

**FRANCHISE DISCLOSURE DOCUMENT
AREA REPRESENTATIVE FRANCHISE**



CRESTCOM INTERNATIONAL, LLC
(a Delaware limited liability company)
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Greenwood Village, Colorado 80111
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Crestcom International, LLC, a Delaware limited liability company, is offering an area representative franchise program for the development of territories which will accommodate multiple franchise businesses offering management, sales and personnel development training programs and materials.

The total investment necessary to begin operation of an area representative business usually ranges from \$231,575 to \$512,575. This includes an amount ranging from \$225,000 to \$450,000 that must be paid to the franchisor or an affiliate representing the initial fees (although the Initial Area Representative Fee is negotiated based on several factors and may vary).

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchising Department at 6900 East Belleview Avenue, Suite 100, Greenwood Village, Colorado 80111 and (303) 267-8200.

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

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

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

Issuance Date: March 31, ~~2023~~2024

For use in: AL, AK, AZ, AR, CO, CT, DE, DC, GA, FL, HI, ID, IL, IN, IA, KS, KY, LA, ME, MA, MN, MI, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WI, WV, WY, and U.S. TERRITORIES (see following pages for varying effective dates in certain states.)

NOT FOR USE IN CA, MD, NY, or WA.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Attachments F and G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Attachment H includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Crestcom business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Crestcom franchisee?	Item 20 or Attachments F and G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. 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 Colorado than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

INFORMATION FOR PROSPECTIVE FRANCHISEES IN MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

- (A) A prohibition on the right of a franchisee to join an association of franchisees.
- (B) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating franchisee by repurchase or other means for the fair market value at the time of expiration, of franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years; and (ii) franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (E) A provision that permits franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (F) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. (The above language has been included in this Disclosure Document as a condition for registration. We and you do not agree that the parties are restricted from choosing to conduct arbitration outside of Michigan and believe that each of the provisions of the Area Representative Agreement, including each of the arbitration provisions, is fully enforceable. We and you intend to rely on the federal pre-emption under the Federal Arbitration Act.)
- (G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed franchisee to meet franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of franchisor or subfranchisor.

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

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

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

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

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Any questions regarding the notice should be directed to:

State of Michigan
Department of Attorney General
Franchise Section - Consumer Protection Division
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

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ATTACHMENTS

A	Area Representative Agreement with Addenda and Exhibits
B	Nondisclosure and Noncompetition Agreement
C	Form of Promissory Note
D	Form of Successor Rider to Area Representative Agreement
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F	List of Area Representatives
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I	List of State Agencies/Agents for Service of Process
J	State Addenda to Disclosure Document

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, its Predecessors and Affiliates. The Franchisor is Crestcom International, LLC. For ease of reference, Crestcom International, LLC is referred to as “we,” or “us” in this Disclosure Document. The person who buys the rights to an Area Representative Business, as defined below, is referred to as “you” throughout this Disclosure Document. If you are a business entity, certain provisions of the Area Representative Agreement also apply to the owners of the business entity and will be noted.

We are a Delaware limited liability company organized on December 21, 2007. We do business under our company name and no other name. We offer and sell franchises that operate under the name “Crestcom.” Our principal place of business is located at 6900 East Bellevue Avenue, Suite 100, Greenwood Village, Colorado, U.S.A. 80111. Our agents for service of process are disclosed in Attachment I.

We are owned by a holding company called Crestcom International Holdings, LLC (“Holdings”), a Delaware limited liability company formed on October 21, 2013. It acquired all of our ownership interest as of November 15, 2013. Under the FTC’s Franchise Rule, Holdings is considered to be our parent. The principal business address for Holdings is the same as ours.

Our Business. We are in the business of developing, producing, and distributing management, sales and personnel development training programs and conducting training seminars. We also offer franchises for management, sales and personnel development training businesses under the marks “CRESTCOM®” and “CRESTCOM - TRAINERS TO THE WORLD®,” and related service marks, trademarks and trade names (“Marks”) using our system for operating the businesses and related licensed methods of doing business (“Licensed Methods”). The Licensed Methods feature the sale or use for a fee of written materials, visual aids, and audio, video, and online media designed to be used as stand-alone training programs or in conjunction with specialized live in-person instruction seminars (“Live Instruction”) to instruct individuals, companies or other organizations (“clients”) in a variety of areas, including business, sales, motivation, customer service and management skills and development. We will refer to all written materials, visual aids, audio media, video media, online media, and related marketing aids, and any substitutes for, or items that are a technological evolution of, any of the foregoing items, whether used in stand-alone training programs or Live Instruction, as “Materials” in this Disclosure Document.

We have developed a combination of live and video media training programs, including ~~the~~ Crestcom L.E.A.D.R. training program, previously referred to as the BULLET PROOF® Manager training program, a video media-based, live facilitated training program which is typically provided over a 12-month period, and ~~the Crestcom Continuing Education program,~~ L.E.A.D.R.+, a video media-based, live facilitated subscription program. Additionally, we and our predecessors have developed and copyrighted stand-alone video media, audio media, online media, and written training programs which are marketed to individuals and groups.

The Area Representative Business. The area representative rights offered are for the promotion of franchises for management, sales and personnel development training businesses (“CRESTCOM Businesses”) in a defined area (the “Territory”) to potential Franchisees (as defined below) using the Marks and the Licensed Methods. We call the business offered under this Disclosure Document an “Area Representative Business” and the person who acquires an Area Representative Business an “Area Representative.” We call persons who acquire CRESTCOM Businesses our “Franchisees.” As an Area Representative, you also must own a franchise to operate a CRESTCOM Business in the Territory. You

may operate your Area Representative Business from your residence or another approved business location.

Our area representative program involves the licensing by us of the right to use our Marks and Licensed Methods in the operation of your Area Representative Business. Under our area representative program, you pay us an Initial Area Representative Fee as defined in Item 5, sign our standard area representative agreement (“Area Representative Agreement”), and operate your Area Representative Business according to our standards and specifications. A copy of our Area Representative Agreement is attached to this Disclosure Document as Attachment A.

We may require you to provide us such information as we request to permit us to include you in our franchise disclosure documents, and to disclose information about you to state regulatory agencies, as required by applicable laws and regulations. You may also be required to register in the state(s) in which your Territory is located.

We may delegate to you from time to time certain duties and responsibilities of ours to Franchisees located in your Territory, including assistance in training of Franchisees. To the fullest extent permitted by applicable law, you must perform any services that we delegate to you in a timely and professional manner and in full compliance with the Licensed Methods and all of our other standards and specifications. We do not grant Area Representatives any management responsibility relating to the sale or operation of CRESTCOM Business franchises.

CRESTCOM Business Franchises. Under the terms of the Area Representative Agreement, you will have the right to introduce potential Franchisees to us within the Territory. Our Franchisees operate CRESTCOM Businesses in which they sell and use the Materials and conduct Live Instruction.

When prospective Franchisees promoted by you are approved by us, they enter into a franchise agreement (“Franchise Agreement”) directly with us. You may not enter into any agreement with any potential or existing Franchisee that contradicts, limits or restricts the terms of the Franchise Agreement we execute with the Franchisees. We will negotiate the terms of any Franchise Agreement between us and any potential Franchisee, although we will generally honor understandings between a Franchisee and you as to the Franchisee’s Assigned Area. Any and all fees (including the initial franchise fee and Royalty Fees) payable by a Franchisee will be paid directly by the Franchisee to us. You will not collect any fees or other commissions from Franchisees. You will receive certain payments as a result of introducing a Franchisee within your Territory to us in accordance with terms of your Area Representative Agreement.

Franchisees pay us an initial franchise fee for their franchise rights. While your Area Representative Agreement is in effect, you will receive as a commission 50 percent of the initial franchise fees paid by Franchisees promoted and first introduced by you and who are located in your Territory. Notwithstanding the foregoing, unless your Area Representative Agreement is signed as part of your exercise of successor area representative rights or based on a transfer, we will pay you 100 percent of the initial franchise fees paid by the first two Franchisees promoted and first introduced by you and who are located in your Territory, provided those Franchisees execute a Franchise Agreement prior to the first anniversary of the Trigger Date. The “Trigger Date” is the earlier of (i) the date that you introduce your first prospective Franchisee to us or request a Franchise Disclosure Document to be sent to a prospective Franchisee identified by you, or (ii) the first anniversary of your Area Representative Agreement.

If we, our agents, or other Franchisees, distributors, or Area Representatives generate a lead that results in the appointment of a Franchisee in your Territory or otherwise significantly aid you in the

appointment of a Franchisee, or if you generate a lead through any optional recruiting program that we administer, your commission will be reduced to an amount less than 50 percent but not below 30 percent in our sole discretion. The criteria we use to determine the amount of the reduction are the respective involvement of us and our agents, and our other Franchisees, distributors, and Area Representatives, on the one side, and you, on the other side, in generating a particular lead, promoting the franchise, and otherwise in making efforts to complete the sale of the franchise.

Any travel expenses, other reimbursable expenses, or out-of-pocket expenses incurred by us, including amounts paid by us to any broker, finder, other Area Representative or other person in connection with the promotion, solicitation, finding, or training of the Franchisee, shall be deducted from the initial franchise fee paid by the Franchisee before your share is calculated.

If you introduce to us a prospective Franchisee or Area Representative who is located outside of your Territory, we will provide you with a credit to acquire Promotional Materials (as defined in Item 8) or other items from us equal to the lesser of (i) 15 percent of (a) the initial franchise fee or (b) the Initial Area Representative Fee, as paid by the Franchisee or Area Representative, after that fee has been reduced for any travel expenses, other reimbursable expenses, or out-of-pocket expenses incurred by us, including amounts paid by us to any broker, finder, or other person in connection with the promotion, solicitation, finding, or training of the Franchisee or Area Representative, but the fee will not be reduced for any amounts paid by us to another Area Representative in relation to that sale, or (ii) \$10,000. If the new Franchisee or Area Representative pays its initial franchise fee or its Initial Area Representative Fee, in installments, the credit will be provided to you on a pro rata basis by the last day of the month in which funds are received. Otherwise, the credit will be provided when the initial franchise fee or Initial Area Representative Fee is paid in full. Franchisees receive similar credits when they introduce to us other prospective Franchisees or Area Representatives. If you have also acquired a franchise for a CRESTCOM Business, however, you will only be entitled to receive one credit or commission as provided for under the Area Representative Agreement, as applicable, for each Franchisee or Area Representative referred to us. You will not be entitled to receive an additional credit under the Franchise Agreement for the same Franchisee or Area Representative referral.

Franchisees, including you if you operate a CRESTCOM Business, are also responsible for paying Royalty Fees to us of 19.75 percent of their gross revenues. We will remit to you a commission of 10 percent of a Franchisee's gross revenues (including your own, if you operate a CRESTCOM Business) for sales generated in the Territory ("Continuing Commissions") as we receive Royalty Fees from Franchisees (subject to the limitations below for receiving any share of the gross revenues for any Pre-Existing Franchisees), leaving us the remaining 9.75 percent. We may permit you to pay us Royalty Fees based on your own CRESTCOM Business of 9.75 percent of your gross revenues, but then you are not entitled to receive any Continuing Commissions based on any fees you pay to us based on gross revenues derived from your CRESTCOM Business. You will not be entitled to any commissions on any other fees paid by Franchisees in your Territory to us, including but not limited to the monthly Distribution Fee, which is currently payable in a fixed monthly amount of \$875.

We may periodically designate the revenues of certain products and services offered by Franchisees to be excluded from the Franchisees' gross revenues for purposes of calculating the Royalty Fees payable to us. You will not be entitled to any commission based on these excluded revenues.

You will not receive any commission for sales or revenues generated outside of your Territory by a Franchisee or any of its salespeople, regardless of whether the Franchisee was introduced by you or is located within your Territory. Whether sales or revenues are generated within a Territory shall be determined by us in our sole discretion based on all factors available to us, and our determination shall be

final in all respects. You also will not receive any commission based on sales or revenues generated through any of the Optional Training Programs, as defined below, conducted by a Franchisee unless you have acquired the right to offer, and are offering, that Optional Training Program through your own CRESTCOM Business, regardless of whether the Franchisee was introduced by you or is located within your Territory.

The Continuing Commissions payable to you for those Franchisees located in your Territory or based on sales generated in your Territory stated above will be reduced by up to 20 percent, in our sole discretion, in the event that we significantly aid you in the recruiting of the particular Franchisee prospect. The criteria we will use to determine whether we have significantly aided in recruiting the prospect and the amount of the applicable reduction are the respective involvement of us and you in recruiting a particular Franchisee prospect, promoting the franchise, making efforts to complete the sale of the franchise, and providing ongoing services to the Franchisee.

You will not be paid any commission or compensation related to any fees or other payments made to us by any Franchisee located in the Territory other than the initial franchise fees and Royalty Fees as expressly stated above. In particular, you will receive no commission or compensation related to any other initial fee except for those fees designated as the initial franchise fee in a Franchise Agreement. You will receive no commission or compensation related to any later fees except for those specifically designated as Royalty Fees in a Franchise Agreement.

We may apply all commissions or other payments that we owe you against any amounts that you currently owe us and any amounts that will become due from you to us which are of a known, liquidated amount, such as future payments owed toward the principal amount due on a promissory note.

An Area Representative must meet certain development obligations by introducing to us a specific number of prospects who become Franchisees in its Territory, and the Area Representative and all of the Franchisees in its Territory must generate a combined minimum amount of gross revenues within the Territory, for the Area Representative to keep its Area Representative rights. You and we will negotiate your development obligations and minimum fee requirements. See Item 12 below.

If a Franchisee located within your Territory desires to become an Area Representative for an area outside of your Territory (a "Converting Franchisee"), we may enter into an Area Representative Agreement with that Converting Franchisee. In consideration for the loss of Continuing Commissions you will experience, you will receive in cash or credit an amount equal to 20 percent of the Initial Area Representative Fee paid by the Converting Franchisee to us ("Conversion Fee"). The Conversion Fee will be paid by one-half by the Converting Franchisee and one-half by us on a pro rata basis as we receive the Initial Area Representative Fee from the Converting Franchisee. Otherwise, you will not receive any fees, commissions or other payments related to any Converting Franchisee after the date the Converting Franchisee becomes an Area Representative of ours.

Unless you already have an existing CRESTCOM Business at the time you acquire your Area Representative Business, you must acquire a franchise to operate a CRESTCOM Business. CRESTCOM Business franchises are offered through a different Franchise Disclosure Document, which will be delivered to you with this Franchise Disclosure Document. Additional fees will be required for that franchise, as disclosed in that Franchise Disclosure Document. If you elect to acquire a CRESTCOM Business franchise, you will execute a Franchise Agreement contemporaneously with the execution of an Area Representative Agreement. You should review the Franchise Disclosure Document for a CRESTCOM Business for the terms and conditions under which you will operate that CRESTCOM Business.

If you are an existing Franchisee at the time you become an Area Representative, you will be required to continue to operate your CRESTCOM Business in accordance with your existing Franchise Agreement. However, we will modify your Franchise Agreement to provide a new seven year term which will commence on the same date as the date of your Area Representative Agreement with three successor franchise terms of seven years each, and, if applicable, to redefine your Assigned Area under your Franchise Agreement to be within your Territory. We will not charge a successor franchise fee when we grant you a new seven year term when you sign your Area Representative Agreement, nor will the new term be considered a successor franchise term. You will be responsible for any subsequent successor fees, when due in accordance with your Franchise Agreement for each successor franchise you subsequently elect to obtain.

We may offer Franchisees the rights to offer certain optional sales and management training programs (the "Optional Training Programs") through their CRESTCOM Businesses. Additional terms, conditions, and requirements may apply to Franchisees acquiring the Optional Training Programs, which may include an additional initial fee, additional ongoing fees, and different operating specifications and standards. We will make the Optional Training Programs available to you to offer in your own CRESTCOM Business on the same terms that apply to other Franchisees in the Territory. You have no obligation to acquire the rights to offer an Optional Training Program in your own CRESTCOM Business, but, if you choose not to acquire the right to offer an Optional Training Program in your own CRESTCOM Business, then (i) the development rights granted to you under the Area Representative Agreement will exclude any rights related to that Optional Training Program, (ii) your rights to commissions under the Area Representative Agreement will exclude the gross revenues generated by Franchisees through that Optional Training Program, and (iii) the gross revenues included in the calculation of the Minimum Quarterly Production Obligations as defined in Item 12 will exclude the gross revenues generated by Franchisees through that Optional Training Program. You are only entitled to market and promote an Optional Training Program, and to count the gross revenues generated by a Franchisee from an Optional Training Program and the fees paid thereon for purposes of your Continuing Commissions and the Minimum Quarterly Production Obligations, if you have acquired the right, and completed the training required, to offer the applicable Optional Training Program in your own CRESTCOM Business. If you acquire the right to offer a particular Optional Training Program in your own CRESTCOM Business, then the support that you are required to provide to Franchisees under the Area Representative Agreement will include the support related to that Optional Training Program. As of the date of this Disclosure Document, the only Optional Training Programs are the Crestcom Next Generation Sales Academy Program, the Crestcom International Supervisor Program, the Crestcom ~~Continuing Education~~ [L.E.A.D.R.+](#) Program, and the ~~BPM Plus Program~~ [Crestcom L.E.A.D.R. catalogue](#) as described in the Franchise Disclosure Document for a CRESTCOM Business.

