



CRS FRANCHISING, LLC

FRANCHISE DISCLOSURE

DOCUMENT

FRANCHISE DISCLOSURE DOCUMENT



CRS Franchising,
LLC A Pennsylvania limited liability
company 195 Montour Run Road., Suite
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CRS Franchising, LLC d/b/a CRS, offers franchisees the opportunity to operate a professional restoration company specializing in restoration of personal property and goods that have been damaged in a flood, fire, or other tragedy under the Content Recovery Specialists and CRS name and mark (each, a “Business” or “Franchise Business”). CRS’s state-of-the-art technology, impeccable service and focus in working with insurance carriers, to document all contents digitally, puts them at the forefront for residential and commercial personal property restoration needs.

The total investment necessary to begin operation of a CRS Business for one territory is \$135,300 to \$294,000. This includes an initial amount of \$55,000 that must be paid to us or our affiliates.

The total investment necessary to begin operation of between two (2) and five (5) CRS Businesses under a Development Agreement is \$190,300 to \$514,000. This includes from \$110,000 to \$275,000 that must be paid to us or our affiliates. [The minimum number of CRS Businesses you will commit to develop under a Development Agreement is two.](#)

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

The terms of your franchise agreement will govern your franchise relationship. Do not rely on this Disclosure Document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement and this Disclosure Document to an advisor, like a lawyer or accountant.

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

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

them. Issuance Date: April 22, 2024

Special Risks to Consider about *This* Franchise

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

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

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

~~1. Pursuant to Section 36b-63(c)(23) of the Connecticut Business Opportunity Investment Act:~~

~~If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled”.~~

~~2. Pursuant to Section 36b-63(c)(21) of the Connecticut Business Opportunity Investment Act, regarding historical information relating to sales or earning claims:~~

~~“Caution: Some business opportunities have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.”~~

~~3. Pursuant to Section 36b-63(c)(20) of the Connecticut Business Opportunity Investment Act regarding the Seller's Sales or Earnings Estimates and Projections:~~

~~“Caution: These figures are only estimates of what we think you may earn. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.”~~

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personal property restoration needs. If you sign a Development Agreement (attached as Exhibit F to this Franchise Disclosure Document), you

[Document](#)), you will develop multiple CRS outlets, on an agreed-upon schedule, at least 2. For each future unit franchise, we will require you to sign our then-current form of Franchise Agreement, which may be different from the form of Franchise Agreement included in this disclosure document.

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

The Market and Competition

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

Applicable Regulations

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

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business. We strongly recommend that before signing the Franchise Agreement, you engage a franchise attorney and other professional advisors to advise you in determining the laws, ordinances, and regulations affecting your establishment or operation of a franchise, to assist you in evaluating the financial ramifications of this business decision, and the risks of this business investment.

ITEM 2 BUSINESS EXPERIENCE

Henry D. Duckstein – CEO

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

Ashley Taylor-Nock – President and Founder

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

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

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

Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non- <u>non-</u> compliance, or (2) the audit concludes that you under- <u>under-</u> reported gross sales by more than 3% for any 4-week period.
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Type of Fee ¹	Amount	Due Date	Remarks
Special inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$10,000 plus any broker fees, referral fees and/or other out-of-pocket costs we incur and which are payable by You.	When transfer occurs	Payable if you sell your business.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

Notes to Item 6

~~1. _____ independently, and not in~~

~~2.1. _____~~ Unless otherwise noted, all fees are non-refundable, payable to us, and uniformly imposed on all franchisees receiving this offering. For all amounts payable to us and our affiliates, you must use the payment method(s) that we designate from time to time. As of the date of this disclosure document,

CRS Franchising, LLC
2024 FDD

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we require payment by Automated Clearing House (ACH) or electronic funds transfer and you must designate an account at a commercial bank of your choice and furnish the bank with authorizations when you sign the franchise agreement to permit us to make withdrawals from that account. Except as described in Note 3, all fees listed in this chart are applicable to each Territory purchased and the amount of each fee will be due and payable in the manner and at the times described in this table for each Territory

independently, and not in the aggregate.

~~3.2.~~ “Gross Revenue” means all revenue from the sale of products and services and all other income of every kind related to the Business, whether for cash, credit, trade, barter, or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. Gross Revenue also includes amounts billed to insurance or government programs. Further, Gross Revenue includes all revenue related to the sale of any products and the performance of any services (whether or not the products or services are approved by us) that are provided using any portion of the Business in any manner, including the Marks (such as service vehicles, invoices, and uniforms bearing the Marks), the System, Confidential Information, any of the employees of the Business, or the telephone number of the Franchised Business. Gross Revenue also includes any proceeds of business interruption insurance. Your Gross Revenue will not be reduced on account of any fees or commissions you pay to third parties who refer customers.

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Gross Revenue does not include any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from Gross Revenue as circumstances, business practices, and technology change. As a condition of your Franchise Agreement, Franchisor will have access to your QuickBooks account.

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~~4.3.~~ Beginning in the seventh (7th) month after opening the Business for operation, Franchisee must make a minimum Royalty Fee payment which is the greater of 7% of your Gross Sales or \$1,000 per month (the “Minimum Royalty”). The Minimum Royalty may be increased at the start of any year by no greater than the CPI Increase. To calculate the “CPI Increase” on any amount, multiply the currently effective Minimum Royalty amount by a fraction, the numerator of which is the Inflation Index on the first day of the year for which the increase is to apply, and the denominator for which is the Inflation Index on January 1 of the year of the Effective Date or the effective date of the most recent CPI Increase, whichever is more recent. The “Inflation Index” means the U.S. City Average Price Index for All Urban Consumers for All Items (Base Year 1982-84), as published by the United States Department of Labor, Bureau of Labor Statistics, or, if such index is discontinued or unavailable, such other comparable index for calculating changes in the cost of living or purchasing power for consumers in the United States that we reasonably designate.

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~~5.4.~~ The Local Advertising Expenditure requirement is a minimum of 1% of your Gross Sales per month. We may elect to directly manage local advertising on your behalf. If we do so, you will pay this amount to us each month and we will be entitled to a reasonable fee for our services.

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~~6.5.~~ You must maintain insurance of the types and amounts we specify in your franchise agreement, the Manual, or in supplementary notices. You may obtain additional insurance as you desire. Insurance policies may not be subject to amendment or cancellation without at least 30 days prior written notice to us and must list us as additional named insured. You must provide certificates of insurance evidencing coverage on an ongoing basis. We must be named as an additional insured on all insurance policies, and we must receive your certificate of insurance prior to opening your Business.

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~~7.6.~~ You must indemnify us and our respective owners, employees, and officers for any claims relating to the operation of your Business, and for all costs incurred relating to any default by you under the Franchise Agreement.

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~~8.7.~~ Interest begins from the due date.

