without your consent.

**9.3. Third Party Beneficiaries.**

Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries. You are not a third-party beneficiary to any Agreement between us and any other franchisee.

**9.4. Survival.**

All of the covenants that may require performance after the termination or expirations will survive any termination or expiration of this Agreement.

**9.5. Severability Clause.**

If any covenant or provision in this Agreement is determined to be void or unenforceable, in whole or in part, it will be deemed severed and removed and will not impair the validity of any other covenant or provision of this Agreement.

**9.6. Notices**

Any notice, authorization, consent or other communication required or permitted under this Agreement must be made in writing and will be given by mail or courier, postage fully prepaid with tracking verification, or delivered personally or by facsimile, to our CEO, at our corporate office, presently:

780 Lynnhaven Parkway, Suite 240  
Virginia Beach, VA 23452  
Phone 888-268-0321

Any such notice may also be given to you in the same manner at the address indicated with your signature on this Agreement or such other more current address as we may have on file for you. You must notify us of any change of address in writing. We may also give notice to you by e-mail.

## **Additional Financial Statements (Unaudited)**

The following statement applies to the unaudited portion of the financial statements which follow:

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

# Tectum Franchising LLC

Balance Sheet  
As of March 31, 2025

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
10000 Checking - Truist 7225	180,350.00
10150 Checking - Truist 1460	1.00
<b>Total Bank Accounts</b>	<b>\$180,351.00</b>
Accounts Receivable	
12000 Accounts Receivable	279,148.27
<b>Total Accounts Receivable</b>	<b>\$279,148.27</b>
Other Current Assets	
12100 Rebates Receivable	
12105 ABC Supply Co	9,845.21
12110 Beacon	3,977.88
12115 CertainTeed	10,000.00
12120 GAF	5,000.00
12125 SRS	17,889.83
<b>Total 12100 Rebates Receivable</b>	<b>46,712.92</b>
12200 Miscellaneous Receivable	17,500.00
12600 Undeposited Funds	0.00
12730 Prepaid Expenses	762.56
<b>Total Other Current Assets</b>	<b>\$64,975.48</b>
<b>Total Current Assets</b>	<b>\$524,474.75</b>
Fixed Assets	
13310 Computers and Software	1,163.88
<b>Total Fixed Assets</b>	<b>\$1,163.88</b>
Other Assets	
13350 Trademark	1,184.00
<b>Total Other Assets</b>	<b>\$1,184.00</b>
<b>TOTAL ASSETS</b>	<b>\$526,822.63</b>

# Tectum Franchising LLC

Balance Sheet  
As of March 31, 2025

	TOTAL
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	9,711.07
<b>Total Accounts Payable</b>	<b>\$9,711.07</b>
Credit Cards	
23100 Amex	30,465.69
23200 Truist Visa	164.79
<b>Total Credit Cards</b>	<b>\$30,630.48</b>
Other Current Liabilities	
24000 Payroll Liabilities	
24410 Federal Taxes (941/943/944)	3,860.05
24420 Federal Unemployment (940)	126.00
24430 PA Income Tax	232.56
24435 PA Local Tax	375.18
24436 Central York SD PSD 670101	-112.58
24437 Manchester TWP	-112.58
24438 Penn TWP PSD 671002	43.32
24439 South Western SD PSD 671002	43.32
<b>Total 24435 PA Local Tax</b>	<b>236.66</b>
24440 PA LST	26.00
24445 PA Unemployment Tax	342.43
24450 NJ SDI	65.18
24455 NJ SUI	213.96
24460 NJ W/H	399.06
<b>Total 24000 Payroll Liabilities</b>	<b>5,501.90</b>
24600 Deferred Revenue	379,488.30
25000 Due to Fryfogle Luterman	-9,344.36
Direct Deposit Payable	0.00
<b>Total Other Current Liabilities</b>	<b>\$375,645.84</b>
<b>Total Current Liabilities</b>	<b>\$415,987.39</b>
<b>Total Liabilities</b>	<b>\$415,987.39</b>
Equity	
31000 Contributed Capital-Fryfogle Luterman	55,000.00
31050 Contributed Capital-Loyalty Brands	55,000.00
35000 Owners Equity	47,801.07
Net Income	-46,965.83
<b>Total Equity</b>	<b>\$110,835.24</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$526,822.63</b>