The current form of Franchise Agreement does not grant a Franchisee the right to display the Materials or conduct instruction or other training via television broadcast, cable, network, closed circuit or satellite transmission, or on the Internet or by other technological means and methods now in use or developed in the future ("Electronic Transmissions"), or to market or sell any Materials, instruction, or training that are to be delivered or displayed to Clients via Electronic Transmissions, including any on-demand training system we may establish. This does not restrict a Franchisee from displaying the Materials using electronic technology in an in-person session of the Live Instruction. Further, we currently permit Franchisees to offer the ~~BPM Plus Program~~ [Crestcom L.E.A.D.R. catalogue](#) via Electronic Transmission methods in accordance with our specifications.

In our sole discretion, we may grant Franchisees or third parties the rights to operate a business (an "Electronic Transmissions Business" or "ET Business") displaying the Materials or conducting

instruction or other training via Electronic Transmission methods, or marketing and selling the Materials or training to be delivered or displayed via Electronic Transmission methods, under any terms and conditions we determine. The term “CRESTCOM Business,” as used in this Disclosure Document, does not include or refer to an ET Business, even if an ET Business is operated by a Franchisee in conjunction with its CRESTCOM Business.

The Area Representative Agreement does not grant you the right to promote or market, or receive any commissions based on, any ET Businesses, even if Franchisees or third parties in the Territory are granted the rights to conduct ET Businesses. We may, in our discretion, offer you the right to promote and market ET Businesses, and this right, if offered, may be limited in any manner by us. We have no obligation to offer you this right. If you are offered the opportunity to promote any type of ET Business, we will notify you of the terms and conditions under which you may acquire this right, which may include additional area representative, franchise, license, access, or other fees payable by you, different operating specifications and standards, and different commissions payable to you.

Pre-Existing Franchisees. A “Pre-Existing Franchisee” is a Franchisee who is located in your Territory on the date of your Area Representative Agreement. Until such time as the number of New Active Franchisees (defined below) is equal to or greater than the number of Pre-Existing Franchisees, we will remit to you only a portion of the Continuing Commissions discussed above based on the gross revenues of the Pre-Existing Franchisees and their salespersons determined by multiplying the Continuing Commissions that would otherwise be due from the Pre-Existing Franchisees for that month by a fraction, of which the numerator is the number of New Active Franchisees and the denominator is the number of Pre-Existing Franchisees. The number of Pre-Existing Franchisees is set at the date of the Area Representative Agreement, and this number shall not be affected if any Pre-Existing Franchisee ceases to be a Franchisee or ceases to conduct business for any reason. A “New Active Franchisee” is a Franchisee in the Territory introduced to us by you, who executes a Franchise Agreement for a CRESTCOM Business with us, and who has made sales and is meeting the “Monthly Production Goal” as defined in the Franchisee’s Franchise Agreement. The percentage of the Continuing Commissions due from Pre-Existing Franchisees shall be determined as of the date of the training contract upon which the Pre-Existing Franchisee’s gross revenues is based, regardless of whether payments under such training contracts are received by the Pre-Existing Franchisees, and Royalty Fees subsequently paid to us, at a later date. You will receive the full Continuing Commissions only on gross revenues of the Pre-Existing Franchisees based on training contracts entered into by the Pre-Existing Franchisees after the date the number of New Active Franchisees is equal to or greater than the number of Pre-Existing Franchisees.

The preceding limitations regarding your right to receive Continuing Commissions from Pre-Existing Franchisees shall not delay or otherwise affect your right to receive a share of the gross revenues of those Franchisees that you have introduced to us and their salespersons, even if the number of New Active Franchisees is less than the Pre-Existing Franchisee number.

Your right to receive Continuing Commissions based on the gross revenues of Pre-Existing Franchisees shall only apply to sales based on training contracts entered into by Pre-Existing Franchisees after the date of your Area Representative Agreement. You will not receive any commissions on payments received by a Pre-Existing Franchisee from sales which were made prior to the date of your Area Representative Agreement, regardless of when payment on those sales is received by the Pre-Existing Franchisee.

We may waive or modify any or all of the limitations or requirements related to Pre-Existing Franchisees.

You will not receive any share of the initial franchise fees paid by any Franchisee in the Territory who has executed a Franchise Agreement dated prior to the date of your Area Representative Agreement regardless of whether any part of the initial franchise fees for such Franchisee is paid after the date of your Area Representative Agreement.

Market for the Franchise Services. The market for management, sales and personnel development training consists of individuals, companies and other organizations that have a desire to improve the skills of their management, sales and personnel staff. The Materials are designed to be marketed to a range of businesses, from those with two or more managers to Fortune 500 companies. The market is generally established and developed, but is growing as new businesses are established and existing businesses learn about the advantages of improving their management and sales techniques and personnel development. The sales of the services are not seasonal.

Competition. You will compete with other companies which market management, sales and other types of training programs or video media, some of whom conduct management, sales or personnel development seminars. You will also compete with other organizations and business consultants who focus on management, sales and other business related subjects or skills. As an Area Representative you will also compete with any company seeking to engage individuals who may be prospective franchisees.

Regulations. You must comply with state and federal franchise sales and disclosure laws. Under certain state laws, before you will be permitted to offer or promote franchises for any CRESTCOM Businesses in one of those states, the franchise must be effectively registered in that state. In order to register the franchise in certain states, you may be required to provide personal information about yourself to either us for inclusion in the applicable disclosure document or to the applicable state. We currently prepare, and pay the fees and expenses associated with, the disclosure documents and state registration applications for the franchises you will promote, although we may cease doing so for any state in the future. In that event, you will need to comply with state and federal franchise sales, registration, and disclosure laws in order to continue to make sales in that state. We do not guarantee that we will maintain registration of our franchise programs in any particular state. You must also comply with any state and federal laws that apply to the franchise relationship when you assist or provide services our franchisees.

We know of no current federal, state or local regulations specific to the marketing of our Materials. However, you should familiarize yourself with federal, state or local laws of a more general nature, which may affect the operation of your Area Representative Business and with franchise disclosure and relationship laws applicable to your Territory. It will be your responsibility to inquire into and comply with all applicable laws and regulations related to the operation of your CRESTCOM Business, including employment, worker's compensation, insurance, corporate, taxing and licensing laws and regulations.

Business History of Us and Our Predecessors and Affiliates. Through a business operated by a former officer of ours, Crestcom International, Ltd., our predecessor ("CIL"), participated in a prototype operation of a CRESTCOM Business from 1990 to 1997, originally in the State of Illinois and later in the State of Arizona, U.S.A. This prototype operation was converted to a franchised CRESTCOM Business in 1997.

Since 1989, CIL and we have had licensed Franchisees and Area Representatives outside of the United States for the operation of businesses similar to a CRESTCOM Business and an Area Representative Business offered in this Disclosure Document. CIL first began offering franchises for CRESTCOM Businesses in the United States in April 1992. We first began offering franchises for CRESTCOM Businesses in January 2008, following our acquisition of substantially all of the assets of

CIL. Prior to 2015, we called our area representative program an area development program, and our Area Representatives “Area Developers.” References to the area representative program, Area Representatives, and similar terms in this Disclosure Document shall also be deemed to include the area development program, Area Developers, and related corresponding terms previously used. Neither we, nor any of our affiliates currently offer franchises in any other lines of business, although we may do so in the future. We do not operate an Area Representative Business. As of December 31, ~~2023~~2022, there were ~~160~~163 franchises operating in ~~43~~65 countries, including the United States of America, with 25 Area Representative Businesses operated by these franchisees.

Except as described above, none of our predecessors, affiliates or parents have conducted business or offered franchises in any other line of business.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer: Tammy R. Berberick. Ms. Berberick has served as our Chief Executive Officer since May 2015. From May 2015 to March 2023, she was also our President.

President and Chief Financial Officer: Julie Draguns. Ms. Draguns has served as our President since March 2023 and our Chief Financial Officer since July 2015.

Director of Operations: Eduardo Pinzon. Mr. Pinzon has served as our Director of Operations since October 2017. He previously served as our Operations Manager from June 2016 to October 2017.

Director of Legal Affairs and General Counsel: Usmaan Khan. Mr. Khan has served as our Director of Legal Affairs since June 2014 and as our General Counsel since March 2015.

Director of New Product Development: Amy Schirmer. Ms. Schirmer has served as our Director of New Product Development since October 2017.

Director of Marketing: Cara Rufo. Ms. Rufo has served as our Director of Marketing since February 2022. From June 2020 through February 2022, she served as our Marketing Manager. From March 2019 through February 2020, she served as the Director of Marketing for Growler USA located in Centennial, Colorado. ~~From July 2018 to March 2019, Ms. Rufo served as the Marketing Coordinator for that same organization. From February 2018 through May 2018, she served as an Account Manager for Elevated Third located in Denver, Colorado.~~

All of the foregoing personnel work for us in our Greenwood Village, Colorado offices, unless otherwise noted.

ITEM 3 LITIGATION

Arbitration Action Brought by us During the Past Fiscal Year Against a Former Franchisee and Area Representative for Breach of Settlement Agreement:

Crestcom International, LLC v. Hisham A. “Sean” Dabbagh and Al-ADL International Training Company, LLC (Judicial Arbitrator Group No. 21-1673A), filed on June 30, 2023.

Other than the above action, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

The initial area representative fee for one Crestcom Area Representative Business (the “Initial Area Representative Fee”) varies and is negotiated. It will typically be determined by you and we agreeing on a minimum number of CRESTCOM Business franchises that will be opened in your Territory multiplied by the initial franchise fee for a franchise. Several factors will be used in determining the number of franchises to be opened in your Territory, including the size of the Territory, market potential, number of businesses in the Territory, demographics of the Territory, competition in the Territory, the Area Representative’s experience, and any other factors that we deem relevant. The current initial franchise fee for one CRESTCOM Business franchise in the United States is \$75,000. The minimum number of franchises to be opened within a territory typically ranges from three to six, meaning that the Initial Area Representative Fee typically ranges from \$225,000 to \$450,000. The minimum number of franchises to be opened in your Territory is used only to compute the Initial Area Representative Fee. The total number of franchises required to be opened will typically be higher. If there are already Franchisees active in the Territory at the time that you acquire an Area Representative Business, the Initial Area Representative Fee may be increased.

The Initial Area Representative Fee is customarily paid in installments. We typically require payment of approximately 5 percent of the Initial Area Representative Fee with the signing of the Area Representative Agreement (plus the full initial franchise fee for your CRESTCOM Business under your Franchise Agreement) and agree to finance the remainder for a maximum of one year. Pursuant to this financing, we usually require the remainder of the Initial Area Representative Fee to be paid within 30 days of the Trigger Date, as defined in Item 1. See Item 10.

If you are a Franchisee under a previously-executed Franchise Agreement designating an “Assigned Area” that is within (or the same as) the Territory of an existing Area Representative (“Your Former Area Representative”), and you are transferring your Assigned Area as defined in your Franchise Agreement in order to serve as an Area Representative in a different Territory, in addition to your Initial Area Representative Fee payable to us, you will pay an additional amount equal to 10 percent of your Initial Area Representative Fee to Your Former Area Representative as compensation for Your Former Area Representative’s loss of commissions based on the discontinuance of your CRESTCOM Business franchise in Your Former Area Representative’s Territory, which amount shall be paid in full upon the signing of the Area Representative Agreement. We will match the amount you pay to Your Former Area Representative by payment or granting of a credit to Your Former Area Representative, payable as and when we are paid the Initial Area Representative Fee by you. If applicable, a portion of your Initial Area Representative Fee may be paid by us to another Franchisee or Area Representative who has referred you to us or provided us services related to your introduction to the Crestcom system.

No portion of any initial fees or other amounts paid to us as described in this Item 5 are refundable under any circumstances once paid.

Except as is provided in this Item 5, all initial fees for U.S. Area Representatives are uniform as to all persons currently acquiring an Area Representative Business.

**ITEM 6
OTHER FEES**

Column 1 Type of Fee ²	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Regional Meeting and Annual International Convention Fee ¹	Will vary ³	As incurred	You must attend the annual international convention each year. You also must attend up to one additional meeting each year. Unless waived by us, your attendance at these meetings is required. We may allocate all of the direct and indirect costs which are associated with holding each program and the annual international convention among all attendees, and if you or your representative attend you may be required to pay your pro-rata share. We may also allocate expenses for items or services specifically for the benefit of only a particular group among the members of that group. If you do not attend a mandatory meeting, you may be required to pay 125% of the pro-rata share of an attendee.
Mandatory Computer System and Program Fee ¹	Currently none. However, if we establish any Mandatory Computer Systems and Programs, defined in Item 11, we may charge a fee related to the Mandatory Computer Systems and Programs.	If collected, payable on a basis that we establish	We may require you to obtain additional Mandatory Computer Systems and Programs in the future and pay fees related to those Mandatory Computer Systems and Programs.
E-mail Account / Website Fee ¹	Currently none. However, we may in the future charge a fee for providing the e-mail account, our website or both.	If collected, payable on a basis that we establish	We will provide you with an e-mail account with the domain name "crestcom.com." This account is currently provided without an additional charge, but we may charge a fee in the future for providing the e-mail account, our website or both and can modify or discontinue providing the e-mail account, our website or both.

Column 1 Type of Fee ²	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer Fee ¹	The greater of \$20,000 or 5% of the total consideration received for the transfer of the Area Representative Agreement	Prior to consummation of transfer	This fee is payable if you transfer the Area Representative Agreement, or other interest in your Area Representative Business. This fee will be refunded if we do not approve the transferee or if we determine that the transferee has failed to successfully complete our initial training program for a CRESTCOM Business. If you are executing an Area Representative Agreement for a successor term, we will apply the transfer fee in your original Area Representative Agreement.
Transferee Training Fee ¹	\$3,500	Prior to consummation of transfer	If you transfer your Area Representative Agreement or other interest in your Area Representative Business, the transferee must pay this transferee training fee before assuming your area representative rights for the Area Representative Certification Training program, as defined in Item 11. This fee will be refunded if we do not approve the transferee or if we determine that the transferee has failed to successfully complete our initial training program for a CRESTCOM Business. If you are executing an Area Representative Agreement for a successor term, we will apply the transferee training fee in your original Area Representative Agreement.
Successor Area Representative Fee ¹	\$16,500	At time of exercise of the successor area representative rights	Unless waived by us, you will sign our then current Area Representative Agreement. If you are executing an Agreement for a successor term, the successor area representative fee in your original Area Representative Agreement will carry forward for future renewals.

Column 1 Type of Fee ²	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
New Material and Supplier Approval ¹	Actual expenses of approval	As incurred	If you request our approval of new materials or services, or a new supplier, we may require you or the supplier to reimburse us for any expenses we incur in determining if the material, service or supplier meets our specifications and standards.
Interest ¹	Lesser of 18% per annum or highest rate of interest allowed by law	As incurred	Begins to accrue 7 days after payments are due.
Administrative Fee ¹	\$10 per late fee or payment	As incurred	We may charge an administrative fee of \$10 if any report, fees, or other amounts are not delivered or paid when due.
Late Charge ¹	3% of any amounts you owe us that are not paid when due	As incurred	We may assess this fee if any report, fees, or other amounts are not delivered or paid when due.
Additional and Refresher Training ¹	The then current rate, which is \$500/day as of the date of this Disclosure Document	As incurred, prior to training	See Items 7 and 11. We provide an Area Representative Certification Training program for you or your Principal Representative for free.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	May be payable by the defaulting party on a breach of the Area Representative Agreement.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Area Representative Business operations.

¹ Fees and costs which are imposed by and payable to us. All of these fees and costs are nonrefundable, except as specifically noted above for the transfer fee and transferee training fee. As discussed in Item 5, the Initial Area Representative Fee is negotiated and varies. All other fees are uniformly imposed on all U.S. Area Representatives who sign our current Area Representative Agreement unless stated otherwise. Certain fees in our current Area Representative Agreement have changed from the amounts charged in the past and may change in the future. Therefore, existing and future Area Representatives may have fees imposed on them that are different from those represented in this table.

² If you execute a Franchise Agreement to operate a CRESTCOM Business contemporaneously with the execution of an Area Representative Agreement, you will also pay us all fees due under that Franchise Agreement, including Royalty Fees on the gross revenues of your CRESTCOM Business. See Item 6 of the Franchise Disclosure Document for a CRESTCOM Business for a discussion of those additional fees.