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~~9.8.~~ If litigation occurs in which we are adverse to you, regardless of how the litigation arises or resolves, you must pay our costs of litigation, including reasonable attorneys’ fees and any cost of enforcing this obligation.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

A. YOUR ESTIMATED INITIAL INVESTMENT—~~ONE PROTECTED TERRITORY~~

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

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Generally. These are only estimates, and your costs may vary depending on the size of your Territory, economic and market conditions, competition, wage rates, and other factors. Payments are non-refundable unless otherwise noted. We do not offer direct or indirect financing.

~~2.~~ 1. Initial Franchise Fee. Calculation of the Franchise Fee is discussed in detail in Item 5. The Franchise

1. Fee shown is for a standard Territory.

~~3.~~ 2. Grand Opening Marketing. You must pay us at least \$2,000 to conduct a grand opening advertising campaign within 90 days following the opening of your Franchise Business in accordance with our specifications. We will advise you regarding the planning and execution of ~~the Grand~~ the Grand Opening Marketing plan. You can expend any additional amounts that you wish on a grand opening advertising campaign, and we estimate that you will do so.

~~4.~~ 3. Rent and Security Deposit. You must secure an office, storage warehouse, or other space suitable for the operation of the Business and satisfactory to us within the Territory for your CRS business operations. You must, at minimum, obtain or lease storage facilities as necessary to store the Equipment used in the Business. The rent estimate contemplates one month's rent plus a lease security deposit of an equal amount. Our estimate is based on our knowledge of rent expenses in Pittsburgh, Pennsylvania. Rent expense for a facility from which to operate your Business will vary, based on location, square footage, age and condition of the structure, lease arrangements, and other such factors. The low-end estimate assumes your facility is approximately 7,000 square feet and is rented at a rate of \$5.00 per square foot, and the high end estimate assumes your facility is approximately 12,500 square feet and is rented at a rate of \$20.00 per square foot. Your facility must be at least 7,000 square feet, have at least two offices, at least 16-foot ceilings, and a 14-foot garage/drive thru door. Your facility must be climate controlled.

~~5.~~ 4. Leasehold Improvements. Leasehold improvement costs, including floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work. Architect's and contractor's fees are included in this range and will depend on various factors, including: (i) the site's condition, location, and size; (ii) the demand for the site among prospective lessees; (iii) the site's previous use; the build-out required to conform the site for your Business; and (iv) any construction or other allowances the landlord grants. The lower figures provided here under "Leasehold Improvements" assume that you remodel an existing building that has previously been utilized as a recovery business. The higher figures provided include a more extensive build-out including plumbing and storage units. Construction of a new building on a pad site or otherwise likely would require a greater initial investment, the amount of which would depend on market conditions.

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

~~6.~~ 5. Office Supplies. These amounts include your purchase of miscellaneous office supplies for use in the operation of your Business, such as printer paper, ink, writing utensils, and organizational supplies.

~~7.~~ 6. Signage. You are expected to acquire and install signs selected from our pre-approved branding materials or approved in our sole discretion on the exterior of the leased space, or on the side of appropriate exterior windows. We estimate this cost based on our experience. Costs may vary depending on the style and medium of signage chosen.

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~~8.7.~~ Utility Security Deposits (if applicable). Utility companies may require you to place a deposit before installing telephone, gas, electricity and related utility services at the location of your Business. These deposits may or may not be refundable in accordance with the agreements made with the utility companies.

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~~9.~~ ~~10.8.~~ Furniture, Fixtures, and Equipment. This is the estimated cost of purchasing office furniture and fixtures for a typical office space based on our previous experience. Costs vary depending on the size of the office and the style and quantity of furniture selected. These amounts include specific specialized equipment used in the preparation of all items that you may be required to lease or purchase only from a designated or approved supplier. These amounts also include the Portable Carpet Extractor, O-Zone Machine, pallet jack, air compressor, and other equipment, such as office equipment and furniture, shelving, crates, ladders, telephone system, and computer system and software (which is separate from your Business Management and Technology System). The low-end estimate assumes the equipment is leased, and that you do not purchase the Sonic Cleaning System, and the high-end estimate assumes the equipment is purchased, including the Sonic Cleaning System, and also includes the estimated cost of renting/leasing a forklift and installing racking in the space. These amounts also include purchases of furniture which you may be required to purchase only from a designated or approved supplier. Certain items of millwork such as cabinets are also included in this amount.

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~~11.9.~~ Business Management and Technology System. See Item 11 for details on required purchases related to the Computer System for your Business. This estimate also includes three months' payment of the required Technology Fee, which is currently \$400 per month, but may change upon 60 days' written notice to you. The low estimate assumes you purchase a baseline iPad tablet, laptop, and printer that meets our requirements. The high estimate assumes you purchase a higher end iPad, laptop, and printer for your business.

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~~12.10.~~ Travel Expenses to Training. There is no tuition or fee for initial training for up to two (2) of your representatives. You are, however, responsible for making arrangements and paying the expenses for any persons attending the training program including, without limitation, transportation, lodging, meals and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose. The estimate provided contemplates costs associated with the training of two (2) people for our one-week training program in Coraopolis, Pennsylvania.

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~~13.11.~~ Vehicle. This item includes the estimated cost to lease or purchase a moving truck and van (a Mercedes Benz Sprinter Van or equivalent vehicle that we approve in writing), if you choose to purchase both, which you will use in the operation of the CRS business. The body of the truck and van must be clean and free of any damage. This cost includes application of our standard wrap to the truck and van. The low estimate represents the low-end estimate for the first month's payment for a leased moving truck at a low interest rate, including down payment and application of our standard vehicle wrap, and estimated shipping expenses within the continental United States (i.e., excluding Alaska and Hawaii). The high estimate represents the high-end estimate of the total payments for the first month's payment for a leased moving truck and also a van at a low interest rate, down payment, application of our standard vehicle wraps to both vehicles, estimated shipping expenses within the continental United States (i.e., excluding Alaska and Hawaii). This chart does not include estimates for items such as purchasing your moving truck or van, acquiring a license, insurance, registration, or other permits for your vehicle, or otherwise making improvements to your vehicle. If you purchase the van or moving truck, your initial investment will be higher than the figures listed in the chart. We reserve the right to revoke our approval of a van or moving truck should the van or moving truck no longer meet our minimum standards.