# Tectum Franchising LLC

Profit and Loss  
January - March, 2025

	TOTAL
Income	
42000 Royalty Income	
42100 Royalty Fees	104,123.97
42300 Marketing Fund	18,610.66
<b>Total 42000 Royalty Income</b>	<b>122,734.63</b>
49900 Rebates	34,172.70
<b>Total Income</b>	<b>\$156,907.33</b>
GROSS PROFIT	<b>\$156,907.33</b>
Expenses	
60000 Advertising & Marketing	
60005 Franchise Development	36,021.84
60100 Franchise Marketing Fund	33,939.41
60101 Administrative	8,663.60
60102 General/Subscriptions	63.60
<b>Total 60100 Franchise Marketing Fund</b>	<b>42,666.61</b>
<b>Total 60000 Advertising &amp; Marketing</b>	<b>78,688.45</b>
61020 Bank Charges & Fees	138.00
61030 Business Development	15,122.58
61045 Computer and IT	2,326.43
61055 Dues and Subscriptions	4,432.13
61070 Fuel	289.69
61080 Gifts & Awards	1,112.84
62800 Insurance	
62820 Cyber	356.68
62830 General Liability	217.68
62840 Workers Comp	188.36
<b>Total 62800 Insurance</b>	<b>762.72</b>
62851 Payroll Reimbursement Expense	32,083.00
63780 Meals Travel	2,760.42
63785 Merchant Interchange Charges & Fees	2,349.38
63800 Office Expense	448.99
64000 Professional Services	
64300 Legal	9,193.75
64400 Payroll	0.00
64450 Virtual Assistant	2,300.00
<b>Total 64000 Professional Services</b>	<b>11,493.75</b>
64500 Payroll Expense	
64530 Management	28,337.04
64560 Onboarding/Trainers	15,000.05
<b>Total 64500 Payroll Expense</b>	<b>43,337.09</b>

# Tectum Franchising LLC

## Profit and Loss

January - March, 2025

	TOTAL
65000 Payroll Taxes	
65100 Federal Tax Expense	4,104.05
65125 PA UC Expense	325.98
65140 NJ SUI	0.00
65145 NJ SDI	0.00
65150 NJ Family Leave Insurance Tax	0.04
65155 NJ SUI Employee	-0.03
<b>Total 65000 Payroll Taxes</b>	<b>4,430.04</b>
65215 Software App/Platforms	2,234.66
66000 Taxes & Licenses	-23.38
68800 Travel	1,886.37
<b>Total Expenses</b>	<b>\$203,873.16</b>
NET OPERATING INCOME	<b>\$ -46,965.83</b>
NET INCOME	<b>\$ -46,965.83</b>

## EXHIBIT G-STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>Effective Dates</u>	
California	
Hawaii	
Illinois	
Indiana	May 1, 2025; <u>June 3, 2025</u>
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	May 1, 2025; <u>June 3, 2025</u>

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.

## SCHEDULE H-RECEIPT

This Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Tectum Franchising LLC doing business as CR3 American Exteriors offers you a franchise, it must provide this Disclosure Document to you fourteen (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.

Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do 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, DC 20580 and the appropriate state agency listed on Exhibit C.

The franchisor is CR3 American Exteriors, and is located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Its telephone number is 888-268-0321.

Issuance date: April 30, 2025; Amended June 3, 2025

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
<input checked="" type="checkbox"/> Lester Morris, 1446 Baltimore Street, Ste. E., Hanover, PA 17331 (908) 758-8331
<input type="checkbox"/> Gwendolyn DiFerinando, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
<input type="checkbox"/> Colin Flynn, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
<input checked="" type="checkbox"/> John T. Hewitt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
<input type="checkbox"/> Erik Klumpe, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
<input type="checkbox"/> Jamie Marcil, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
<input type="checkbox"/> Jennifer Wyatt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
<input type="checkbox"/> Kelly Wyatt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
<input type="checkbox"/> _____ Loyalty Brands, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735
<input type="checkbox"/> _____ CR3 American Exteriors, 1446 Baltimore Street, Ste. E., Hanover, PA 17331 (908) 758-8331

We have authorized the respective state agencies identified on Exhibit C to receive service of process for us in the particular state.

I have received a Disclosure Document issued April 30, 2025; Amended June 3, 2025, that included the following:

Received	Reference	Name
<input checked="" type="checkbox"/>	ITEM 1-ITEM 23	Franchise Disclosure Document
<input checked="" type="checkbox"/>	Exhibit A:	State Addenda
<input checked="" type="checkbox"/>	Exhibit B:	Area Representative Agreement and Schedules
<input checked="" type="checkbox"/>	Schedule 1	Territory
<input checked="" type="checkbox"/>	Schedule 2	Minimum Requirements
<input checked="" type="checkbox"/>	Schedule 3	Automatic Bank Draft Authorization
<input checked="" type="checkbox"/>	Schedule 4	Telephone Number Assignment
<input checked="" type="checkbox"/>	Schedule 5	Personal Guarantee
<input checked="" type="checkbox"/>	Schedule 6	Release
<input checked="" type="checkbox"/>	Schedule 6a	Biographical Information
<input checked="" type="checkbox"/>	Exhibit C:	State Administrators/Agents for Service of Process
<input checked="" type="checkbox"/>	Exhibit D:	Table of Contents-Manual
<input checked="" type="checkbox"/>	Exhibit E-1:	List of Franchisees
<input checked="" type="checkbox"/>	Exhibit E-2:	List of Former Franchisee
<input checked="" type="checkbox"/>	Exhibit F:	Financial Statements
<input checked="" type="checkbox"/>	Exhibit G:	State Effective Dates
<input checked="" type="checkbox"/>	Exhibit H:	Receipts

Signature \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

**FOR YOUR RECORDS**

## RECEIPT

This Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Tectum Franchising LLC doing business as CR3 American Exteriors offers you a franchise, it must provide this Disclosure Document to you fourteen (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.

Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do 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, DC 20580 and the appropriate state agency listed on Exhibit C.

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<input checked="" type="checkbox"/>	Exhibit G:	State Effective Dates
<input checked="" type="checkbox"/>	Exhibit H:	Receipts

Signature \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

**FOR OUR RECORDS**