³ The standard total registration fees for the regional meeting and annual international convention ~~costs for in 2023~~2022 were not more than \$550 per attendee.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
	Low	High			
Initial Area Representative Fee (See Note 1)	\$225,000	\$450,000	Cash or Finance	Upon the signing of Area Representative Agreement	Us
Conversion Fee Payment (See Note 2)	-0-	\$45,000	Cash	Upon the signing of Area Representative Agreement	Another Area Representative
Office Lease Costs (See Note 3)	-0-	\$500	As Arranged	As Arranged	Third Parties
Equipment and Supplies (See Note 4)	\$575	\$2,000	As Arranged	As Arranged	Third Parties
Vehicle (See Note 5)	-0-	\$3,000	As Arranged	As Arranged	Third Parties
Insurance (See Note 6)	\$500	\$1,800	As Arranged	As Arranged	Third Parties
Legal and Accounting (See Note 7)	\$500	\$1,500	As Arranged	As Arranged	Third Parties
Additional Funds (3 months) (See Note 8)	\$5,000	\$8,775	As Arranged	As Arranged	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (See Notes 9 and 10)	\$231,575	\$512,575			

Explanatory Notes

NOTE 1: Initial Area Representative Fee. The Initial Area Representative Fee varies and is negotiable based on a number of factors. The Initial Area Representative Fee is calculated in large part based on the minimum number of CRESTCOM Business franchises required to be opened based on your Performance Schedule, as defined in Item 12. The Initial Area Representative Fee range stated in the

chart is based on three franchises, on the low end, and six, on the high end, for this minimum number. These represent the lowest and highest minimum number of franchises that are typically required to be opened within an Area Representative's territory.

NOTE 2: Conversion Fee Payment. This amount is only payable by an Area Representative who was a Franchisee with an Assigned Area located within (or the same as) the Territory of another Area Representative and who is transferring its Assigned Area in order to become an Area Representative in its own different Territory. This fee is paid to the Area Representative of the Territory where the converting franchisee's former Assigned Area was located. It is equal to 10 percent of the Initial Area Representative Fee. Therefore, this payment will vary based on the Initial Area Representative Fee and may be different than the amount indicated in this chart. We also pay or give credits to the Area Representative of the Territory where the converting franchisee's former Assigned Area was located in an amount equal to the Conversion Fee paid by the Converting Franchisee.

NOTE 3: Lease Costs. Most Area Representatives maintain an office in their residence. However, you may elect to lease office space from which to conduct your Area Representative Business. You will only need a 100 square foot office in an executive suite with a shared receptionist. The office will not need to be located in a central business district. The estimates in the table include the first three months' lease payment and a security deposit equal to one month's rent. However the lease rate and required deposit for leased office space will vary considerably from area to area.

NOTE 4: Equipment and Supplies. The initial cost for equipment is estimated to be from \$575 to \$2,000, based on the following:

Equipment	Minimum Amount	Maximum Amount
Video Projector	\$500	\$500
Phone System	\$75	\$100
Computer System	-0-	\$1,400
Total	\$575	\$2,000

You may already own some of the items contained in the equipment listed above. In that event you will only need to obtain the remaining items listed. You may also be able to find a source that will allow you to lease your equipment.

NOTE 5: Vehicle. Although we do not require an Area Representative to acquire a vehicle to operate its Area Representative Business, depending on the market, it may be desirable or necessary to use a vehicle. If you do not already own or lease a vehicle, you may obtain a vehicle to use in your Area Representative Business. If you do choose to use a vehicle, the estimated range for vehicle expenditures varies from \$500 for operating expenses of a vehicle, if you already own or lease a vehicle, to \$3,000, which estimates an up-front capital reduction payment, the first three months of lease payments for a leased vehicle, and operating expenses. Your initial expenses will increase significantly if you desire to purchase a vehicle. Your costs will depend on the quality and type of vehicle you desire to obtain, the amount of use of your vehicle, financing options, whether you purchase or lease the vehicle, payment terms, the upgrades you desire and the local market.

NOTE 6: Insurance. General liability insurance varies in each Territory. We recommend an Area Representative maintain insurance on the Materials in its possession or control. No estimate is given for the cost of that insurance. You should consult an attorney or insurance advisor for recommended coverage. You may need to increase any existing automobile insurance coverage that you presently have due to the increased amount of usage of your automobile. Estimates for automobile insurance are shown in the table.

NOTE 7: Legal and Accounting. You are encouraged to consult with legal counsel and an accountant in connection with your investment in an Area Representative Business and with start-up business concerns. Area Representatives must maintain accurate books and records. At our request, Area Representatives must provide us with their annual financial statements, which may be unaudited but be compiled or reviewed by an independent certified public accountant, and their state and federal income tax returns within 120 days after the end of each applicable fiscal year. We cannot accurately estimate the amount of fees that you will pay to an accountant to assist you in preparing your financial statements and tax returns. You should consult with your own accountant in order to determine the initial and continuing costs of complying with our administration and accounting requirements.

NOTE 8: Additional Funds. The disclosure laws require us to include this estimate of all additional expenses to operate your Area Representative Business during the “initial period” of the business, which is defined as three months or a longer period if “reasonable for the industry.” We are not aware of any established longer “reasonable period,” so our disclosures cover a three-month period. This amount is an estimate and includes an Area Representative’s pre-operational expenses which are not listed above, as well as estimated additional funds necessary for the first three months of business operations. It includes travel, freight, rent, permits, taxes, utilities, advertising and other operational expenses, but does not include a salary or draw for the Area Representative or others, including any salespeople or telemarketers employed by the Area Representative. You are not required to employ any of these persons. You may have additional expenses starting your business. Your costs depend on several factors and may vary beyond the range noted above.

NOTE 9: Total Estimated Initial Investment. This range may vary based on the fact that the Initial Area Representative Fee is based on several factors.

Since typically you will have previously signed a Franchise Agreement or sign a Franchise Agreement contemporaneously with the execution of the Area Representative Agreement, some or all of the initial expenses listed in the chart other than the Initial Area Representative Fee and Conversion Fee Payment may have already been incurred by you or will be incurred by you as part of the initial investment in your CRESTCOM Business. In that event, your initial investment for an Area Representative Business may be less than that shown in the chart.

In compiling these figures, we have relied on the more than 30 years of experience of our predecessor and us in this business and the cumulative years of similar experience of our individual management personnel. You should review these figures carefully with a business advisor before making any decision to purchase an Area Representative Business. Except as stated in this Item 7, we do not provide an estimate of operating costs for your Area Representative Business over any period.

NOTE 10: Refunds. No payments to us are refundable under any circumstances. Payments to third parties may or may not be refundable depending on your agreement with such third parties; however, usually such payments are nonrefundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Area Representatives must establish and operate their Area Representative Businesses in compliance with our Area Representative Agreement and with the standards and specifications contained in manuals, technical bulletins, and other supplemental written materials that we make available to Area Representatives (collectively, the “Procedures Manual”). We will provide you with a copy of the Procedures Manual for use during training, and will make available to you the Procedures Manual through our proprietary, restricted, and confidential licensee’s intranet site, or via any other written, audio, video, or online source that we choose. You must read and learn the Procedures Manual and comply with it in the development and operation of your Area Representative Business as an essential aspect of your obligations under the Area Representative Agreement. Our Procedures Manual may be modified by us. If any inconsistencies exist between the provisions in any Procedures Manual we make available to you and our master Procedures Manual we maintain at our office, regardless of whether it is in electronic or other form, our master Procedures Manual will control. The Procedures Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operations of your Area Representative Business. As an Area Representative, you also must abide by our guidelines related to the identification and introduction of Franchisees. We may change our standards and specifications on 10 days prior written notice.

One of our primary methods of communication with our Franchisees, distributors, and Area Representatives is through our proprietary, restricted, and confidential intranet *Crestcom Operations and Communications Hub* (“C.O.A.C.H.”). You are responsible for knowing all of the information contained in our C.O.A.C.H. site, best practices guidelines, and newsletters, and complying with any standards and specifications provided in them. We may establish and change the standards and specifications for the operation of an Area Representative Business through our C.O.A.C.H. site, best practices guidelines, and newsletters.

Area Representatives must purchase or otherwise acquire all items used in their Area Representative Businesses from suppliers designated or approved by us. If you want to utilize any materials or services in your Area Representative Business, or use any new suppliers that have not previously been approved by us, you must first obtain our approval. We may withhold our approval. We do not have written criteria for supplier approval, and therefore such criteria are not provided to any of our Area Representatives. However, we may require that you submit specifications, information or samples of the items for our review to determine if they meet our specifications and standards as to quality, content, composition and service. We will advise you within 30 days after we receive the required information whether the items or proposed suppliers meet our specifications. We do not require that a fee be paid to us to secure supplier approval; however, we may require you or the supplier to reimburse us for any expenses we incur in determining if the supplier meets our specifications and standards. We may revoke our approval of any supplier previously approved by written notice to you or the supplier.

No person or company affiliated with us is currently an approved supplier for any of the items used in your Area Representative Business. Some of our officers have an indirect ownership interest in us. Otherwise, no officer of ours owns any interest in any of our approved suppliers.

You are not required to purchase any Materials from us in order to operate your Area Representative Business, although you may elect to acquire our Franchisee Briefing video and other promotional materials that we may develop in the future (collectively, the “Promotional Materials”). We are currently the only approved supplier of the Franchise Briefing video. If you operate a CRESTCOM

Business, you may use Materials acquired for that business in your Area Representative Business. We estimate that the purchase of Materials to be used in your Area Representative Business will be zero percent of the total cost to establish your Area Representative Business. Because we do not typically require Area Representatives to provide us with their financial statements, we cannot accurately estimate what the percentage of your ongoing acquisition of Materials to the total of all recurring operating expenses of your Area Representative Business will be. However, we estimate that acquiring Materials, Promotional Materials, and other items in accordance with our standards and specifications will comprise 90 to 95 percent of the product purchase requirements for both the initial investment and ongoing operations.

You are solely responsible for any claims or liability arising from or related to products used in your Area Representative Business, including any strict product liability claims.

You cannot buy or sell Materials or Promotional Materials from or to any other current or former Franchisee or Area Representative without our written consent. We may withhold our consent in our discretion.

Area Representatives must comply with all agreements with third parties related to their Area Representative Businesses, including all provisions of any agreement related to the identification and introduction of prospects to us and any commitments to lease premises.

Area Representatives are prohibited from contacting any of the individuals featured in the Crestcom Materials for the purpose of directly or indirectly engaging or utilizing those individuals in their Area Representative Businesses or in any competing business, entering into any business dealings or arrangements with those individuals, or brokering any business dealings or arrangements involving the services or products, other than the Materials, of such individuals.

Area Representatives may not modify the Promotional Materials or the Materials, or any aspect of them in any manner, without our prior written consent, which we may withhold for any reason. In particular, an Area Representative must obtain our written consent before adding any additional logos, stickers, graphics, or other information to any of the Promotional Materials or the Materials, cover or conceal any part of the Promotional Materials or the Materials, or change the appearance or content of the Promotional Materials or the Materials.

You will need a computer system as described in Item 11. You may already own one meeting our minimum requirements.

Area Representatives must procure, maintain and provide evidence of comprehensive general liability insurance for their Business Locations, as defined in Item 12, and their operations, with a limit of not less than \$1 million combined single limit, and other insurance for their Area Representative Businesses in the amounts and types as set forth in the Procedures Manual.

You must purchase the Materials only from us and our approved suppliers. We are currently the sole approved supplier of all of the audio, video, and online media included in the Materials. We derive revenues from acquisitions of Materials, Promotional Materials and other items through us. During the fiscal year ending on December 31, ~~2023~~2022, we had revenues of ~~\$6,163,213~~5,848,589. Of this amount, ~~\$82,480~~32,653 (approximately ~~1.34~~0.56 percent of the total revenues) consisted of revenues derived from Materials and other items sold to Franchisees and Area Representatives in the United States. This information was compiled based on our financial statements, described in Item 21. Neither we nor our

affiliates derive revenues from real estate leases. No other affiliated company of ours derived revenues from the sale of any products or services to our Franchisees or Area Representatives.

Currently, we do not negotiate purchase arrangements with suppliers for the benefit of Franchisees and Area Representatives, nor do we derive revenue from your purchases through third party suppliers, although we and our affiliates reserve the right to do so in the future.

Other than the requirements above, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us or any other specifically designated source.

Except as is described in this Item 8, you do not receive a material benefit from us based on your use of any particular designated or approved source.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Area Representative Agreement and other agreements. It will help you to find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Area Representative Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 3.1	Items 7 and 11
(b) Pre-opening purchases/leases	Section 7.1	Item 7
(c) Site development and other pre-opening Requirements	Article 7	Items 7 and 11
(d) Initial and ongoing training	Article 6	Items 7 and 11
(e) Opening	Article 7	Item 11
(f) Fees	Section 3.4 and Article 4	Items 5, 6 and 7
(g) Compliance with standards and policies/ Procedures Manual	Articles 9 and 11	Items 11 and 14
(h) Trademarks and proprietary information	Article 13	Items 13 and 14
(i) Restrictions on products/services offered	Section 11.1	Item 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable, but see (g) above regarding Procedures Manual
(k) Territorial development and sales quotas	Sections 3.2, 3.3, 3.4, 3.5, and 3.6	Item 12
(l) On-going product/service purchases	Sections 8.1 and 10.1	Items 6 and 8

Obligation	Section in Area Representative Agreement	Disclosure Document Item
(m) Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
(n) Insurance	Article 19	Item 7
(o) Advertising	Article 12	Items 7 and 11
(p) Indemnification	Section 17.3	Item 6
(q) Owner's participation/management/staffing	Section 11.1	Items 11 and 15
(r) Records and reports	Sections 7.6, 7.7, 7.9, 7.10 , and 11.1	Item 6
(s) Inspections and audits	Section 7.9	Item 6
(t) Transfer	Section 11.2 and Article 14	Item 17
(u) Renewal	Sections 15.2, 15.3, 15.4 and 15.5	Item 17
(v) Post-termination obligations	Section 16.6	Item 17
(w) Non-competition covenants	Sections 18.1, 18.2 and 18.3	Item 17
(x) Dispute resolution	Article 20	Item 17

ITEM 10 FINANCING

Except as described below, neither we nor any agent or affiliate of ours offer any direct or indirect financing to Area Representatives. We do not guarantee any notes, leases or other obligations of our Area Representatives. Furthermore, we cannot predict if you will be able to obtain financing for any part of your investment in your Area Representative Business and, if so, the terms of the financing.

We typically agree to finance a portion of an Area Representative's Initial Area Representative Fee. The maximum amount we finance is generally 50 percent of your Initial Area Representative Fee; provided that if you are located in an area of particular strategic importance to us, or if you have significant prior related experience, as determined by us, upon request we may agree to finance additional amounts. Whether we will provide you any financing and the amount of financing we will provide are dependent on your location, your experience in marketing or conducting training programs, your creditworthiness, the funds available to us, the collateral available to secure the loan and various market considerations.

If we decide to finance a portion of your Initial Area Representative Fee, you must execute a Promissory Note substantially in the form of the Promissory Note attached to this Disclosure Document as Attachment C. The Promissory Note will typically be payable in a lump sum within 30 days of the Trigger Date, which is no later than one year following the date of the Area Representative Agreement. The Promissory Note will typically bear no interest during this year. The Promissory Note will be secured with collateral acceptable to us, including your rights in and to your Area Representative Business, or guaranteed by persons acceptable to us, or both. The persons who are acceptable to us to

execute this guaranty may include each of your officers, directors, partners, or shareholders, and any member of your or their immediate families, and any Authorized Representatives, as defined in Item 15. The Promissory Note may be prepaid in whole or in part without penalty.

If you execute a Promissory Note, it will provide that if you fail to make any payment when due, we may accelerate the entire unpaid balance, which will become due at once. If the default is not cured within 10 days after notice of default to you, the entire principal balance will accrue default interest at the lesser of 18 percent per annum or the highest rate permitted by applicable law. On default, we may pursue the following remedies: (i) sue you for the default amount; (ii) proceed against any collateral pledged to secure the Promissory Note, which may involve you losing your Area Representative Business; (iii) sue any guarantor of the Promissory Note; or (iv) pursue any combination of these remedies. If there is a default, in addition to the amount due on the Promissory Note, you may be liable for our costs and expenses of collection, including reasonable attorneys' fees. We do not offer financing that requires you to confess judgment, but you will have to waive presentment, notice of protest, and protest. Legal actions by us related to the Promissory Note will be litigated in the courts of, or arbitrated in, the City and County of Denver, Colorado, at our option. Pursuant to the Promissory Note, Area Representatives agree to submit to the personal jurisdiction of these courts and to binding arbitration, and agree to waive their rights to a jury trial.