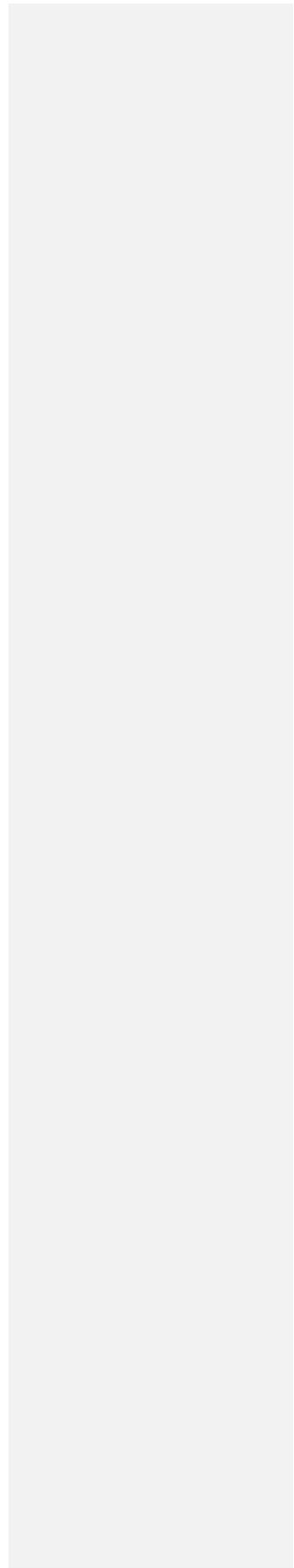
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~~14.12.~~ Inventory and Supplies. This estimates the cost of supplies required to begin operating your office and perform Recovery Services. We require you to purchase cleaning supplies and equipment from our chosen supplier. In the future we may require you to use suppliers of our choosing for other purchases

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or use different suppliers for cleaning supplies.



~~15.~~13. **Insurance.** You must purchase and maintain insurance in the types and amounts described in the Franchise Agreement or Manual. This estimate covers three months' premiums for workers' compensation and commercial liability insurance. Your cost of insurance may vary depending on the insurer, the location of your Business, your claims history, and other factors. You must provide certificates of insurance evidencing coverage to us on an ongoing basis, including prior to opening your Business.

~~16.~~17.14. **Professional Fees.** This estimates the costs of professional advisors (like an attorney and an accountant) for the initial review and advice consistent with the start-up of a franchised business.

~~18.~~15. **Business Licenses.** This estimates the costs of business licenses for you to begin operations of the Business. This estimate is based on our experiences with business licenses in Coraopolis, Pennsylvania and may vary depending on your state and local requirements.

~~19.~~16. **Additional Funds (3 months).** This category estimates your pre-operational expenses that are not listed in other categories, as well as additional funds necessary for the first three (3) months of your operations including expenses for this such as employee salaries and wages, utilities, payroll taxes (including payroll to cover the grand opening promotional period and the pre-opening training period for your staff), Royalty Fees, legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. We relied on our experience in operating our affiliate location and our franchisees' experience in opening their opening new locations in 2023 to formulate our estimates.

B. YOUR ESTIMATED INITIAL INVESTMENT – MULTIPLE BUSINESSES UNDER DEVELOPMENT AGREEMENT¹

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

Notes:

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

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

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

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

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ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

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

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

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

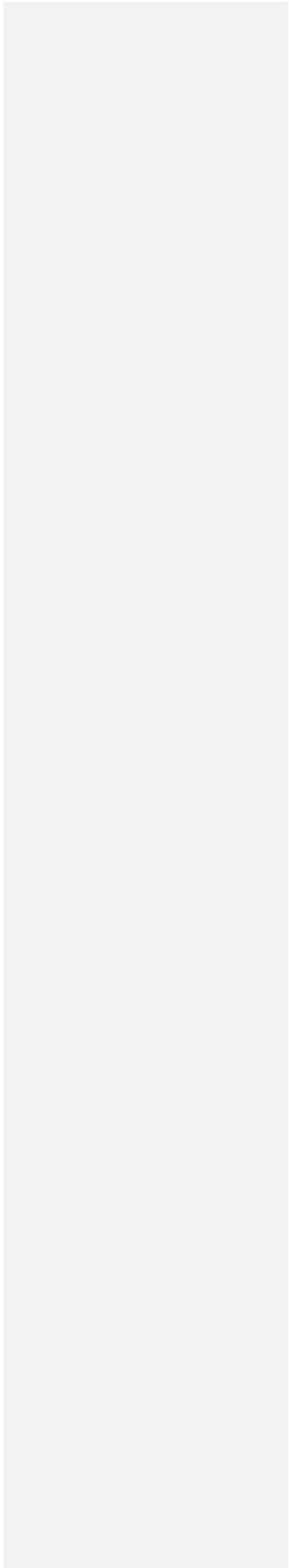
Currently, neither we nor our affiliates derive revenue, rebates, or other materials based on the required purchases or leases, but we reserve the right to do so at any time.

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

If we require you to use an approved vendor for a particular item, but you wish to purchase the item from a source that we have not approved, you may submit a written request for approval of the vendor, unless it is an item for which we have designated a specific vendor. To obtain approval, proposed vendors must demonstrate the ability to meet our standards and must possess adequate quality controls and capacity to supply your needs promptly and reliably. We will provide the relevant standards and specifications to franchisees and vendors that wish to become approved vendors, provided that the

| proposed vendor signs a confidentiality agreement; however, we may refuse to disclose product formulations or specifications that

| requirements



| You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware,

q. Owner's participation/management/staffing	FA §6	Items 11 and 15
r. Records/reports	FA §8.1, §8.2	Item 16
s. Inspections/audits	FA §8.4, §8.5	Items 6 and 11
t. Transfer	FA Article 13-DA §7	Item 17

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

**ITEM 10
FINANCIN
G**

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

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

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

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

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

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

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

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

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

You must secure a Site by signing a Site Lease or purchase agreement within one hundred twenty (120)

- Establishing prices. The System Standards are determined by the insurance carriers' estimating

- programs (depending on insurance carriers requirements) which have specific pricing for the market. (Section 6.4).

- Establishing and using administrative, bookkeeping, accounting, and inventory control procedures. We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 8.1). We may make any such procedures part of required (and not merely recommended) procedures for our system.

- Website. We will maintain a website for the CRS brand, which will include your business information and telephone number (Section “Background”).

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

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

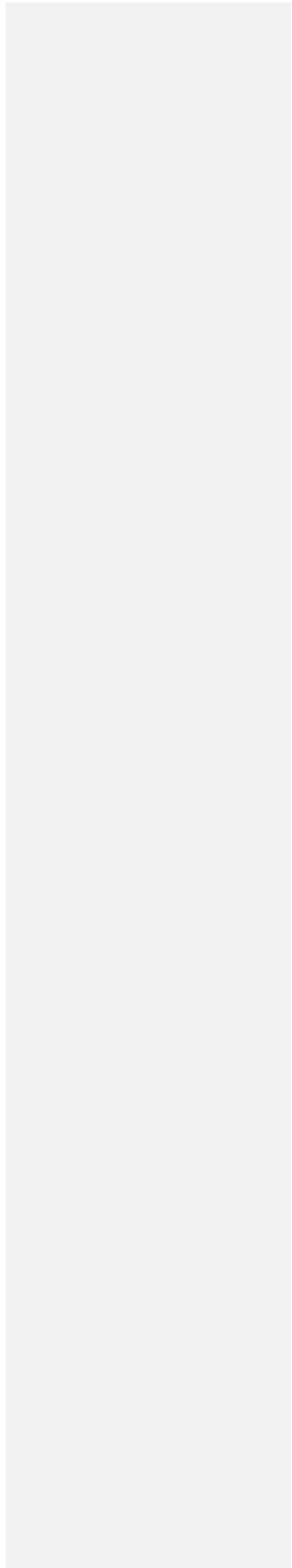
Advertising Assistance Brand Fund

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

We intend to spend an amount equal to the Brand Fund revenue received or allocated by us to prepare marketing materials either in-house or by a national agency for national, regional, or local advertising, public relations, and promotional campaigns, typically in media such as direct mail advertising, newspapers, radio, and cable and local television. A reasonable portion of this sum may also be spent for other items including conducting marketing studies; and the production and purchase of advertising art, commercials, musical jingles, print advertisements, point of sale materials, media advertising, outdoor advertising art, and direct mail pamphlets and literature, and may also be allocated to reimburse us or our affiliates for internal expenses of operating an advertising department and administration of our advertising program. We determine, in our discretion, all matters relating to such advertising, public relations and promotional campaigns, and we are not required to allocate or expend brand fund contributions for the benefit of any particular franchisee or group of franchisees on a pro-rata or proportional basis. We are not required to spend any amounts on advertising in your Territory. In our most recent fiscal year, no Brand Fund money was disbursed. No Brand Fund Contributions are used solely for advertising to solicit new franchisees, however, the CRS website, public relations activities, community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities. During the 2023 fiscal year the Brand Fund collected \$27,997.35 from franchisee brand fund contributions but did not spend any of the Brand Fund Contributions.

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| In no event will we be deemed a fiduciary with respect to any contributions to the Brand Fund we receive



or administer. We are not required to have an independent audit of the Brand Fund completed. We will prepare an unaudited report certified by one of our officers showing the Brand Fund balance at the beginning of the year, the total amount contributed by franchisees and allocated by us on behalf of our company-owned businesses, and the amount actually spent for the year, and the remaining balance or deficit in the Brand Fund at the end of the fiscal year. This report will be available to you on your written request within 120 days after the close of our fiscal year.

Social Media Management

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

Promotional Campaigns

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

Local Area Marketing

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

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

Cooperative Advertising

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

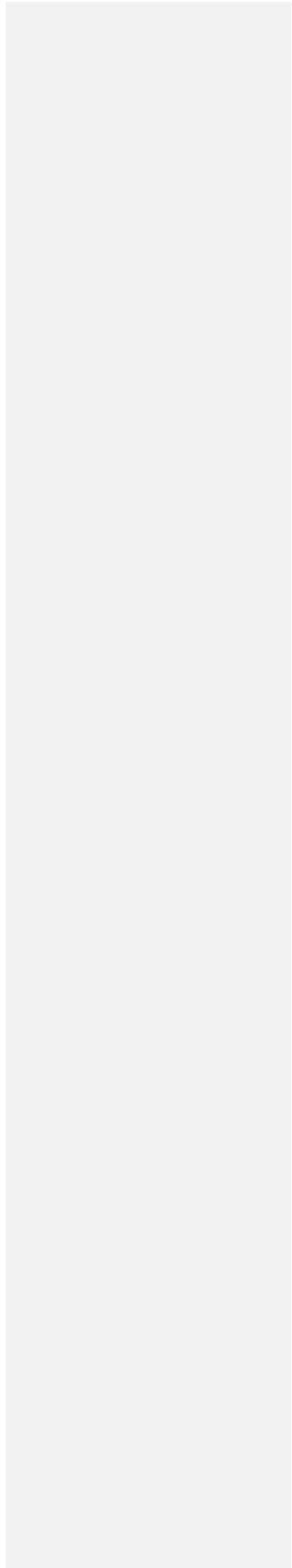
There is no advertising council at the present time.

Training Assistance

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

We may periodically offer additional training programs to you, your manager, and designated
CRS Franchising, LLC
2024 FDD

| representative



covering such subjects as new products or procedures, marketing, bookkeeping, accounting and general operating procedures and the establishment, development and improvement of computer systems. Attendance by you or your manager or designated representative may be mandatory or optional, in our discretion. There is no tuition fee for mandatory or optional training courses. All expenses that you and your personnel incur while attending or obtaining all training will be borne entirely by you. Your Business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$250 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

We will provide an experienced training staff, which will instruct on System operating procedures, steps to opening your Business, the market for Recovery Services, and marketing and sales. Our lead instructor, Ashley Taylor-Nock, has 18 years of industry experience including 3 years with our affiliate. Franchisor/corporate delegate trainers may have various lengths of experience depending on the individual delegate, but they would typically have minimally one year of experience, if not more, and have had successfully completed both their own training and facilitation of others' training in the past; the delegate(s) would typically be in a management role at a corporate location or be a "senior," tenured employee if not in a formal management position.

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

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

TRAINING PROGRAM

Subject[±]	Hours of Classroom Training	Hours of On-The-Job Training	Location
Getting Started with CRS Culture, History, and Basic Setup (Employee Handbook, Orientation Materials, etc.	3	0	Our headquarters in Coraopolis, PA or Your Location
Operations Basics	3	2	Our headquarters in Coraopolis, PA or Your Location
Pricing	1	0	Our headquarters in Coraopolis, PA or Your Location
New Client Interactions: (Setting Expectations) for New Clients	3	3	Our headquarters in Coraopolis, PA or Your Location

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
Client Interactions: Managing Relationships and Keeping People as Returning Customers	3	3	Our headquarters in Coraopolis, PA or Your Location
FAQ's	3	0	Our headquarters in Coraopolis, PA or Your Location
Subject* <u>FAQ's</u>	Hours of Classroom Training 3	Hours of On-The-Job Training 0	Our headquarters in Coraopolis, PA or Your Location Our headquarters in Coraopolis, PA or Your Location
Client Satisfaction	2	0	Our headquarters in Coraopolis, PA or Your Location
Opening the Business Vehicle Preparation, Equipment, Location, Design and Set Up	1	3	Our headquarters in Coraopolis, PA or Your Location
Deep Clean and Maintenance	1	2	Our headquarters in Coraopolis, PA or Your Location
Equipment Maintenance	1	0	Our headquarters in Coraopolis, PA or Your Location
Weekly Duties	3	3	Our headquarters in Coraopolis, PA or Your Location
Other Procedure Reviews / Miscellaneous	1	0	Our headquarters in Coraopolis, PA or Your Location
Onboarding Graduation	1	0	Our headquarters in Coraopolis, PA or Your Location
TOTALS:	26 Hours	16 Hours	