Except for payments made to us for financing the Initial Area Representative Fee, we and our affiliates do not receive payments for the placement of financing or providing financing. We and our affiliates do not guarantee your obligations to third parties.

In the past, we have not sold, assigned or discounted to a third party any note, contract or other instrument executed by an Area Representative, although we reserve the right to do so in the future.

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 Assistance. Prior to your commencing operation of your Area Representative Business, we (or our designee) provide the following assistance and services to you (Section 8.1, Area Representative Agreement ("ADA")):

1. We will advise you regarding the selection of suppliers of equipment and other items used and Materials offered for sale in connection with your Area Representative Business. After execution of the Area Representative Agreement, we will make available to you a list of approved suppliers, if any, of the equipment, items and Materials.

2. We will advise you regarding the development of an Area Representative Business.

3. We will make available to you, electronically or by any other means we choose, a copy of the Procedures Manual covering the proper operating and marketing techniques of an Area Representative Business and our standards and specifications.

Continuing Obligations. During the operations of your Area Representative Business, we (or our designee) must provide the following assistance and services to you (Section 10.1, ADA):

1. We will permit you to use our Marks, Licensed Methods, and various designs and logotypes associated with our management, sales and personnel development training programs and materials, as they may be modified, in your Area Representative Business (Sections 2.1, 13.1, and 13.3, ADA).

2. On your reasonable request, we will consult with you by telephone or other electronic means regarding the continued operation and management of your Area Representative Business and advise you regarding identification and introduction of prospective Franchisees to be located in your Territory and training techniques.

3. We will make available to you the advertising materials and Promotional Materials or other marketing information that we may periodically develop. We may pass the cost of these materials on to you by charging for the use or acquisition of the materials or information. These materials may be made available digitally. You are not required to purchase any of these advertising materials and Promotional Materials from us.

4. We will periodically provide prospect leads and market information, as and if they become available to us. If we provide a prospect lead to you who becomes a Franchisee, the commission due you based on the initial franchise fee paid by that Franchisee is reduced. See Item 1.

5. We will pay you commissions based on the fees we receive from certain Franchisees on those terms as described in Item 1. (Article 5, ADA.)

6. We will provide a newsletter and best practices guidelines to you that we may publish periodically, which may be made available on the Internet through our C.O.A.C.H. site or elsewhere.

7. We will support your efforts in identifying and introducing qualified Franchisees in your Territory (Article 5, ADA), including, in certain instances, to provide the initial training to the Franchisee at our training center in the Denver, Colorado metropolitan area or virtually via the internet, telephone, or similar communications methods. If you request, and we agree to provide the initial training in your Territory to a Franchisee you refer to us, we may charge you for the costs of such initial training.

8. We will operate, maintain and upgrade as needed, as determined in our sole discretion, a website on the Internet.

9. We will provide an Area Representative Certification Training as defined below.

10. At our discretion, we may establish recommended prices for the products and services offered by a CRESTCOM Business operated by you and other Franchisees in the Territory. You and the Franchisees may charge prices that are higher or lower than our recommended prices.

Advertising Programs. An Area Representative must advertise and promote its Area Representative Business, although we do not require an Area Representative to expend a specific percentage of its gross revenues on advertising. You may acquire Promotional Materials from us, although we may charge a fee for those materials.

You must abide by the advertising requirements in the Procedures Manual. Before conducting advertising of any kind, we must first approve your proposed advertising or promotional materials, including any advertising and promotional materials related to (a) your Area Representative Business, (b) the promotion and marketing of CRESTCOM Businesses, (c) the solicitation and promotion of Authorized Representatives, and (d) the solicitation and promotion of any brokers or intermediaries you engage to promote or market CRESTCOM Businesses or your Area Representative Business. Any web pages and websites on the Internet constitute advertising requiring our approval. Modifications to any advertising, including any web pages or websites, require our approval. Our approval of any advertising or promotional materials may be withheld and withdrawn in our sole discretion.

We do not require Area Representatives to participate in a local or regional advertising cooperative. We do not require Area Representatives to participate in any other advertising fund program.

Computer and Electronic Systems. Area Representatives must use a computer system in the operation of their Area Representative Businesses. We do not require any specific type or brand of computer and you may use a computer system that you currently own if it meets our requirements. The only current requirements for the computer system are that it must be capable of videoconferencing and connecting to the Internet for the purpose of sending and receiving e-mail and compatible with any software or programs we require you to use. If you do not have a computer system that meets our requirements, then you must acquire one.

As of the date of this Disclosure Document, we do not have independent access to your computer system; however, no contractual restrictions exist concerning our ability to require you to give us independent access in the future. We do not require that you obtain any maintenance, servicing, updating or upgrading contracts for your computer system at this time, although we recommend that you do so and may require you to do so in the future. Neither we nor any third party acting on our behalf, including any affiliates of ours, are obligated to provide any ongoing maintenance, repairs, updates or upgrades for your computer system. The estimated cost of acquiring the required computer system ranges from \$0, if you already possess a computer system meeting our requirements, to \$1,400, if you will be purchasing the computer system. See Item 7 above.

We can in the future without any contractual limitation establish additional minimum specifications for the required computer system, software, and online programs, and require Area Representatives to obtain at their cost and use additional types of computer equipment, software, and online programs (“Mandatory Computer Systems and Programs”), including software providing reporting, tracking, or accounting functions, which may be developed for and proprietary to us or offered by a third party. We may require you to pay us a fee for any Mandatory Computer Systems and Programs we provide, or you may be required to make payments to a third party for other Mandatory Computer Systems and Programs. We also may require you to submit to us all information required by us that is created or generated by any Mandatory Computer Systems and Programs. We reserve the right to modify, upgrade, or discontinue any Mandatory Computer Systems and Programs, and to require different or new software programs that may be replacements of or additions to the Mandatory Computer Systems and Programs.

We will provide you an e-mail account with the domain name “crestcom.com.” For consistency throughout the system, Area Representatives are required to use only the e-mail account provided by us in the operation of their Area Representative Businesses. The e-mail account we provide you cannot be used for any purpose not related to the operation of your Area Representative Business. Area Representatives must check their e-mail account at least daily for incoming messages, and respond

promptly and appropriately to all messages. We have the right to monitor and access your Area Representative Business e-mail account and messages sent to and from that account. We can discontinue your e-mail account or our website in the future, in which event you will need to obtain and maintain another e-mail account to be used exclusively in the operation of your Area Representative Business. We can modify the e-mail account or our website and our policies with respect to both. We may charge a fee for providing the e-mail account and for operating our website.

You will need to have a dedicated telephone line and number for your business telephone system, which you check at least daily for incoming messages. You must respond promptly and appropriately to all messages.

Site Selection Assistance. We consider an Area Representative Business to be a home-based business and most of our Area Representatives will operate their Area Representative Businesses from their homes. If you want to operate your Area Representative Business from an office separate from your home, you may do so. We have no requirements for such an office space except that it must be located in your Territory, and you must have selected your site and notified us of your business address prior to the time of commencement of your operations. Aside from designating your Territory, we do not select or approve the area in which you select your site. We are not responsible for selecting and acquiring the premises for your Area Representative Business location.

Time for Commencement of Operations. We estimate that the typical length of time between the signing of the Area Representative Agreement and the opening of an Area Representative Business is approximately zero to one hundred and eighty days. Some factors that may affect this timing are pre-existing obligations, completion of training, and an Area Representative's ability to secure financing. You are considered to have commenced operations of your Area Representative Business when you have completed the initial training for your CRESTCOM Business and signed your Area Representative Agreement.

Additional Training Information. You, or if you are an entity, the principal owner of you responsible for the management of your Area Representative Business or another person you designate (the "Principal Representative"), will be required to complete an initial training program for your CRESTCOM Business, as described in the Disclosure Document for that franchise. There is no other initial training program for the Area Representative Business. Later, after you have commenced operations of your Area Representative Business, you or your Principal Representative must attend and complete, to our satisfaction, a follow-up classroom training course specifically addressing advanced operational issues of an Area Representative Business, which typically lasts a half day. We call this follow-up training our "Area Representative Certification Training." The actual length of the Area Representative Certification Training program and your training schedule may be adjusted or waived by us based on your prior experience or training. The Area Representative Certification Training is usually held in conjunction with our annual international convention, regional meetings, other Additional Meetings (defined below), or at such other time as we determine. It may also be conducted virtually (via the internet, telephone, or similar communications method) rather than in-person, at our discretion. You or your Principal Representative must attend the Area Representative Certification Training within one year after you sign the Area Representative Agreement. There is no charge for you or your Principal Representative to participate in the Area Representative Certification Training, except that if you are acquiring your Area Representative Business as the result of a transfer, you will be required to pay a transferee training fee of \$3,500 at the time of the transfer. You are responsible for the transportation and living expenses of you, your Principal Representative and any other individuals you choose to attend the Area Representative Certification Training. The curriculum for our Area Representative Certification Training follows the initial training curriculum shown at the end of this section.

The Principal Representative for the Area Representative Business must be the same person as the Principal Representative for Area Representative's first CRESTCOM Business, unless we agree otherwise in our sole discretion.

If you fail to complete the Area Representative Certification Training to our satisfaction, the Area Representative Agreement may be terminated and no portion of the Initial Area Representative Fee will be refunded to you.

Training for our Area Representatives is supervised by our training supervisor, Eduardo Pinzon. Mr. Pinzon has over ~~six~~seven years of experience with us and over ~~22~~23 years of experience in the field. Each of our instructors has demonstrated to us satisfactory knowledge of the topics they instruct, has at least two years experience with us and in the fields of their topics, and are overseen and reviewed by Mr. Pinzon. On occasion, we may have one of our Franchisees or Area Representatives, who has demonstrated to us their knowledge of operating a CRESTCOM Business or Area Representative Business, conduct some portions of our training programs. Sometimes, trainees will, as part of their on-the-job training, accompany a Franchisee or Area Representative of ours who has demonstrated to us the knowledge of operating a CRESTCOM Business or Area Representative Business, or both.

The Area Representative Certification Training will typically be conducted after execution of the Area Representative Agreement based on the timing of the next annual international convention, regional meeting, or other Additional Meeting, but may also be offered virtually. The instruction materials include the Procedures Manual, handouts and video media presentations. The subjects covered in the Area Representative Certification Training, and the general time devoted to each subject, are described below. The training program may be modified in our discretion.

AREA REPRESENTATIVE CERTIFICATION TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location (See Note 1 below)
Objectives of an Area Representative	0.25		Virtually (via the internet, telephone, or similar communications method), or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us
Recruiting Licensees (Trade Shows, Brokers, Leads, Networking, Advertising)	0.5		Virtually or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us
How to Respond to Questions About the Franchise Agreement (Franchise Disclosure Requirements)	0.5		Virtually or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location (See Note 1 below)
How to Create Principal Marketing Areas	0.5		Virtually or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us
How to Get New Distributors Established	0.5		Virtually or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us
How to Manage the Territory	0.5		Virtually or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us
The Support System	0.5		Virtually or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us
Developing a Business Plan	0.5		Virtually or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us
Summary and Review	0.25		Virtually or in-person in the Denver, Colorado, U.S.A. metropolitan area or another location selected by us
TOTALS	4		

Note 1: The typical location for the Area Representative Certification Training, if the training is conducted in-person in the Denver, Colorado, U.S.A. metropolitan area, is our headquarters. If the training is to be performed in-person in another metropolitan area selected by us, the training is typically conducted at a conference room located in a hotel. The Area Representative Certification Training may also be conducted virtually at our discretion.

We also conduct from time to time seminars, international or regional conventions, continuing development programs or other meetings (the “Additional Meetings”). You or your Principal Representative must attend any mandatory Additional Meetings we conduct, including our international convention each year. We may require you to attend up to one more mandatory Additional Meeting each year, although as of the date of this Disclosure Document, we have never required any Area Representative to attend more than two mandatory Additional Meetings in any one year. Our experience shows that those Area Representatives and Franchisees who attend our Additional Meetings perform better than those who do not.

We will give you at least 30 days prior written notice of any Additional Meeting that we deem mandatory, unless your attendance is waived by us. We have the right to waive the requirement for you

or any other Area Representative, Franchisee, or distributor to attend any Additional Meeting. Our waiver of this requirement for any other Area Representative, Franchisee, or distributor does not in any way affect your obligation to attend.

We may allocate some or all of the costs incurred in holding the Additional Meetings, including expenses for the facility, travel and lodging expenses for the presenters, materials, food, activities and all other direct and indirect costs which are associated with holding these Additional Meetings, equally among the attendees. If we incur expenses for items or services specifically for the benefit of only a particular Area Representative, Franchisee, or distributor, or a particular group of Area Representatives, Franchisees, or distributors, such as costs of an interpreter to translate communications into a language spoken by the Area Representative, Franchisee, distributor, or group (the “Limited Group Expenses”), then we may allocate some or all of those Limited Group Expenses to the particular Area Representative, Franchisee, or distributor, or equally among all members of the relevant group, to which they apply. Unless we agree otherwise, you must pay your pro-rata share of all of these costs if you or your Principal Representative attend a mandatory Additional Meeting. If you do not attend a mandatory Additional Meeting, unless we agree otherwise, you must pay an amount equal to 125 percent of the pro rata amount attributable to each of the attendees of the mandatory Additional Meeting. At our sole option, we may choose to waive all or a portion of the costs of attendance for any attendees or non-attendees of any mandatory Additional Meeting without being obligated to waive any costs for other attendees or non-attendees of the same Additional Meeting. Our waiver of this requirement for any other Area Representative, Franchisee, or distributor does not in any way affect your payment obligation.

A single mandatory Additional Meeting may be held as multiple seminars, conventions, programs, or meetings at various locations or times, such as the annual regional meetings where a separate meeting is held in several different regions (the “Multiple Event Meetings”). For these Multiple Event Meetings, you will only need to attend that meeting or event in your region or as otherwise designated by us. Further, for each of these Multiple Event Meetings, an attendees’ pro rata share of the total cost, other than the Limited Group Expenses, may be determined by either (i) taking the total cost of holding all of the meetings and events included in the Multiple Event Meeting worldwide, and dividing that cost by the total number of Area Representatives, Franchisees, and distributors who attended all of the meetings and events included in the Multiple Event Meeting worldwide; or (ii) taking the cost of holding only the single meeting or event that the relevant Area Representative, Franchisee, or distributor attended, and dividing that cost by the number of Area Representatives, Franchisees, and distributors who attended that single meeting or event.

You are responsible for the cost of all transportation and living expenses or related activities incurred while attending these programs. During our annual international convention and regional meetings, you are required to stay at the hotel where the primary functions are held, unless we agree otherwise, in which case, we may assess additional fees to you. Area Representatives who fail to attend a program at which attendance is deemed mandatory may be required to attend and complete a make-up or alternative program at a location determined by us and be responsible for all costs associated with attending the make-up program.

We may periodically conduct videoconference, virtual, and online training programs. You must participate in any mandatory videoconference, virtual, and online training programs.

Procedures Manual. You will be given the opportunity to review the Procedures Manual before you sign the Area Representative Agreement.

ITEM 12 TERRITORY

The Territory. You will receive an exclusive territory in which to operate your Area Representative Business as your Territory, which is described in the Addendum of your Area Representative Agreement (the “Addendum”). Your Territory will remain exclusive for so long as you are in compliance with your Area Representative Agreement, including meeting those Development Obligations and Minimum Quarterly Production Obligations contained in a Performance Schedule in the Addendum (the “Performance Schedule”). These are described below. However, Franchisees within or outside of your Territory and Area Representatives outside of your Territory may identify and introduce prospective Franchisees in your Territory. Also, we may identify and introduce prospective Franchisees in your Territory. You will receive a commission based on the initial franchise fees paid by all Franchisees whose Assigned Area are in your Territory, however your commissions may differ depending on who introduces a particular Franchisee. See Item 1 for information regarding commissions.

A U.S. Territory may be a part of a state, an entire state, or multiple states. The minimum size of a U.S. Territory will be an area that we determine can reasonably be serviced by three CRESTCOM Businesses. You cannot conduct any Area Representative activities (including identifying prospective Franchisees through other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing) outside of your Territory without our approval, which may be withheld for any reason.

The Business Location. You will operate your Area Representative Business from a specific location that is designated as the “Business Location” in the Area Representative Agreement, which must be located within your Territory. The Business Location can be relocated within the Territory upon prior written notice to us.