**ADDITIONAL TRAINING PROGRAM FOR
FRANCHISEES
(OWNER/OPERATOR/MANAGER)**

Subject*	Hours of Classroom Training	Hours of On-The-Job Training	Location
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<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
Business Management Basics: - Operations Manual and FAQs - Manager Checklist - Company Values - Culture of Recognition - Problem-solving & troubleshooting basics	3	0	Our headquarters in Coraopolis, PA or Your Location
Subject*	Hours of Classroom Training	Hours of On-The-Job Training	Location
Operations Basics: - Maintenance of spreadsheets, documents, and forms - Manager and Group Tasks List - Managing the Procedure Checklist - Working with Insurance Companies - Billing	2	0	Our headquarters in Coraopolis, PA or Your Location
Human Resources Functions: - Interviewing, hiring, & firing - Coaching, providing feedback, and performance management	5	0	Our headquarters in Coraopolis, PA or Your Location
Advertising / Marketing: - Advertising Procedure & Strategy Calendar - Online Advertising - Offline/In-Person Partnerships - Organic promotion / signage - Additional pre-opening expectations - Press releases	5	0	Our headquarters in Coraopolis, PA or Your Location
Payroll: - Software set up & overview - Procedure & Checklist - Bonus / Incentives	3	0	Our headquarters in Coraopolis, PA or Your Location
Staff Scheduling: - Software set up & overview - Schedule Management Procedure	2	0	Our headquarters in Coraopolis, PA or Your Location
TOTALS:	30 hours	15 hours	

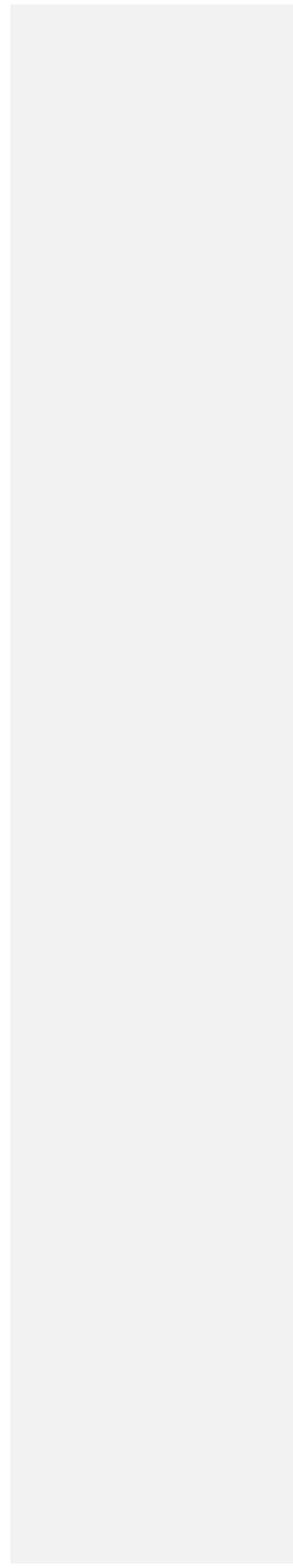
Scheduling. All training is scheduled by us throughout the year on an as-needed basis to reasonably accommodate franchisees.

Additional Management Training. Currently, the Additional Training for Owner/Operator/Manager is not

required, but may be offered in the future as a required training or optional training.

Computer Systems

We require that you have access to mobile communications equipment that meet the following



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

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

You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals necessary to operate our customer relationship management system and other technology systems that we designate (collectively, the “Business Management and Technology System”). You must use the Business Management and Technology System to (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage your customers’ contact information, (iv) generate sales reports and analysis relating to your Business, and

(iv) provide other services relating to the operation of the Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. You must replace, upgrade, or update at your expense the Business Management and Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Business Management and Technology System requirements. Currently, you are required to use QuickBooks (Franchise version), Assured Restoration Job Software, and Xactimate or Symbility, depending on your location, which are the estimating software programs utilized by the insurance carriers, which will specify pricing for your market.

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

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

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

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

related software maintenance agreements that we or the licensor of the software require.

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

You will not be allowed to establish or operate any other website for your Business or establish or participate

A. establish, operate, franchise, and license others to operate Businesses under the Marks at any location outside of the Territory;

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B. operate a Business under the Marks inside the Territory if: (i) we (or our affiliate) is operating a Business under the Marks in the Territory as of the date you sign the franchise agreement; or (ii) we have notified you before you signed the franchise agreement that we (or our affiliate) intends to operate a business under the Marks in the Territory;

C. use the Marks in other lines of business, anywhere in the world;

~~D.~~_____

~~E.D.~~ establish and operate, and to grant others the right to establish and operate, similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory, under trademarks or service marks other than the Marks;

~~F.E.~~ develop, manufacture, have manufactured, advertise, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, goods or services that are identical or similar to and/or competitive with those provided at your Business, whether under the Marks or any other name or mark, through dissimilar channels of distribution, including but not limited to through the internet, mobile applications, telemarketing, retail stores, and wholesale clubs, or other distribution outlets (other than Businesses) both inside and outside the Territory;

~~G.F.~~ establish and operate, and to grant others the right to operate, businesses offering dissimilar products and services both inside and outside the Territory under the Marks; and

~~H.G.~~ to acquire, be acquired by, or merge with other brands or outlets, even if the concepts or outlets are similar to the business operated under the System, and even if they have locations in the Territory. We will also have the right, in our sole discretion, to convert one or more outlets of the acquired, acquiring or merged brand to a Business within the Territory.

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

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

Key Accounts. We may from time to time enter into agreements to provide services to customers as part of a national, regional, or key account program at locations within the Territory. You must accept and

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| perform the terms of such agreements (including, without limitation, special pricing, payment terms, timing of

services, and central invoicing) with respect of locations within the Territory. If you refuse to perform the required services or we determine that your Business is not qualified, interested, able or available to perform the services, you are required to allow either our employee(s) or another franchisee to enter the Territory to perform the required services. In the case of an agreement under which the customer will pay a fixed amount for services at all locations listed in the agreement, we may allocate the fixed amount among the businesses performing the services.

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

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

Development Agreement

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

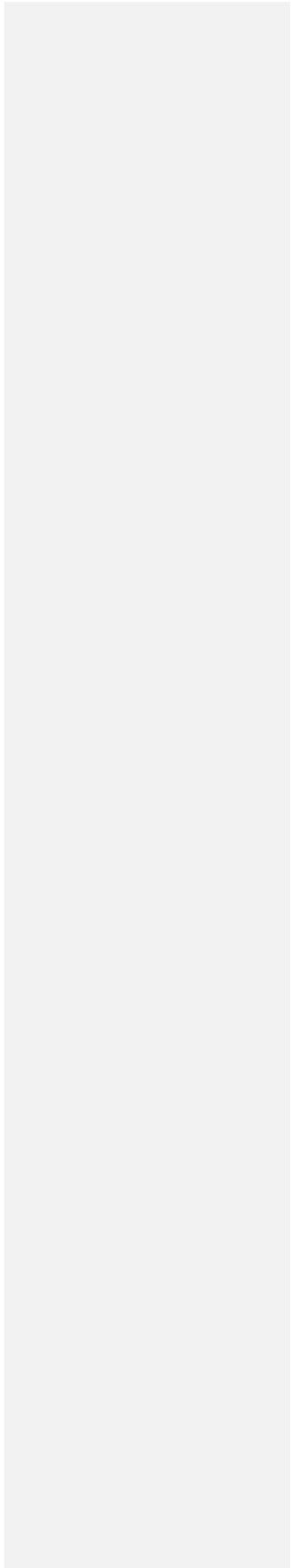
Each Business you timely open and commence operating under our then current form of franchise agreement will be operated: (i) from a distinct Site located within the Development Area; and (ii) within its own Territory that we will define once the Site for that Business has been approved. We will approve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

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

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

You must comply with your development obligations under the Development Agreement, including your Development Schedule, to maintain your exclusive rights within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under the Development Agreement. Otherwise, we will not modify

| the size



of your Development Area except by mutual written agreement signed by both parties.

Rights We Retain

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

~~A.~~ _____

~~B.~~ _____ solicit customers for you as well as advertise and promote sales of Businesses anywhere, including

~~A.~~ _____ within the Territory;

~~C.~~~~B.~~ _____ offer and sell (or authorize others to offer and sell) services other than related to the Business under any names and marks other than the Marks;

~~D.~~~~C.~~ _____ distribute or license the manufacture or distribution of goods and products, regardless of whether or not such products are authorized for offer and sale through the Business, within the Territory, under other trademarks licensed by us or otherwise held by us, or through any means of distribution (e.g., direct mail, retail outlets, internet, other alternate channels of distribution) not otherwise prohibited by the Franchise Agreement;

~~E.~~~~D.~~ _____ establish and operate and grant to others the right to establish and operate, a Business anywhere outside of the Territory, regardless of proximity to the Territory or to your Business;

~~F.~~~~E.~~ _____ purchase, merge, acquire (or be acquired by), affiliate with, or engage in any transaction with other businesses (whether competitive or not) having one or more locations, wherever located, including, but not limited to, transactions or arrangements involving competing outlets and/or brand conversions (to or from the CRS brand and System);

~~G.~~~~F.~~ _____ engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Franchise Agreement; and

~~H.~~~~G.~~ _____ develop, operate, and franchise similar or dissimilar systems under trademarks, service marks, and commercial symbols other than the Marks, without offering them to you.

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

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

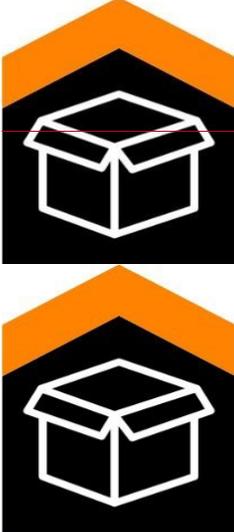
ITEM 13 TRADEMARKS

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Pursuant to the Franchise Agreement, you are granted a license to operate a Business using the marks CRS (logo) and other marks in connection with the Business (the “Marks”). The Marks listed below are the

subjects of valid and subsisting U.S. Patent and Trademark Office registrations shown below.

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

Mark	U.S. App. Ser. No.	App. Date
	97814147	February 27, 2023

At this time, we do not have a registration for this trademark. Therefore, this trademark does not have many of the legal benefits and rights as a federally registered trademark. If your right to use this trademark is challenged, you may have to change to an alternative trademark which will increase your expenses.

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

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

If it becomes advisable at any time in our sole discretion for us or you to modify or discontinue use of the Marks or use one or more additional or substitute trade or service marks, you must comply with our directions to modify or discontinue the use of the Marks within the time frame specified by us. We

| to us the Customer Data and make no further use of it for any purpose. Since your business relationship with customers is

d. Termination by you	14.3	<p>Subject to state law, you may terminate this Agreement only if: (i) we commit a material breach of this Agreement; (ii) you give us written notice of the breach;</p> <p>(iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within sixty (60) days after receipt of your notice; and (iv) you are in full compliance with your obligations under this Agreement. If we cannot reasonably correct the breach within this sixty (60) day period but provide you with reasonable evidence of our effort to correct the breach within a reasonable time period, then the</p>
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Provision	Section (§) in Franchise Agreement	Summary
		<p><u>with your obligations under this Agreement. If we cannot reasonably correct the breach within this sixty (60) day period but provide you with reasonable evidence of our effort to correct the breach within a reasonable time period, then the</u> cure period shall be the amount of time reasonably required to effect a cure. Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this paragraph (including by taking steps to de-identify the Business or otherwise cease operations under this Agreement) will constitute an Event of Default by you.</p>
e. Termination by us without cause	N/A	<p>N/A. We may not terminate any agreement with you without cause, <u>which means we will not automatically terminate this agreement if we terminate your Development Agreement, and vice versa.</u></p>
f. Termination by us with cause	§14	<p>As defined in (g.) and (h.) below. In addition, your default under any other agreement that you or an affiliate has with us, or our affiliates, will constitute a default subject to any applicable provisions for notice and cure set forth in the other agreement. For clarity, if you default under a Development Agreement with us, you shall be considered to have defaulted under this agreement and we may terminate you if that is the remedy for the relevant default.</p>

<p><u>g. “Cause” defined – curable defaults</u></p>	<p><u>§14.1</u></p>	<p><u>If Franchisee fails to pay any financial obligation pursuant to this Agreement (a) within five (5) days of the date on which Franchisor gives notice of such delinquency, (b) immediately upon written notice if such payment has not been made within sixty (60) days after the date on which it is required to be paid, or (c) immediately upon written notice if Franchisee is determined to have under- reported its Gross Sales during any month by two percent (2%) or more of the actual Gross Sales during such month on two (2) or more occasions during the Term of this Agreement, whether or not Franchisee subsequently rectifies such deficiency; if Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by an appropriate authority to comply with any law or regulation applicable to the operation of the Business; if Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty, or certification herein or fails to operate the Business as specified by Franchisor in the Manual, fails to pay promptly any undisputed invoices from Franchisor or suppliers, and fails to cure such non-compliance or deficiency within thirty (30) days (or such longer term as granted by Franchisor) after Franchisor’s written notice thereof; if Franchisee abandons or ceases to operate all or any part of the Business conducted under this Agreement for seventy-two (72) hours or longer (except as otherwise</u></p>
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<u>Provision</u>	<u>Section (§) in Franchise Agreement</u>	<u>Summary</u>
g. “Cause” defined- curable defaults	§14.1	<p>If Franchisee fails to pay any financial obligation pursuant to this Agreement (a) within five (5) days of the date on which Franchisor gives notice of such delinquency,</p> <p>(b) immediately upon written notice if such payment has not been made within sixty (60) days after the date on which it is required to be paid, or</p> <p>(c) immediately upon written notice if Franchisee is determined to have under reported its Gross Sales during any month by two percent (2%) or more of the actual Gross Sales during such month on two (2) or more occasions during the Term of this Agreement, whether or not Franchisee subsequently rectifies such deficiency;</p> <p>if Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by an appropriate authority to comply with any law or regulation applicable to the operation of the Business;</p> <p>if Franchisee fails to perform or breaches any covenant, obligation, term, condition, warranty, or certification herein or fails to operate the Business as specified by Franchisor in the Manual, fails to pay promptly any undisputed invoices from Franchisor or suppliers, and fails to cure such non-compliance or deficiency within thirty (30) days (or such longer term as granted by Franchisor) after Franchisor’s written notice thereof;</p> <p>if Franchisee abandons or ceases to operate all or any part of the Business conducted under this Agreement for seventy two (72) hours or longer (except as otherwise provided herein) or defaults under any mortgage, deed of trust or lease with Franchisor or any third party covering the Business or the Site, fails to cure such abandonment or default and Franchisor or such third party treats such act or omission as a default, and Franchisee fails to cure such default to the satisfaction of Franchisor or such third-party within any applicable cure period granted Franchisee by Franchisor or <u>such third party</u>.</p> <p><u>If you default under a Development Agreement with us, you shall be considered to have defaulted under this agreement and we may terminate you if that is the remedy for the relevant default.</u></p>