Development Obligations and Minimum Quarterly Production Obligations. You will have a maximum of one year from the date of your Area Representative Agreement to begin identifying and introducing prospective Franchisees to us. To maintain your rights to promote prospective Franchisees in your Territory, (i) you must refer to us a sufficient number of third parties who become Active Franchisees, as defined below, in your Territory to maintain the minimum number of Active Franchisees at the end of each calendar year that we will agree to and that will be described in the Performance Schedule (the “Development Obligations”), and (ii) the gross revenues generated each calendar quarter during the term of the Area Representative Agreement by you and all Franchisees (including their salespeople, if applicable) in all CRESTCOM Businesses located in the Territory must collectively equal or exceed an amount also described in the Performance Schedule (the “Minimum Quarterly Production Obligations”). We cannot determine the exact amount or range of your Minimum Quarterly Production Obligations, because these amounts are negotiated with each individual Area Representative and vary significantly by Area Representative Business. Some of the factors we consider in negotiating with you will include the size and population of your Territory, demographics of the Territory, competition in the Territory, the number of businesses located in your Territory, and the potential revenue to be generated out of your Territory. The gross revenues generated by Franchisees located in the Territory based on an Optional Training Program shall only be counted toward the Minimum Quarterly Production Obligations if you have acquired the right, and completed the training required, to offer the relevant Optional Training Program through your own CRESTCOM Business.

If, during the initial term of the Area Representative Agreement, the actual number of Active Franchisees at the end of each calendar year is less than the minimum number of Active Franchisees required under the Development Obligations, such failure shall not be deemed a default of your Area

Representative Agreement or entitle us to reduce the Territory provided you are fully in compliance with the Minimum Quarterly Production Obligations. Beginning with the first day of the first year described in the Performance Schedule for your first successor term, and each following year, if the actual number of Active Franchisees at the end of the immediate prior year is less than the minimum number of Active Franchisees required under the Development Obligations for that year, then, in our sole discretion, the Territory may be reduced in size. This reduction is determined by a percentage equal to one minus a fraction calculated by dividing the actual number of Active Franchisees by the minimum number of Active Franchisees required in the Development Obligations for the then completed calendar year. In that event, you and we shall jointly make a reasonable, good faith effort to agree on the geographic portion of the Territory that will be relinquished (the “Relinquished Area”) so that the Territory is reduced by the relevant percentage.

If you and we are not able to reach an agreement as to the Relinquished Area, then you and we shall use good faith efforts to select a third party arbitrator who shall review all of the facts of the case and determine the Relinquished Area. In the event that you and we are unable to mutually agree on a third party arbitrator, then you and we shall each select our own arbitrator, and the two arbitrators so selected shall select a third arbitrator. The third arbitrator shall act as the sole arbitrator who shall review all of the facts of the case and determine the Relinquished Area. The arbitrator’s decision shall be final and unappealable in all circumstances. If there is one arbitrator, the cost of the arbitrator shall be shared equally by you and us. In the event of three arbitrators, each of us shall be responsible for the costs and expenses of the arbitrator selected by that party. You and we shall share equally the costs of the third arbitrator.

If the Territory is reduced in any year, the required minimum number of Active Franchisees required in the Development Obligations for the following years shall be reduced by the same percentage as the percentage of reduction of the Territory.

If the actual number of Active Franchisees at the end of the first year described in the Performance Schedule for your first successor term or any following year is less than two-thirds of the minimum number of Active Franchisees under the Development Obligations for that year, then you will be in default of the Area Representative Agreement and it may be terminated by us. An “Active Franchisee” is a Franchisee in good standing under its Franchise Agreement, conducts at least one ~~The BULLET-PROOF®-Manager~~[the Crestcom L.E.A.D.R.](#) training program per month, and averages gross revenues on a monthly basis over each calendar quarter equal to the dollar amount that would be realized from at least two paying attendees of ~~The BULLET-PROOF®-Manager~~[the Crestcom L.E.A.D.R.](#) training program based on our then recommended U.S. minimum retail price. The recommended U.S. minimum retail price for attendees of ~~The BULLET-PROOF®-Manager~~[the Crestcom L.E.A.D.R.](#) training program is currently \$5,250. This recommended retail price is stated in the Procedures Manual and is subject to change.

If the cumulative gross revenues generated by you and all Franchisees in all CRESTCOM Businesses located in the Territory during any calendar quarter are less than the Minimum Quarterly Production Obligations for the applicable quarter, then beginning with the first month of the following quarter and continuing for each month during the balance of the term of your Area Representative Agreement, the gross revenues generated within the Territory each following month by you and all Franchisees located in the Territory must equal or exceed one-third of the then applicable Minimum Quarterly Production Obligations (the “Minimum Monthly Revenues”). In any month in which the gross revenues generated are not at least equal to the Minimum Monthly Revenues, you shall pay us the difference between the Royalty Fees that would be due had the Minimum Monthly Revenues been achieved and the actual Royalty Fees paid to us during the applicable month (the “Monthly Reconciliation

Fees”). The Monthly Reconciliation Fees will be payable to us on or before the last working day of the applicable month. If the Area Representative Agreement is terminated or expires prior to the end of a calendar month, then the Minimum Monthly Revenues for the final month shall be reduced on a pro rata basis for the portion of the month following the termination or expiration.

If you pay any Monthly Reconciliation Fees, and, in a subsequent month the gross revenues generated by you and all Franchisees located in the Territory exceed the Minimum Monthly Revenues for that month, then the amount by which the Royalty Fees actually paid for such month exceed the Royalty Fees that would have been due had the gross revenues been equal to the Minimum Monthly Revenues (the “Above Minimum Payments”) shall be calculated, and we will refund to you any prior Monthly Reconciliation Fees you have paid to the extent of the portion of the Above Minimum Payments that we receive after payment of commissions to you or any other party. Except to the extent Above Minimum Payments received by us may be applied as described above, no portion of the Monthly Reconciliation Fees are refundable under any circumstances. If you fail to pay the Monthly Reconciliation Fees in any month when due, you will be in default of your Area Representative Agreement and we may terminate your Area Representative Agreement.

As described in Item 1, we may periodically designate the revenues of certain products and services offered by Franchisees to be excluded from the Franchisees’ gross revenues for purposes of calculating the Royalty Fees payable to us, and you receive no commission on these revenues. The revenues from these products and services will also be deemed to be excluded when calculating the gross revenues for purposes of the Minimum Quarterly Production Obligations, the Minimum Monthly Revenues, the Monthly Reconciliation Fees, and the Above Minimum Payments.

We have the right, in our sole discretion and on a case-by-case basis, to waive the obligation of you or any other Area Representative to refer the number of Active Franchisees required in the Development Obligations or to pay the Monthly Reconciliation Fees in any month. A waiver by us of this obligation for one or more Area Representatives does not in any way affect the obligation of you or any other Area Representative to meet these requirements.

Other Rights. For so long as you are in compliance with your Area Representative Agreement, we will not appoint another Area Representative in your Territory, subject to our right to reduce your Territory if you fail to meet your Minimum Number of Active Franchisees as described above, and appoint a new Area Representative in your Relinquished Area. Except as described above with respect to the performance requirements, the continuation of your rights described in this Item 12 during the term of the Area Representative Agreement is not dependent on achieving any certain sales volume, market penetration or similar contingency or other circumstances.

The Area Representative Agreement gives you no options, rights of first refusal, or similar options to acquire any additional Area Representative Businesses or other rights from us, although we may offer you the right to acquire additional Area Representative Businesses or other rights in the future.

Our Reserved Rights. Provided you remain in good standing under your Area Representative Agreement, you will be granted the exclusive right to operate an Area Representative Business in the Territory, as discussed above in this Item 12. However, we may do any or all of the following, without any compensation to you: (1) use and license the use of the Marks and Licensed Methods (a) for the operation of CRESTCOM Businesses anywhere, including in your Territory, subject only to your rights under your Area Representative Agreement; (b) for the operation of other Area Representative Businesses anywhere outside of your Territory; and (c) in connection with the production and sale of new or additional Materials, Promotional Materials, Live Instruction, or other promotional, marketing, or related

items for use in a CRESTCOM Business or in an Area Representative Business, without regard to location, subject only to your rights under the Area Representative Agreement; (2) establish alternative channels of distribution, which include marketing and distribution of the Materials via the Internet, the Electronic Transmission methods as discussed in Item 1 and other electronic transmissions, catalog sales, social media, telemarketing and other direct marketing sales channels, which may or may not use the Marks; (3) establish alternative channels of delivery, which include the Electronic Transmission methods, webinars, social media, and other electronic transmissions, other than electronic transmissions in conjunction with Live Instruction, for the Materials or any training programs of ours, which may or may not use the Marks, and in conjunction with any alternative channel of delivery, authorize the marketing and sale of such Materials or any training programs through other distribution systems at any location, including in your Territory; (4) retire, cease to produce, cease to offer, or otherwise terminate the right to market, distribute, sell or otherwise offer to third parties any older versions of the Materials, while continuing to offer such older versions of the Materials through alternative channels of distribution or by alternative channels of delivery; (5) create, produce, market and sell products or services of any kind, which may be the same as, similar to, or different from those offered by a CRESTCOM Business or an Area Representative Business, utilizing proprietary marks that are not the same as or confusingly similar to the Marks, and not now or in the future designated as part of the Crestcom system licensed under the Franchise Agreement or Area Representative Agreement or otherwise used in a CRESTCOM Business or Area Representative Business, and authorize the marketing and sale of these other products and services through other distribution systems at any location, including in your Territory, whether or not in alternative channels of distribution or using alternative channels of delivery; and (6) grant training personalities appearing on the Materials the right to market or use the Materials or similar materials in the conduct of their businesses, in their live presentations, or in connection with their personal appearances, at any location, including in your Territory. All of these rights may be exercised on any terms and conditions as we deem advisable, without granting you any rights in them.

We can acquire or be acquired by, or engage in any other transaction with, other companies, which may be competitive or not with us or a CRESTCOM Business. These arrangements may include converting other companies to the Crestcom system, or converting company-owned, franchised or other businesses (including your Area Representative Business) to another format (whether competitive or not), or both. The other companies and CRESTCOM Businesses may be maintained as the same concept, as a new concept, or as a new, separate concept. These concepts may be located anywhere, including in your Territory. You must fully cooperate with any of these conversions, at your sole expense.

ITEM 13 TRADEMARKS

The Area Representative Agreement grants you the nonexclusive right to use our Marks and various designs and logotypes associated with our management, sales and personnel development training programs and materials. The term “Marks” means trademarks, trade names, service marks and logos used to identify Area Representative Businesses.

We own the following principal Marks, which are registered with the United States Patent and Trademark Office on the Principal Register:

Mark	Effective Date	Registration No.
CRESTCOM®	July 20, 1993	1,783,133
BULLET PROOF®	November 5, 1996	2,013,084

Mark	Effective Date	Registration No.
TRAINERS TO THE WORLD®	October 28, 1997	2,108,719

The registration of each of these Marks has been renewed. We intend to further renew the registrations of some or all of these Marks at the appropriate time. We have filed all required affidavits related to the registration of these Marks.

In addition to those Marks listed above, we claim common law service or trademark rights to a number of other words, phrases, or designs that you may use in your Area Representative Business. The following statements apply solely to any unregistered trademarks and service marks: We do not have a federal registration for these principal trademarks. Therefore these trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must use all of our Marks in compliance with the terms of the Area Representative Agreement. You cannot use the words, “CREST,” “INTERNATIONAL,” “CRESTCOM,” “THE BULLET PROOF MANAGER,” “BULLET PROOF,” [“CRESTCOM L.E.A.D.R.”](#), “BPM,” “KREST” or “KRESTCOM” or any portions or variations of them, as part of your business name. You cannot use any of our Marks or the words above, or variations of them, as part of an electronic mail address, domain name, or on any websites on the Internet including social networking websites, or otherwise display them on the Internet in any manner, without our prior written consent. You cannot use any of our Marks or the words above, or any variations of them, with modifying words, designs, or symbols except as we may license to you, without our prior written consent. You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us. You must modify or discontinue your use of our Marks if we require the modification or discontinuance of them, at your own expense.

To our knowledge, there are no agreements in effect that significantly limit our rights to use or license the use of our Marks in any manner. To our knowledge, there are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to their use in this state.

We will protect you against claims of infringement or unfair competition involving the Marks, when you are using the Marks in compliance with your Area Representative Agreement, if, in the opinion of our counsel, the circumstances justify our intervention. If we decide to protect you, we will reimburse you for your costs, including attorney’s fees and court costs, associated with any litigation we commence or defend on your behalf to protect the licensed Marks and your rights to use them, from amounts we recover in the litigation (if any), which are in excess of our costs. You are obligated to fully cooperate with us in any litigation we commence or defend for your benefit. If we do not elect to protect you against claims of infringement or unfair competition, you may take steps to protect yourself at your own expense. We will control all proceedings and litigation involving our Marks, except that you will control your defense if we have elected not to protect you against claims of infringement or unfair competition.

We are not aware of any superior prior rights or infringing use of our names or Marks that could materially affect your use of them.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights. No patents or pending patent applications are material to the Area Representative Business.

We claim a copyright to the Materials which are to be utilized by you, and the proprietary rights to certain other materials and elements of the Licensed Methods. We own the following copyrights which are material to your Area Representative Business:

Title	Registration No.	Issue Date
“How To Provide Gold Standard Customer Service” Video	PA 1-039-113	4/24/01
“How To Provide Gold Standard Customer Service” Participant & Facilitator Packet	TX 5-377-692	4/24/01
“Establishing Goals And Priorities” Video	PA 1-039-110	4/24/01
“Establishing Goals And Priorities” Participant & Facilitator Packet	TX 5-335-244	4/24/01
“How To Win The Negotiating Game” Video	PA 1-038-709	4/24/01
“How To Win The Negotiating Game” Participant & Facilitator Packet	TX 5-377-689	4/24/01
“The Visionary Leader” Video	PA 1-039-108	4/24/01
“The Visionary Leader” Participant & Facilitator Packet	TX 5-377-691	4/24/01
“Strategies For Effective Meetings And Presentations” Video	PA 1-039-111	4/24/01
“Strategies For Effective Meetings And Presentations” Participant & Facilitator Guide	TX 5-377-693	4/24/01
“Managing The Velocity Factor” Video	PA 1-039-112	4/24/01
“Managing The Velocity Factor” Participant & Facilitator Guide	TX 5-377-690	4/24/01
“Managing The Challenge Of Change” Video	PA 1-033-642	5/8/01
“Managing The Challenge Of Change” Participant & Facilitator Guide	TX 5-367-864	5/8/01
“Solving The Management Puzzle” Video	PA 1-035-814	5/8/01
“Solving The Management Puzzle” Participant & Facilitator Guide	TX 5-367-863	5/8/01
“The Quest For Excellence” Video	PA 1-033-647	5/8/01
“The Quest For Excellence” Participant & Facilitator Guide	TX 5-204-616	5/8/01
“How To Survive And Thrive Under Stress” Video	PA 1-033-649	5/8/01
“How To Survive And Thrive Under Stress” Participant & Facilitator Guide	TX 5-204-615	5/8/01
“How To Conduct Performance Appraisals” Video	PA 1-065-304	9/10/01
“How To Conduct Performance Appraisals” Participant & Facilitator Guide	TX 5-475-327	9/10/01
“Eight Keys To Development Leadership” Video	PA 1-121-415	9/17/01
“Eight Keys To Development Leadership” Participant & Facilitator Guide	TX 5-704-918	9/17/01
“How To Avoid Hiring And Recruiting Mistakes” Video	PA 1-121-226	9/10/01
“How To Avoid Hiring And Recruiting Mistakes” Participant & Facilitator Guide	TX 5-704-523	9/10/01
“The Attitude And Altitude Connection” Video	PA 1-084-528	9/10/01

Title	Registration No.	Issue Date
“The Attitude And Altitude Connection” Participant & Facilitator Guide	TX 5-530-053	9/10/01
“Personal Communication Skills” Video	PA 1-084-521	9/10/01
“Personal Communication Skills” Participant & Facilitator Guide	TX 5-530-046	9/10/01
“How To Deal With Workplace Mistakes” Video	PA 1-121-416	9/10/01
“How To Deal With Workplace Mistakes” Participant & Facilitator Guide	TX 5-704-919	9/10/01
“How To See Your Company Through Your Customer’s Eyes” Video	PA 1-060-977	9/10/01
“How To See Your Company Through Your Customer’s Eyes” Participant & Facilitator Guide	TX 5-431-311	9/10/01
“The Leadership Secret” Video	PA 1-084-520	9/10/01
“The Leadership Secret” Participant & Facilitator Guide	TX 5-530-045	9/10/01
“Creative Leadership Or Thinking Outside The Box” Video	PA 1-060-978	9/10/01
“Creative Leadership Or Thinking Outside The Box” Participant & Facilitator Guide	TX 5-623-618	9/14/01
“Building A Personal Success Foundation” Video	PA 1-084-525	9/10/01
“Building A Personal Success Foundation” Participant & Facilitator Guide	TX 5-530-050	9/10/01
“How To Manage Diverse Personalities” Video	PA 1-084-523	9/10/01
“How To Manage Diverse Personalities” Participant & Facilitator Guide	TX 5-530-048	9/10/01
“Are You Mismanaging Yourself?” Video	PA 1-087-074	9/10/01
“Are You Mismanaging Yourself?” Participant & Facilitator Guide	TX 5-530-453	9/10/01
“Motivating For Peak Performance” Video	PA 1-084-524	9/10/01
“Motivating For Peak Performance” Participant & Facilitator Guide	TX 5-530-049	9/10/01
“How To Use Your IQ To Increase Your EQ” Video	PA 1-084-522	9/18/01
“How To Use Your IQ To Increase Your EQ” Participant & Facilitator Guide	TX 5-530-047	9/18/01
Training and Procedures Manual	TX 5-956-694	5/5/04
“Effective Phone Communication” DVD	PA 1-341-487	10/13/06
“The Listening Advantage” DVD	PA 1-341-486	10/13/06
“Creating Leaders Through Mentoring” DVD	PA 1-341-485	10/13/06
“The 70 Minute Hour” DVD	PA 1-341-488	10/13/06
“How To Be A Transformational Leader” DVD	PA 1-341-484	10/13/06
“How to Exceed Customer Expectations” DVD	PA 1-341-483	10/13/06
“How To Tap The Creativity Of Your Management Team” DVD	PA 1-341-482	10/13/06
“Seven Steps To Effective Delegation” DVD	PA 1-341-481	10/13/06
“How To Help Employees Be Their Best” DVD	PA 1-341-480	10/13/06
“How To Develop And Maintain Rapport” DVD	PA 1-341-479	10/13/06
“Executive Overview/Management Skills Workshop” DVD	PA 1-341-478	10/13/06
“Effective Planning A Seven Step Formula” DVD	PA 1-341-477	10/13/06
“Using Strategic Thinking To Improve Strategic Planning” DVD	PA 1-341-476	10/13/06
“How To Connect Communicate At A Higher Level” DVD	PA 1-341-475	10/13/06

Title	Registration No.	Issue Date
“Negotiating To Win” DVD	PA 1-341-474	10/13/06
“The Key To Higher Performance” DVD	PA 1-341-473	10/13/06
“Motivating Through Positive Communication” DVD	PA 1-341-472	10/13/06
“How To Deal With Difficult Customers” DVD	PA 1-341-471	10/13/06
“How To Become A Stress Buster” DVD	PA 1-341-470	10/13/06
“Increasing Productivity Through Motivated People” DVD	PA 1-341-469	10/13/06
“Developing a Time Investment Strategy” DVD	PA 1-341-468	10/13/06
“How To Hire Train And Reward Employees” DVD	PA 1-341-467	10/13/06
“Projecting A More Positive Self Image” DVD	PA 1-341-489	10/13/06
“Dealing With Difficult People” DVD	PA 1-349-089	10/13/06
“Leaders Make Change Work” DVD	PA 1-349-090	10/13/06
“How To Exceed Customer Expectations” BPM IV Participant Packet	TX 6-894-568	10/22/07
“Recognition: The Key to Higher Performance” BPM IV Participant Packet	TX 6-894-839	10/22/07
“How to Become a Stress Buster” BPM IV Participant Packet	TX 6-894-823	10/22/07
“How to Tap the Creativity of Your Management Team” BPM IV Participant Packet	TX 6-894-828	10/22/07
“Increasing Productivity Through Motivated People” BPM IV Participant Packet	TX 6-893-866	10/22/07
“How to Develop & Maintain Rapport” BPM IV Participant Packet	TX 6-893-826	10/22/07
“How to Deal with Difficult Customers” BPM IV Participant Packet	TX 6-893-759	10/22/07
“Leaders Make Change Work” BPM IV Participant Packet	TX 6-893-746	10/22/07
“The 70-Minute Hour” BPM IV Participant Packet	TX 6-893-711	10/22/07
“Effective Planning: A Seven-Step Formula” BPM IV Participant Packet	TX 6-895-645	10/22/07
“Dealing with Difficult People” BPM IV Participant Packet	TX 6-895-631	10/22/07
“How to be a Transformational Leader” BPM IV Participant Packet	TX 6-894-603	10/22/07
“Effective Telephone Communication” BPM IV Participant Packet	TX 6-893-706	10/22/07
“How to Help Employees be Their Best” BPM IV Participant Packet	TX 6-893-719	10/22/07
“How to Connect: Communicate at a Higher Level” BPM IV Participant Packet	TX 6-893-726	10/22/07
“Motivating Through Positive Communication” BPM IV Participant Packet	TX 6-893-767	10/22/07
“Seven Steps to Effective Delegation” BPM IV Participant Packet	TX 6-893-776	10/22/07
“Using Strategic Thinking to Improve Strategic Planning” BPM IV Participant Packet	TX 6-893-847	10/22/07

Title	Registration No.	Issue Date
“Developing a Time Investment Strategy” BPM IV Participant Packet	TX 6-894-702	10/22/07
“Creating Leaders Through Mentoring” BPM IV Participant Packet	TX 6-894-640	10/22/07
“How to Hire, Train and Reward Employees” BPM IV Participant Packet	TX 6-894-633	10/22/07
“Projecting a More Positive Self-Image” BPM IV Participant Packet	TX 6-894-591	10/22/07
“The Listening Advantage” BPM IV Participant Packet	TX 6-894-708	10/22/07
“Negotiating to Win” BPM IV Participant Packet	TX 6-894-616	10/22/07
“How To Exceed Customer Expectations” BPM IV Facilitator Script	TX 6-896-127	10/22/07
“Recognition: The Key to Higher Performance” BPM IV Facilitator Script	TX 6-896-122	10/22/07
“How to Become a Stress Buster” BPM IV Facilitator Script	TX 6-896-160	10/22/07
“How to Tap the Creativity of Your Management Team” BPM IV Facilitator Script	TX 6-895-665	10/22/07
“Increasing Productivity Through Motivated People” BPM IV Facilitator Script	TX 6-894-182	10/22/07
“How to Develop & Maintain Rapport” BPM IV Facilitator Script	TX 6-894-168	10/22/07
“How to Deal with Difficult Customers” BPM IV Facilitator Script	TX 6-894-153	10/22/07
“Leaders Make Change Work” BPM IV Facilitator Script	TX 6-893-930	10/22/07
“The 70-Minute Hour” BPM IV Facilitator Script	TX 6-894-155	10/22/07
“Effective Planning: A Seven-Step Formula” BPM IV Facilitator Script	TX 6-892-764	10/22/07
“Dealing with Difficult People” BPM IV Facilitator Script	TX 6-892-740	10/22/07
“How to be a Transformational Leader” BPM IV Facilitator Script	TX 6-896-180	10/22/07
“Effective Telephone Communication” BPM IV Facilitator Script	TX 6-893-925	10/22/07
“How to Help Employees be Their Best” BPM IV Facilitator Script	TX 6-893-906	10/22/07
“How to Connect: Communicate at a Higher Level” BPM IV Facilitator Script	TX 6-893-917	10/22/07
“Motivating Through Positive Communication” BPM IV Facilitator Script	TX 6-894-162	10/22/07
“Seven Steps to Effective Delegation” BPM IV Facilitator Script	TX 6-894-165	10/22/07
“Using Strategic Thinking to Improve Strategic Planning” BPM IV Facilitator Script	TX 6-894-173	10/22/07
“Developing a Time Investment Strategy” BPM IV Facilitator Script	TX 6-894-186	10/22/07

Title	Registration No.	Issue Date
“Creating Leaders Through Mentoring” BPM IV Facilitator Script	TX 6-895-177	10/22/07
“How to Hire, Train and Reward Employees” BPM IV Facilitator Script	TX 6-895-183	10/22/07
“Projecting a More Positive Self-Image” BPM IV Facilitator Script	TX 6-895-189	10/22/07
“The Listening Advantage” BPM IV Facilitator Script	TX 6-895-812	10/22/07
“Negotiating to Win” BPM IV Facilitator Script	TX 6-896-140	10/22/07
Six Steps To Effective Mentoring Facilitator’s Guide	TX 7-698-645	3/12/13
The Road to Negotiating Success Facilitator’s Guide	TX 7-698-533	3/12/13
Create A Blueprint For Team Success Facilitator’s Guide	TX 7-698-531	3/12/13
How To Inspire Innovation Facilitator’s Guide	TX 7-698-528	3/12/13
How To Create Consensus Facilitator’s Guide	TX 7-698-526	3/12/13
The Leader’s Mindset Facilitator’s Guide	TX 7-698-524	3/12/13
Lead Your Team Through Change Facilitator’s Guide	TX 7-698-609	3/12/13
How To Improve Workplace Performance Facilitator’s Guide	TX 7-698-515	3/12/13
Increase Accountability And Responsibility Facilitator’s Guide	TX 7-698-511	3/12/13
Stimulate Strategic Thinking Facilitator’s Guide	TX 7-698-501	3/12/13
Take Your Job Seriously, Take Yourself Lightly Facilitator’s Guide	TX 7-698-497	3/12/13
Deliver Results The First Time Facilitator’s Guide	TX 7-698-694	3/12/13
Raise The Customer Service Crossbar Facilitator’s Guide	TX 7-698-534	3/12/13
Develop Effective And Devoted Employees Facilitator’s Guide	TX 7-698-520	3/12/13
Ten Ways To Increase Morale And Motivation Facilitator’s Guide	TX 7-697-498	3/11/13
How To Be An Effective Problem Solver Facilitator’s Guide	TX 7-697-447	3/11/13
Strategies For Dealing With Dissatisfied Customers Facilitator’s Guide	TX 7-697-438	3/11/13
Techniques For Managing Personality Styles Facilitator’s Guide	TX 7-697-448	3/11/13
Communicate With Impact Facilitator’s Guide	TX 7-697-499	3/11/13
Managing Strategic Change Facilitator’s Guide	TX 7-697-659	3/11/13
Managing Time For Maximum Results Facilitator’s Guide	TX 7-697-645	3/12/13
Better Performance Through Better Team Work Facilitator’s Guide	TX 7-697-653	3/11/13
Conflict Resolution Techniques Facilitator’s Guide	TX 7-697-644	3/11/13
Leadership Strategies Facilitator’s Guide	TX 7-695-727	3/8/13
Leadership Strategies Participant Packet	TX 7-691-732	3/13/13
Communicate With Impact Participant Packet	TX 7-691-658	3/13/13
How To Be An Effective Problem Solver Participant Packet	TX 7-691-734	3/13/13
Techniques For Managing Personality Styles Participant Packet	TX 7-691-719	3/13/13

Title	Registration No.	Issue Date
Ten Ways To Increase Morale And Motivation Participant Packet	TX 7-691-654	3/13/13
Strategies For Dealing With Dissatisfied Customers Participant Packet	TX 7-691-715	3/13/13
Lead Your Team Through Change Participant Packet	TX 7-691-643	3/13/13
Deliver Results The First Time Participant Packet	TX 7-691-645	3/13/13
Take Your Job Seriously, Take Yourself Lightly Participant Packet	TX 7-691-633	3/13/13
Stimulate Strategic Thinking Participant Packet	TX 7-691-642	3/13/13
Increase Accountability And Responsibility Participant Packet	TX 7-691-635	3/13/13
How To Improve Workplace Performance Participant Packet	TX 7-691-640	3/13/13
Develop Effective And Devoted Employees Participant Packet	TX 7-691-638	3/13/13
The Leader's Mindset Participant Packet	TX 7-691-644	3/13/13
How To Create Consensus Participant Packet	TX 7-691-733	3/13/13
How To Inspire Innovation Participant Packet	TX 7-691-655	3/13/13
Create A Blueprint For Team Success Participant Packet	TX 7-691-651	3/13/13
The Road To Negotiating Success Participant Packet	TX 7-691-653	3/13/13
Six Steps To Effective Mentoring Participant Packet	TX 7-691-650	3/13/13
Managing Strategic Change Participant Packet	TX 7-691-599	3/13/13
Raise The Customer Service Crossbar Participant Packet	TX 7-691-647	3/13/13
Conflict Resolution Techniques Participant Packet	TX 7-691-731	3/13/13
Better Performance Through Better Team Work Participant Packet	TX 7-691-729	3/13/13
Managing Time For Maximum Results Participant Packet	TX 7-691-727	3/13/13
Ten Ways to Increase Morale and Motivation	PA 1-832-277	3/13/13
The Road To Negotiating Success	PA 1-832-349	3/13/13
Six Steps to Effective Mentoring	PA 1-832-357	3/13/13
Lead Your Team Through Change	PA 1-832-356	3/13/13
Deliver Results The First Time	PA 1-832-355	3/13/13
Raise the Customer Service Crossbar	PA 1-832-352	3/13/13
Develop Effective and Devoted Employees	PA 1-832-363	3/13/13
Leadership Strategies	PA 1-832-354	3/13/13
Conflict Resolution Techniques	PA 1-832-316	3/13/13
Better Performance Through Better Team Work	PA 1-832-374	3/13/13
Managing Time for Maximum Results	PA 1-832-372	3/13/13
Managing Strategic Change	PA 1-832-291	3/13/13
Communicate with Impact	PA 1-832-370	3/13/13
How to be an Effective Problem Solver	PA 1-832-367	3/13/13
Strategies for Dealing with Dissatisfied Customers	PA 1-832-365	3/13/13
Increase Accountability and Responsibility	PA 1-832-364	3/13/13
How To Improve Workplace Performance	PA 1-832-318	3/13/13

Title	Registration No.	Issue Date
The Leader's Mindset	PA 1-832-361	3/13/13
How To Create Consensus	PA 1-832-359	3/13/13
How to Inspire Innovation	PA 1-832-358	3/13/13
Create a Blueprint for Team Success	PA 1-832-353	3/13/13
Techniques for Managing Personality Styles	PA 1-832-287	3/13/13
Stimulate Strategic Thinking	PA 1-832-350	3/13/13
Take Your Job Seriously, Take Yourself Lightly	PA 1-832-351	3/13/13
Emotional Intelligence	PA 1-046-256	8/03/16
Emotional Intelligence Packet and Guide	TX-2-028-915	8/05/16
Next Generation Sales Academy Materials	TX 8-301-639	8/3/16
Business Acumen Materials	TX 8-385-086	2/23/17
Business Acumen Video	TX 8-468-543	2/23/17
How Leaders Shape Decisions Facilitator's Guide	TX 8-642-123	8/14/18
How Leaders Shape Decisions Participant Guide	TX 8-642-131	8/14/18
How Leaders Shape Decisions Slides	TX 8-643-521	8/14/18
Bridging the Multigenerational Gap in the Workplace Slides	TX 8-643-499	8/23/18
Bridging the Multigenerational Gap in the Workplace Facilitator's Guide	TX 8-642-138	8/23/18
Bridging the Multigenerational Gap in the Workplace Participant Guide	TX-642-140	8/23/18
Bridging the Multigenerational Gap in the Workplace 5-Part Video	PA 2-161-163	8/23/18
Mastering Negotiation Slides	TX 8-655-131	9/12/18
Mastering Negotiation Participant Guide	TX 8-655-119	9/12/18
Mastering Negotiation Facilitator's Guide	TX 8-655-100	9/12/18
Peak Performing Leaders Facilitator Guide	TX 8-657-653	9/21/18
Peak Performing Leaders Participant Guide	TX 8-657-652	9/21/18
Peak Performing Leaders Slides	TX 8-657-654	9/21/18
Mastering Negotiation Video	PA 2-147-786	9/21/18
Strategic Thinking for Future Success Slides	TX 8-671-720	9/21/18
Strategic Thinking for Future Success Facilitator Guide	TX 8-671-716	9/21/18
Strategic Thinking for Future Success Participant Guide	TX 8-671-724	9/21/18
Be the Coach They Need 2-Part Video	PA 2-373-175	8/25/22
Be the Coach They Need Facilitator Guide	TX 9-169-630	8/24/22
Change How You Manage Change Facilitator Guide	TX 9-178-237	8/24/22
Change How You Manage Change 4-Part Video	PA 2-373-131	8/24/22
Captivate Your Customer 2-Part Video	PA 2-373-181	8/24/22
Captivate Your Customer Facilitator Guide	TX 9-169-551	8/24/22
SYNC UP: The Conflict Mindset Facilitator Guide	TX 9-169-649	8/24/22
SYNC UP: The Conflict Mindset 2-Part Video	PA 2-373-182	8/24/22