Provision	Section- (§) in- Franchise- Agreement	Summary
		<p>such third party.</p> <p>If you default under a Development Agreement with us, you shall be considered to have defaulted under this agreement and we may terminate you if that is the remedy for the relevant default.</p>

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

i. Your obligations on termination/ non-renewal	§15	<p>Cease operating the Business under the System. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former franchised business is operated or in any way connected with Franchisor or the System or hold itself out as a present franchisee of Franchisor;</p> <p>Pay all sums owing to Franchisor, including those invoiced to Franchisee after this Agreement expires or is terminated. Upon termination of this Agreement pursuant to any default by Franchisee, such sums shall include, but not be limited to, actual and consequential damages, costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as a result of the termination.</p> <p>Return to Franchisor the Manual and all trade secret and other confidential materials, equipment and other property owned by Franchisor, and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law; Take such action as may be required by Franchisor to transfer and assign to Franchisor or its designee or to disconnect and forward all telephone numbers, e-mail, internet and other electronic references and advertisements, and all trade and similar name registrations and business licenses, and to cancel any interest which Franchisee may have in the same; and Cease to use any methods, procedures or techniques associated with the System; cease to use the Marks and indicia of operation associated with the System, and any marks confusingly similar thereto, and remove all trade dress, physical characteristics, color combinations and other indications of operation under the System. Without limiting the generality of the foregoing, Franchisee agrees that in the event of any termination or expiration of this Agreement, it will de-identify so as to make it not confusingly similar to Franchisor's standardized and recognizable indicia or colors.</p>
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j. Assignment of contract by us	§13.1	<p>This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor, in whole or in part, without Franchisee's consent, in its sole discretion, but only to a person or legal entity that agrees to assume Franchisor's obligations hereunder, and shall be binding</p>
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<u>Provision</u>	<u>Section (§) in Franchise Agreement</u>	<u>Summary</u>
Provision	Section (§) in Franchise Agreement	Summary of operation under the System. Without limiting the generality of the foregoing, Franchisee agrees that in the event of any termination or expiration of this Agreement, it will de-identify so as to make it not confusingly similar to Franchisor’s standardized and recognizable indicia or colors.
<u>j. Assignment of contract by us</u>	<u>§13.1</u>	This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor, in whole or in part, without Franchisee’s consent, in its sole discretion, but only to a person or legal entity that agrees to assume Franchisor’s obligations hereunder, and shall be binding upon and inure to the benefit of Franchisor’s successors and assigns including, without limitation, any entity which acquires all or a portion of the equity of Franchisor or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor’s rights and duties hereunder (in whole or in part), are assigned or transferred.
k. “Transfer” by you – defined	§13.2	Directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest; (i) in this Agreement or any portion or aspect thereof, (ii) the Business, or (iii) any equity or voting interest in Franchisee that equals or exceeds twenty percent (20%) of the total equity or voting interests in Franchisee on a fully diluted basis, nor permit the Business to be operated, managed, directed or controlled, directly or indirectly, by any person other than Franchisee
l. Our approval of transfer by you	§13.3	Transfers require (i) our prior written consent, which will not be unreasonably withheld; and (ii) the satisfaction of certain conditions.
m. Conditions for our approval of transfer	§12.3	The proposed transferee is a person or entity that meets the Franchisor’s standards of qualification then applicable with respect to all new applicants for similar Franchisees; The proposed Transfer is on commercially reasonable terms; As of the effective date of the proposed Transfer, all obligations of Franchisee hereunder and under any other agreements between Franchisee and Franchisor are fully satisfied; As of the effective date of the proposed Transfer, all obligations of the proposed transferee to the Franchisor under all other agreements of any kind between the proposed transferee and Franchisor are fully satisfied; and As of the effective date of the proposed Transfer, Franchisor shall have forwarded to Franchisee its approval, granted in its reasonable business judgment, of the proposed Transfer to the proposed transferee, in accordance with the following provisions of this Article 12.

<u>Provision</u>	<u>Section (§) in Franchise Agreement</u>	<u>Summary</u>
n. Our right of first refusal to acquire your business	§13.9	If you want to transfer your business (other than to your co- owner or your spouse, sibling, or child), we have a right of first refusal.
o. Our option to purchase your business	§13	Upon expiration or termination of the Franchise Agreement, we may purchase your business.
p. Your death or disability	§13.8	Same requirements as for transfer in (m.) above
q. Non-competition covenants during the term of the franchise	§12.1	Franchisee agrees: To use its best efforts in operating the Business and in recommending, promoting and encouraging patronage of all CRS businesses; Not to engage, directly or indirectly, as an owner, operator, or in any managerial capacity in any Competing Business (as <u>defined in the Franchise Agreement</u>) at or within a twenty-five (50)- mile radius of the Site or the protected territory of any other System franchisees in operation.
Provision	Section- (§) in- Franchise- Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	§12.2	For a period of two (2) years after such termination, expiration, non-renewal, transfer, or assignment, not to engage, directly or indirectly, as an owner, operator, or in any managerial capacity, in any Competing Business at or within a fifty (50)-mile radius of the Site or the protected territory of any other System franchisees in operation at the time of such termination, expiration, non-renewal, transfer or assignment.
s. Modification of the agreement	§17.2	The Manual is subject to change. Modifications become effective upon delivery of written notice to you unless the notice specifies a longer period. No modification unless by mutual written agreement.
t. Integration/merger clause	§17.1	All agreements between the parties are in the Franchise Agreement and its exhibits. Subject to applicable state law, only the terms of the Franchise Agreement are binding. Any representations or promises made outside this disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

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

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

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

**ITEM 18
PUBLIC
FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

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

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

We have a reasonable basis for the financial performance information disclosed in Item 19. Written substantiation for the financial performance representation will be made available upon reasonable request. The Company-Owned Outlet operates in a manner that is substantially similar to franchised units.