Title	Registration No.	Issue Date
Ignite a Culture of Accountability Facilitator Guide	TX 9-124-159	5/9/22
Ignite a Culture of Accountability Slides	TX 9-124-157	5/9/22
Ignite a Culture of Accountability Participant Guide	TX 9-124-158	5/9/22
Ignite a Culture of Accountability 2-Part Video	PA 2-356-880	5/9/22
The Focus Zone Facilitator Guide	TX 9-178-845	8/24/22
The Focus Zone 3-Part Video	PA 2-373-134	8/24/22
Team Fusion Facilitator Guide	TX 9-178-841	8/24/22
Team Fusion 3-Part Video	PA 2-373-138	8/24/22
Trust: The Leadership Differentiator Facilitator Guide	TX 9-178-853	8/25/22
Trust: The Leadership Differentiator 2-Part Video	PA 2-373-172	8/24/22
Managing Personality Styles With Adaptive Leadership 3-Part Video	PA 2-373-166	8/24/22
Managing Personality Styles With Adaptive Leadership Facilitator Guide	TX 9-169-656	8/24/22
Influence With Intention 4-Part Video	PA 2-373-168	8/24/22
Influence With Intention Facilitator Guide	TX 9-169-654	8/24/22
Leadership Presence 3-Part Video	PA 2-373-177	8/24/22
Leadership Presence Facilitator Guide	TX 9-169-640	8/24/22
Accelerate the Way You Innovate Facilitator Guide	TX 9-169-623	8/25/22
Accelerate the Way You Innovate 4-Part Video	PA 2-373-180	8/25/22
Strategic Storytelling to Influence and Inspire Facilitator Guide	TX 9-169-565	8/25/22
Strategic Storytelling to Influence and Inspire 3-Part Video	PA 2-373-179	8/25/22
Break Away from Bias Facilitator Guide	TX 9-169-557	8/25/22
Break Away from Bias 3-Part Video	PA 2-373-170	8/24/22
Stimulate Creative Perspectives Facilitator Guide	TX 9-208-851	11/22/22
Stimulate Creative Perspectives 4-Part Video	PA 2-387-954	11/22/22
Shift: Into Mental Agility and Resilience Facilitator Guide	TX 9-208-847	11/22/22
Shift: Into Mental Agility and Resilience 2-Part Video	PA 2-387-952	11/22/22
Dialing Into Emotional Intelligence 3-Part Video	PA 2-387-949	11/22/22
Dialing Into Emotional Intelligence Facilitator Guide	TX 9-202-037	11/22/22
Mission: Inclusion Facilitator Guide	TX 9-236-039	11/22/22
Mission: Inclusion 3-Part Video	PA 2-387-951	11/22/22
Take Charge of Talent Management 3-Part Video	PA 2-367-552	7/13/22
Take Charge of Talent Management Facilitator Guide	TX 9-150-419	7/13/22
Multiply Your Impact: The Delegation Advantage 2-Part Video	PA 2-373-133	8/24/22
Multiply Your Impact: The Delegation Advantage Facilitator Guide	TX 9-169-523	8/24/22

All of these registered copyrights and our other registered copyrights have a duration of 95 years from the date of publication under U.S. law. We also claim a copyright to our other training materials.

These copyrighted items are among the Materials you will use throughout the term of the Area Representative Agreement. The Area Representative Agreement does not provide you a promise or guarantee that any particular item within our current inventory of Materials will continue to exist. If any of the Materials become unavailable or obsolete, or should we desire to change the Materials for any reason, we may eliminate any of our Materials from our inventory. Some training personalities featured in the Materials may have reserved the right to market a limited number of those portions of the Materials that feature them.

We know of no effective determinations by any administrative office or court, or any pending administrative or judicial proceedings respecting our copyright which is material to you, nor are there any agreements affecting our or your use of any Materials in which we have a copyright. We have no obligations to protect or defend the use of any Materials by you in which we may claim a copyright. There are no infringing uses actually known to us which could materially affect your use of any Materials in which we have or may claim a copyright. We intend to renew the copyright registration, if appropriate, at the time of expiration. We may substitute for or discontinue the usage of any Materials.

Confidential Procedures Manual and Other Information. Our Procedures Manual and related materials are proprietary and confidential. They are our property to be used by you only as described in and during the term of the Area Representative Agreement. The Procedures Manual, Materials, and other materials that contain our Marks or are otherwise proprietary to us must be returned to us, or deleted if stored electronically, if your Area Representative Agreement expires or is terminated for any reason. You may not use our confidential information in any unauthorized manner and you must take reasonable steps to prevent its disclosure to others. We may, in our discretion, require you and each of your officers, partners, directors and beneficial owners who become aware of or have access to our confidential information to execute our Nondisclosure and Noncompetition Agreement in the form attached to this Disclosure Document as Attachment B.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Area Representatives or their Principal Representatives must devote their best, full time efforts toward the management and operations of their Area Representative Businesses, unless they also operate a CRESTCOM Business, in which case they may also devote time and efforts toward the management and operations of their CRESTCOM Business.

If you are an entity Area Representative, your Principal Representative must be approved by us in writing prior to serving as your Principal Representative. You, or if applicable, your Principal Representative, is required to successfully complete our mandatory initial training program for a CRESTCOM Business and our Area Representative Certification Training.

Area Representatives are responsible for recruiting, hiring, appointing, firing, and supervising their employees, independent agents, Principal Representatives, telemarketers and other representatives (collectively referred to as the “Authorized Representatives”). In addition to yourself or your Principal Representative, you may, at your option and with our prior written consent, employ up to two telemarketing personnel. All Authorized Representatives must be screened to ensure that they will not reflect adversely on the reputation of our image and system. All of your Authorized Representatives must be approved in advance by us. We will approve an individual to serve as an Authorized Representative if that individual demonstrates to us that he or she has the skill set for the particular position, reflects the professionalism of the Crestcom system, is of good character, and, if applicable, has satisfactorily

completed our training program. You are solely responsible for implementing training and other programs for your Authorized Representatives related to the legal, safe, and proper performance of their work, regardless of the fact that we may provide advice, suggestions, and certain training programs. The advice, suggestions, and training we provide are to protect our brand and the Marks and not to control the day-to-day operation of your Area Representative Business. You will have sole authority and control over the day-to-day operations of the Area Representative Business and its employees and other representatives. The Procedures Manual contains forms of agreements that you must execute with your Authorized Representatives. All of your agreements with your Authorized Representatives must be in a form furnished by us or otherwise approved by us and must provide that we are allowed to enforce the agreements directly against the Authorized Representative. You must keep us informed of the names, addresses, e-mail contact information and telephone numbers of all Authorized Representatives.

We may require you to cause each of your officers, directors, partners or shareholders, and any member of your or their immediate families, and any Authorized Representatives, to execute our standard Nondisclosure and Noncompetition Agreement, a copy of which is attached to this Disclosure Document as Attachment B, and our standard Personal Guaranty, a copy of which is attached to the Area Representative Agreement as Exhibit III. If we require any immediate family member to execute our standard Nondisclosure and Noncompetition Agreement following your execution of the Area Representative Agreement, you must use your best efforts to cause the execution of that agreement. You must provide us a copy of each Nondisclosure and Noncompetition Agreement at the time it is signed and upon our request. We may require you to cause your Authorized Representatives to execute contracts provided by us.

Other than the requirements above, we make no recommendations and have no requirements regarding written employment or other written agreements between you and your employees. If you are a business entity, your designated Principal Representatives do not need to have an ownership interest in you.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

In order to maintain uniformity throughout the system, Area Representatives must operate their Area Representative Businesses in conformity with our standards and specifications provided in the Procedures Manual or otherwise provided in writing. The Procedures Manual is described in Items 8 and 11 of this Disclosure Document. Area Representatives may not deviate from our standards and specifications without our prior written consent. Because our relationships with our video media faculty and other talent used in the Materials and Promotional Materials are vitally important to us and the franchise system, Area Representatives cannot solicit the services of or otherwise have contact with any of the talent used in the Materials or Promotional Materials without our prior written consent, which consent may be withheld for any reason. Area Representatives cannot operate or engage in any other type of business or profession from or through their Area Representative Businesses. Involvement in such other business activities can decrease the time and effort Area Representatives have to devote to their Area Representative Businesses, and decrease the chances of success for those Area Representative Businesses.

There are limitations on the number of CRESTCOM Business franchises that may be sold within your Territory. You and we cannot accept any prospective Franchisees if accepting the prospects would result in us exceeding the Threshold Number of Franchisees we are entitled to have in a particular area. The threshold number ("Threshold Number") is that number of Qualifying Businesses, as defined below, to be reached in a Franchisee's Assigned Area before we will refrain from appointing additional

Franchisees or establishing our own CRESTCOM Businesses in the Assigned Area. The Threshold Number is equal to one Qualifying Business for each 1 million, or fraction thereof, of population in a Franchisee's Assigned Area. A "Qualifying Business" is a CRESTCOM Business operated by a Franchisee of ours that in each calendar quarter generates gross revenues equal to the dollar amount that would be realized from the enrollment of at least 18 attendees in ~~The BULLET PROOF® Manager~~the Crestcom L.E.A.D.R. training program at our then recommended U.S. minimum retail price. The recommended U.S. minimum retail price for attendees of ~~The BULLET PROOF® Manager~~the Crestcom L.E.A.D.R. training program is currently \$5,250. This recommended retail price is stated in the Procedures Manual and is subject to change.

When the number of Qualifying Businesses in an Assigned Area reaches the Threshold Number, we cannot add additional CRESTCOM Business franchises or our own CRESTCOM Businesses within the Assigned Area, although, if permitted, new salespersons, up to a total of two for each existing Franchisee, may be added. If, after attaining the Threshold Number of Qualifying Businesses in the Assigned Area, the number of Qualifying Businesses falls below the Threshold Number, then without further notice to you we may resume adding Franchisees or our own CRESTCOM Businesses in the Assigned Area until the number of Qualifying Businesses in the Assigned Area again equals or exceeds the Threshold Number. Franchisees in your Territory and elsewhere, including you if you operate a CRESTCOM Business, may not achieve or maintain Qualifying Business status.

In regions where multiple Franchisees of ours share the same Assigned Area, or in areas where multiple Franchisees of ours otherwise market the Materials in close proximity to each other, we have created programs granting limited, semi-exclusive protected territories called "Principal Marketing Areas" within the Assigned Area. We call these marketing programs "PMA Programs." You may desire to establish, with our consent, a PMA Program in your Territory. Our consent may be withheld in our sole discretion if we feel that there are good reasons for not establishing a PMA Program in the Territory. We also reserve the right to establish one or more of our own PMA Programs for Crestcom Franchisees. The terms, conditions, policies, and procedures of any PMA Program established by us will be provided in the Procedures Manual, and may be modified by us in our sole discretion. If we establish our own PMA Programs, you may be required to convert any PMA Program you have previously established to our PMA Program. Since the PMA Program is an emerging concept, there are no assurances we will establish any PMA Programs in your Territory, or what the terms, conditions, policies and procedures of any PMA Programs will be if we do establish PMA Programs.

Without our written approval, which approval may be withheld for any reason, Area Representatives are not allowed to display any part of the Materials or Promotional Materials via television, cable, network, closed circuit or satellite transmission, on the Internet, or by similar technological means and methods in use now or developed.

Area Representatives may not reship, transship, give, loan, sell, or purchase any part of the Materials or Promotional Materials to or from any other current or former Franchisee, Area Representative or distributor or any reseller of the Materials or Promotional Materials, whether within or outside of their Territory.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Area Representative Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

	Provision	Section in Area Representative or Other Agreement	Summary
a.	Length of the franchise term	Section 15.1	7 years.
b.	Renewal or extension of the term	Section 15.3	Up to 3 successor terms of 7 years each after your initial term.
c.	Requirements for you to renew or extend	Sections 15.3 through 15.5	Notice at least 120 days prior to the scheduled expiration, compliance with Area Representative Agreement, pay successor area representative fee, modify the Area Representative Business and its operations to comply with the then-current Procedures Manual, execute new Area Representative Agreement in the form then in use by us (which may contain terms and conditions materially different from your original Area Representative Agreement), execute a Successor Rider (in a form substantially similar to that attached to this Disclosure Document as <u>Attachment D</u>) containing a general release (subject to state law); and others.
d.	Termination by you	Section 16.5	You can terminate if we materially breach the Area Representative Agreement, if you provide us with written notice within 30 days of the breach and a reasonable opportunity to cure of not less than 90 days.
e.	Termination by us without cause	Section 16.4	We can terminate if there is a force majeure event that prevents us from performing under the Area Representative Agreement and continues for longer than six months.
f.	Termination by us with cause	Sections 16.1 and 16.2	We can terminate only if you commit any one of several listed violations.

	Provision	Section in Area Representative or Other Agreement	Summary
g.	“Cause” defined - defaults which can be cured	Sections 16.1 through 16.3	7 days for failure to dismiss non-compliant legal action; 10 days notice for misuse of Marks, failure to pay amounts or provide reports to us when due, failure to meet the Development Obligations or Minimum Quarterly Production Obligations; 30 days notice for any other breach of the Area Representative Agreement except for those for which no right to cure applies (see row “h” below), including for failure to maintain standards, failure to maintain insurance, deceptive practices, failure to obtain consent, failure to comply with Procedures Manual, improper conduct harmful to us, our affiliates, or our image or system, others. If we provide you with a notice of default, we and our affiliates may suspend services to you until each default is cured.
h.	“Cause” defined - non-curable defaults	Section 16.1	Unauthorized disclosure; abandonment; unsatisfied judgments; 3 notices of default during the term; conviction of you or Principal Representative of a crime; sexual harassment or discrimination; unauthorized transfers; insolvency of you or a guarantor ¹ ; unauthorized conduct of Live Instruction or sale of Materials; unauthorized solicitation of Authorized Representatives; marketing outside of Territory; unauthorized purchase, sale, transfer, duplication, or modification of Materials or Promotional Materials; failure to complete training; becoming subject to Executive Order 13224 or the Patriot Act; violation of non-compete or violation of other in-term restrictive covenants; breach of other agreements between us or any of our affiliates and you or any of your affiliates; guaranty becomes unenforceable or inadequate; others.
i.	Your obligations on termination / non-renewal	Section 16.6	Pay outstanding amounts due, de-identification, return of confidential information, cancellation or assignment of telephone numbers, execution of a termination agreement, abide by all post-termination covenants, others (see row “r” also).

	Provision	Section in Area Representative or Other Agreement	Summary
j.	Assignment of contract by us	Section 14.7	No restriction on our right to assign.
k.	“Transfer” by you-defined	Section 14.2	Includes transfer of an interest in your Area Representative Agreement, your Area Representative Business itself, all or a substantial portion of assets of your Area Representative Business, or an interest in you if you are an entity.
l.	Our approval of transfer by you	Section 14.2	We must approve all transfers.
m.	Conditions for our approval of transfer	Sections 14.2 through 14.4	Notice 30 days prior to the proposed effective date containing information sufficient for us to evaluate transfer; transferee first being introduced to us by you; all amounts due are paid in full; transferee satisfactorily completes training; transferee training fee and transfer fee paid; then current Area Representative Agreement signed or obligations assumed by transferee; Agreement and Consent to Transfer signed; general release signed (subject to state law); Franchise Agreement transferred to transferee along with Area Representative Agreement; your agreement to abide by all post-termination covenants; others (see row “r” also). We have 15 days from transferee’s successful completion of our initial training program for a CRESTCOM Business to approve or disapprove the transfer.
n.	Our right of first refusal to acquire your business	Section 14.6	We can match any offer for your business within 15 days.
o.	Our option to purchase your business	Section 16.6.e	None, but you must return the Procedures Manual, the Materials and Promotional Materials, or any part of them, and all other materials, documents or written information that contain any of the Marks or that we consider proprietary upon termination or expiration of the Area Representative Agreement.
p.	Your death or disability	Section 14.5	Franchise must be assigned to approved buyer within 120 days.

	Provision	Section in Area Representative or Other Agreement	Summary
q.	Non-competition covenants during the term of the franchise	Sections 18.1, 18.3, and 18.7	Prohibits owning, operating or performing services for a competing business and interfering with our relationships with other parties (subject to state law).
r.	Non-competition covenants after the franchise is terminated or expires	Sections 18.2, 18.3, and 18.7	Prohibited for 30 months from owning or operating a competing business located or operating within any Area Representative Business Territory and from interfering with our relationships with other parties (subject to state law).
s.	Modification of the agreement	Section 21.2	Procedures Manual, Materials and Promotional Materials are subject to change. The Area Representative Agreement may be modified by writing signed by both parties or, at our option, upon approval of 75% of our Area Representatives affected by the modification. Unless prohibited by law or waived by us, you must provide a general release of any and all claims against us if you request and we consent to modify any provisions of the Area Representative Agreement after it has been signed.
t.	Integration/merger clause	Section 21.3	Only the terms of the Area Representative Agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Area Representative Agreement may not be enforceable. Nothing in the Area Representative Agreement is intended to disclaim any representations made by us in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 through 20.3 and 21.7	Except for certain claims, all disputes must be arbitrated in Denver, Colorado, U.S.A. (subject to state laws). If a claim can be brought in court, both you and we agree to waive our rights to a jury trial. All disputes between you and us must be in an action separate from disputes between us and third parties or between you and third parties. All claims that either you or we may bring against the other arising out of or relating to the Area Representative Agreement, the relationship between us and you, or your operation of the Area Representative Business must be brought within one year from when the claim arose (subject to state law).