Table 1 of this Item 19 details the Gross Revenue generated by the Company-Owned Outlet during a period comprising fiscal years 2021, 2022, and 2023 (the “Measurement Period”), along with (a) the costs and expenses associated with operating the Company-Owned Outlet (collectively, the “Operating Costs”); and (b) the estimated fees that would have been incurred by the Company-Owned Outlet in connection with the Royalty Fees, Marketing Fees (excluding those the Company-Owned Restaurant also pays), if it were a Business governed by our current form of franchise agreement (collectively, the “Estimated Fees”) over the Measurement Period.

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

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

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

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

Category	FY 2021	FY 2022	FY 2023
Gross Revenue²	\$879,821	\$1,324,796	\$1,674,085
Cost of Sales³			
Payroll Salaries (Field)	\$125,133	\$218,377	\$373,828
Payroll Tax (Field)	\$39,751	\$76,711	\$106,082
Subcontractors	\$58,903	\$50,487	\$14,578
Materials	\$39,142	\$37,838	\$32,690
Gross Profit	\$616,892	\$941,383	\$1,146,907
Operating Expenses⁴			
Insurance ³ⁱ	\$10,739	\$11,233	\$19,359

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

Notes:

1. The figures in the tables above use the historical information that our Company-Owned Outlet provided. Upon your reasonable request, we will provide written substantiation for this financial performance representation.

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

3. “Cost of Sales” means the cost of payroll salaries, payroll taxes, subcontractors, and materials.

4. “Operating Expenses” means other expenses attributable to the operation of the Company-Owned Outlet, including supplies, office supplies, merchant fees and banking charges, business licenses & permits, office expenses, marketing expenses, local/co-op marketing expenses, charitable contributions, postage and delivery, and other miscellaneous expenses. (i) “Insurance” means the expenses paid for insurance for; (ii) “Rent” means expenses paid for rent. The facilities expenses for your Business may vary based upon the property size, location, amenities provided in your lease, prevailing costs of vendor services in your market, the building type and layout, and other factors; (iii) “Salaries and Wages” means wages, bonuses, payroll taxes, and payroll processing expenses for Business employees. Table 1 does not include salary or wages for the owner/operator. If you intend to hire a general manager to oversee the operations of your franchise outlet, we estimate the average starting salary costs to be approximately

4. \$40,000 to \$70,000 based on our owners’ experience in operating the Company-Owned Outlet. If you choose to take a salary as the owner/operator, your labor expense will be higher; (iv) “Utilities” means the expenses paid for utilities. These numbers are based on our experience operating in the Pittsburgh, Pennsylvania area and may vary significantly based upon the location of your Business, prevailing wage rates, the strength of the labor market, and other factors, and (v) “Other Operating Expenses” includes all other expenses categorized as operating expenses which a franchisee could reasonably expect to incur.

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

6. “EBITDA (if franchised)” means Gross Revenue *minus* Disclosed Operating Costs, and Estimated Fees. EBITDA does not include interest paid on debt, taxes, depreciation, or CRS Franchising, LLC

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

Gross Revenue	Net Profit	Margin
\$1,377,922	\$246,209	17.9%

<u>Units At or Above Margin</u>	<u>Percentage of Units At or Above Margin</u>
<u>3</u>	<u>75%</u>

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

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

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE (+ or -)
Franchised	2021	0	0	-
	2022	0	2	+2
	2023	2	5	+3
Company Owned	2021	1	1	-
	2022	1	1	-
	2023	1	1	-
Total Outlets	2021	1	1	-
	2022	1	3	+2
	2023	3	6	+3

Outlets	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

**TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN NEXT FISCAL YEAR
FL	5	6	0
SC	2	0	0
TX	1	2	0
NC	1	1	0
PA	1	0	0
NJ	1	0	0
TOTAL	11	9	0

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

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

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

During the last three (3) years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

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

**ITEM 21
FINANCIAL
STATEMENTS**

Attached as Exhibit A to this disclosure document is our audited financial statements as of December 31, 2023, and December 31, 2022. [We have also included an unaudited Balance Sheet as of XXXX, 2024.](#) Because we began operations in March 2022, we have not been in business for three years or more and cannot include all the financial statements required by the FTC for the last three years. Our fiscal year ends on December 31.

**ITEM 22
CONTRACT
S**

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

Document/Contract	Location in FDD
-------------------	-----------------

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

**ITEM 23
RECEIPT
S**

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

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

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

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

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

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

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

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

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

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

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

[SIGNATURE PAGE FOLLOWS]

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

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

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

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

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

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

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

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

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

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

Releasor:

By: _____

Name: _____

Title: _____

Date: _____



DEVELOPMENT AGREEMENT

between

CRS FRANCHISING, LLC

and

FRANCHISEE

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ATTACHMENTS

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

Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

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

[SIGNATURE PAGE FOLLOWS]

CALIFORNIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, [the Franchise Agreement, and the Development Agreement](#), the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT dfpi.ca.gov.

ITEM 3 – LITIGATION

Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange

ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).
3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of Pennsylvania. This provision may not be enforceable under California law.
4. The Franchise Agreement and the Development Agreement require venue to be limited to Pennsylvania. This provision may not be enforceable under California law.
5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.
6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).
7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.
8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

~~9. recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration.~~

~~10.9.~~ The Franchise Agreement and any Area Development Agreement require binding arbitration. The arbitration will occur in Pennsylvania. If we are the substantially prevailing party, we will be entitled to

recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

~~11.10.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~12.11.~~ *Fee Deferral:* The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

CONNECTICUT

The State of Connecticut does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

1. Pursuant to Section 36b-63(c)(23) of the Connecticut Business Opportunity Investment Act:

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

2. Pursuant to Section 36b-63(c)(21) of the Connecticut Business Opportunity Investment Act, regarding historical information relating to sales or earning claims:

"Caution: Some business opportunities have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well."

3. Pursuant to Section 36b-63(c)(20) of the Connecticut Business Opportunity Investment Act regarding the Seller's Sales or Earnings Estimates and Projections:

"Caution: These figures are only estimates of what we think you may earn. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well."

SIGNATURE PAGE FOR APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any Supplemental Agreements entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, or Supplemental Agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

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

Date: _____

FRANCHISOR:

~~CRS Franchising, LLC~~

Name:

Title:

FRANCHISEE:

~~FRANCHISEE~~

Name:

Title:

EXHIBIT J

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

	State	Effective Date
CRS Franchising, LLC FDD Receipts	California	October 6, 2023
	Hawaii	Not Registered

Illinois	February 26, 2024
Indiana	April 23, 2024
Maryland	Application Pending
Michigan	August 25, 2023
Minnesota	February 26, 2024
New York	January 22, 2024
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	October 19, 2023 May 20, 2024
Washington	Not Registered
Wisconsin	April 23, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

CRS Franchising, LLC
FDD Exhibit J

CRS Franchising, LLC
FDD Receipts

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