	Provision	Section in Area Representative or Other Agreement	Summary
v.	Choice of forum	Section 20.5	Colorado, U.S.A. (subject to state law).
w.	Choice of law	Section 20.5	Federal and Colorado laws (subject to state law). The Colorado Consumer Protection Act does not apply.

¹ A default due to bankruptcy may not be enforceable under federal bankruptcy laws.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchises or Area Representative Businesses. You may use the name of a public figure or celebrity in your promotional efforts or advertising with our approval.

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 this 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 by this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Below is a chart showing the average Area Representative commissions of those U.S. and international Area Representatives who were active on a full-time basis during the year ~~2023~~2022.

CHART 1 AVERAGE AND MEDIAN AREA REPRESENTATIVE INITIAL FRANCHISE FEE COMMISSIONS AND CONTINUING COMMISSIONS FROM JANUARY 1, 2023 2022 THROUGH DECEMBER 31, 2023 2022 WORLDWIDE ^{(1),(2),(4),(6)-(8)}			
Average Total Commissions ⁽²⁾	Median Total Commissions	High	Low
\$ 98,574.23 120,347.28	\$ 72,232.52 57,791.55	\$ 465,992.93 631,976.90	\$ 15,663 11,902.00

Below is a chart showing the average total Gross ~~Sales~~Revenues in the territories of those Area Representatives who were active on a full-time basis during the year ~~2023~~2022.

CHART 2 AVERAGE AND MEDIAN TOTAL GROSS SALESREVENUES OF MATERIALS AND LIVE INSTRUCTION PER TERRITORY FROM JANUARY 1, 20232022 THROUGH DECEMBER 31, 20232022 WORLDWIDE ^{(1),(3),(4),(6)-(8)}			
Average Total Gross Sales Revenues per Territory ⁽³⁾	Median Total Gross Sales Revenues per Territory	High	Low
\$911,572.92 1,048,145.16	\$625,261.60 789,815.57	\$4,632,793.02 872,932.00	\$145,287.22 11

Below is a chart showing the average Gross ~~Sales~~Revenues of Franchisees, including those Franchisees that were Area Representatives, who were active on a full-time basis during the year ~~2023~~2022.

CHART 3 AVERAGE AND MEDIAN GROSS SALESREVENUES OF FRANCHISEES FROM JANUARY 1, 20232022 THROUGH DECEMBER 31, 20232022 WORLDWIDE ^{(1),(3)-(8)}				
	Average Gross Sales Revenues ⁽³⁾	Median Gross Sales Revenues	High	
Yearly Gross Sales Revenues of Franchisees that are Area Representatives	\$319,254.73 293,179.80	\$253,199.08 252,288.00	\$705,600.00 557,068.12	\$63,
Yearly Gross Sales Revenues of Non-Area Representative Franchisees Not in the Territory of an Area Representative	\$126,627.12 103,140.29	\$82,797.88 500	\$355,278.15 426,925.00	\$17
Yearly Gross Sales Revenues of Non-Area Representative Franchisees in the Territory of an Area Representative	\$275,270.71 323,874.77	\$173,541.14 196,653.09	\$1,046,936.71 264,901.82	\$16

The accompanying footnotes are an integral part of these charts and should be read in their entirety for a full understanding of the information contained in them.

FOOTNOTES:

- (1) Each of the three charts above is a historic financial performance representation reflecting information related to commissions and ~~sales~~revenues in the most recent fiscal year of January 1, ~~2023~~2022 through December 31, ~~2023~~2022.
- (2) The first chart above shows the average and median of the total commissions received by Area Representatives, as both initial franchise fee commissions and Continuing Commissions (collectively, "Commissions"), on an annual basis. Additionally, this chart lists the highest and lowest total Commissions received by an Area Representative.
- (3) The second and third charts above show the average and median of Franchisee Gross ~~Sales~~Revenues on an annual basis. Specifically, the second chart shows the average and median of total Gross ~~Sales~~Revenues on a per territory basis, considering the Gross ~~Sales~~Revenues of all Franchisees on a combined basis located in each territory of an Area Representative. The third chart shows the average and median Franchisee Gross

Sales Revenues on an individual Franchisee basis, categorized by those Franchisees that are also Area Representatives, those Franchisees that are not Area Representatives and that operate outside of the territory of any Area Representative, and those Franchisees that are not Area Representatives but are located within an Area Representative's territory. "Gross Sales Revenues" as used in these charts means the ~~amounts agreed to be paid by a Franchisee's clients to the Franchisee under the contracts entered into through the Franchisee's CRESTCOM Business(es), exclusive only of sales tax.~~ "Gross Sales" is ~~not equivalent to a Franchisee's "gross revenues" as that term is used in this Disclosure Document and on which an Area Representative's Continuing Commissions are based, as "Gross Sales" does not account for bad debt or contract amounts otherwise not collected by Franchisees. We have included this information concerning Franchisees Gross Sales in this Disclosure Document because those Franchisee sales are relevant to the commissions that Area Representatives can receive.~~

- (4) Only U.S. and international Area Representatives that were active on a full-time basis during the fiscal year January 1, 20222023 through December 31, 20222023 have their Commissions included in the computations used in the first chart, their territories included in the second chart, and their Gross Sales Revenues shown in the first grouping in the third chart. For purposes of this Item 19, an Area Representative is deemed "active on a full-time basis" if it communicated with a prospect regarding the purchase of a CRESTCOM Business franchise during the year 20222023. During the fiscal year 20222023, we had 4614 Area Representatives that were active on a full time basis operating 4614 Area Representative Business territories, although one of those Area Representatives did not operate an individual CRESTCOM Business, so that only 13 Area Representatives are included in the first subgroup of the third chart. Of ~~these~~the 14 Area Representatives, 7 were located in the United States. Area Representatives that did not qualify as active on a full-time basis are not shown. The charts also do not include (i) new Area Representatives that did not commence franchise or Area Representative operations by the beginning of the year 20222023, (ii) Area Representatives that ceased operations in the year 20222023, and (iii) Area Representatives that were otherwise inactive for a portion of the particular year due to sickness, health issues, or other personal reasons. As described in Item 20, there was 1 outlet that closed permanently during the year 20222023, and that outlet had not been open less than 12 months. The total number of individual Crestcom Area Representatives as of the end of the year 20222023, including Area Representatives who joined during the course of the year, was 25, 78 of which were located in the United States.
- (5) Only U.S. and international Franchisees that were active on a full-time basis during the fiscal year January 1, 20222023 through December 31, 20222023 have their Gross Sales Revenues included in the second and third groupings in the third chart. For these purposes, a Franchisee is deemed "active on a full-time basis" if it conducted at least one ~~The BULLET-PROOF® Manager~~Crestcom L.E.A.D.R. program training seminar during every month of the year 20222023 and had at least one sale reported during the year 20222023. During the fiscal year 20222023, we had 6762 Franchisees that were active on a full time basis operating 8681 CRESTCOM Business outlets. Of these Franchisees, 2426 were located in the United States. Franchisees that did not qualify as active on a full-time basis are not shown. The charts also do not include (i) new Franchisees that did not commence operations by the beginning of the year 20222023, (ii) Franchisees that ceased operations in the year 20222023, and (iii) Franchisees that were otherwise inactive for a portion of the particular year due to sickness, health issues, or other personal

reasons. There were ~~12~~14 CRESTCOM Business outlets that closed permanently for various reasons during the year ~~2022~~2023, and none of these had been open less than 12 months. Some of our Franchisees own and operate more than one franchise. We have grouped the results by Franchisee rather than by individual CRESTCOM Business franchise because the results that we collect for CRESTCOM Business Franchisees operating multiple CRESTCOM Businesses are combined into a single report for each Franchisee. The total number of individual CRESTCOM Business franchises as of the end of the year ~~2022~~2023, including Franchisees who joined during the course of the year, was ~~160,52~~163,55 of which were located in the United States.

- (6) No attempt is made to estimate potential profits, income or earnings in these charts. We cannot accurately determine expenses because some of our Area Representatives and Franchisees have other business interests or investment holdings in addition to their Area Representative Businesses and CRESTCOM Businesses.
- (7) Out of the ~~16~~14 total Area Representatives included in the first chart, ~~4~~3 Area Representatives (or ~~25~~21.43 percent) exceed the combined average of Commissions stated. For the Area Representative territories included in the second chart, 3 Area Representative territories (or ~~18.75~~21.43 percent) exceed the combined Gross ~~Sales~~Revenues average stated. In the third chart, of the total ~~16~~13 Area Representatives that also operate a CRESTCOM Business included in the first subgroup in that chart, ~~7~~5 (or ~~43.75~~38.46 percent) exceed the average Gross ~~Sales~~Revenues stated; of the total of ~~19~~16 Franchisees included in the second subgroup in that chart (Franchisees not in the territory of an Area Representative), ~~5~~3 (or ~~26.32~~18.75 percent) exceed the average Gross ~~Sales~~Revenues stated; and of the total of ~~32~~33 Franchisees included in the third subgroup in that chart (non-Area Representative Franchisees in an Area Representative's territory), ~~10~~12 (or ~~31.25~~36.36 percent) exceed the average Gross ~~Sales~~Revenues stated.
- (8) The information in the charts was compiled based on ~~sales~~revenues reported by our existing U.S. and international Area Representatives and Franchisees during the calendar year ~~2022~~2023 in reports provided by the Area Representatives and Franchisees to us, as well as our own records of Commissions paid to Area Representatives. We have not audited the Area Representative and Franchisee reports and we cannot guarantee their accuracy. We do not require our Area Representatives or Franchisees to provide us with financial statements. Some of our Area Representatives and Franchisees provide other services to their clients in addition to the management, sales and personnel development training programs we offer. Those ~~sales~~revenues are not included in the ~~sales~~revenue numbers shown in the charts.
- (9) We estimate that more than 95% of all Franchisee sales revenues are derived from ~~The BULLET PROOF[®] Manager~~the Crestcom L.E.A.D.R. programs.

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

The information in the three charts is limited to averages and medians of certain ~~sales~~revenues and commissions results of Area Representatives and Franchisees that operated on an active full-time basis during the year ~~2022~~2023.

The financial performance representation figures in these charts do not reflect any costs of ~~sales~~revenues, operating expenses or other costs or expenses necessary to determine your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Area Representative Business. Area Representatives or former Area Representatives listed in Attachments F and G may be one source of this information.

Written substantiation for the financial performance representation will be made available to you at our Greenwood Village office upon reasonable request.

Other than the preceding charts, 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 Usmaan Khan at 6900 East Bellevue Avenue, Suite 100, Greenwood Village, Colorado 80111 and (303) 267-8200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1
Systemwide Outlet Summary
(All Area Representative Business Outlets)
For Years ~~2020~~2021 to ~~2022~~2023⁽¹⁾⁽²⁾

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021 2020	28 25	25	-3 0
	2021 2022	25	25	0
	2022 2023	25	25	0
Company-Owned	2021 2020	0	0	0
	2022 2021	0	0	0
	2022 2023	0	0	0
Total Outlets	2021 2020	28 25	25	-3 0
	2022 2021	25	25	0
	2022 2023	25	25	0

(1) Each year period begins on January 1 and ends on December 31.

(2) The numbers in the chart represent only Area Representatives.

[CONTINUED ON FOLLOWING PAGE]

ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
(All Area Representative Business Outlets)
For Years ~~2020~~2021 to ~~2022~~2023⁽¹⁾⁽²⁾

Column 1	Column 2	Column 3
State or Country	Year	Number of Transfers
Kentucky/Ohio	2021 2020	0 1
	2021	1
	2022	0
	2023	1
Total - US	2021 2020	0 1
	2022	0
	2023	1
Switzerland	2021	1 0
	2022	0
	2023	1
Total - International	2021 2020	0
	2021	0
	2022	0
	2023	1
Total - All	2021 2020	0 1
	2021	1
	2022	0
	2023	2

(1) Each year period begins on January 1 and ends on December 31.

(2) The numbers in the chart represent only Area Representatives.

ITEM 20 TABLE NO. 3
Status of Franchised Outlets
(All Area Representative Business Outlets)
For Years ~~2020~~2021 to ~~2022~~2023⁽¹⁾⁽²⁾

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State or Country	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
California	2021 2020	2 1	0	0	0	0	1 0	1
	2022 2021	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
D.C. Delaware / Maryland New Jersey	2021 2020	1	0	0	0	0	0	1
	2022 2021	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
Florida	2021 2020	1	0	0	0	0	0	1
	2022 2021	1	0	0	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
Kentucky /	2021 2020	1	0	0	0	0	0	1

Column 1 State or Country	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons	Column 9 Outlets at End of the Year
Ohio	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Massachusetts / Vermont / New Hampshire / Maine	2021 2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New York / Rhode Island / Connecticut	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Oregon / Washington	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Tennessee / Georgia	2021 2020	1	0	0	0	0	0	1
	<u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Texas</u>	2021	1 <u>0</u>	0	0	0	0	0	1 <u>0</u>
	2022	1 <u>0</u>	0	0	1 <u>0</u>	0	0	0
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total – US	2021 2020	8 <u>7</u>	0	0	0	0	1 <u>0</u>	7
	2021	7	0	0	0	0	0	7
	2022	7	1	0	1	0	0	7
	<u>2023</u>	<u>7</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
International								
Austria	2021 2020	1	0	0	0	0	0	1
	2022 2021	1	0	0	0	0	0	1
	2022 <u>2023</u>	1	0	0	0	0	0	1
Belgium and Luxembourg Canada	2021 2020	1 <u>3</u>	0 <u>1</u>	0	0	0	1 <u>0</u>	0 <u>4</u>
	2021	0	0	0	0	0	0	0
	2022	0 <u>4</u>	0	0	0	0	0	0 <u>4</u>
Canada	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022 <u>2023</u>	4	0	0	0	0	0	4
Caribbean	2021 2020	1	0	0	0	0	0	1
	2022 2021	1	0	0	0	0	0	1
	2022 <u>2023</u>	1	0	0	0	0	0	1
Costa Rica / Honduras / Guatemala / El Salvador / Nicaragua / Panama	2021 2020	1	0	0	0	0	0	1
	2022 2021	1	0	0	0	0	0	1
	2022 <u>2023</u>	1	0	0	0	0	0	1

Column 1 State or Country	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons	Column 9 Outlets at End of the Year
Germany	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Ghana	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
India	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Kenya / Uganda / Rwanda / Burundi	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
Morocco	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Mozambique	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Netherlands	2020 <u>2023</u>	1	0	0	0	0	1 <u>0</u>	0 <u>1</u>
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Nigeria	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Puerto Rico / Dominican Republic / Haiti	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Saudi Arabia and UAE	2021 2020	1	0	0 <u>1</u>	0	0	0	1 <u>0</u>
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
South Africa	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

Column 1 State or Country	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations- Other Reasons	Column 9 Outlets at End of the Year
Switzerland	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Vietnam	2021 2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total – International	2020 2021	20 18	0 1	0 1	0	0	2 0	18
	2022 2021	18	1 0	1 0	0	0	0	18
	2022 2023	18	0	0	0	0	0 1	18 17
Total – All	2020 2021	28 25	0 1	0 1	0	0	3 0	25
	2022 2021	25	1	1 0	0 1	0	0	25
	2022 2023	25	1	0	1 0	0	0 1	25

(1) Each year period begins on January 1 and ends on December 31.

(2) The numbers in the chart represent only Area Representatives.

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets
(All Area Representative Business Outlets)
For Years ~~2020~~2021 to ~~2022~~2023⁽¹⁾

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Totals	2020 2021	0	0	0	0	0	0
	2022 2021	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0

(1) Each year period begins on January 1 and ends on December 31.

ITEM 20 TABLE NO. 5
Projected Openings As Of December 31, ~~2022~~2023
(United States Area Representative Outlets Only)⁽¹⁾⁽²⁾

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Fiscal Year
California	0	1	0
Maine	0	1	0
Massachusetts	0	1	0
New Hampshire	0	1	0
Texas	0	1	0
Vermont	0	1	0
Total	0	6	0

(1) The numbers in the chart represent only Area Representatives.

(2) Sales of Area Representative Businesses outside of the United States are often unpredictable and we have not projected openings internationally. This table addresses only Area Representative Businesses in the United States

A list of the names of all Area Representatives and the addresses and telephone numbers of their Area Representative Businesses are listed in Attachment F to this Disclosure Document. A list of the name and last known city, state and telephone number of every Area Representative who has had an Area Representative Business terminated, cancelled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under their area representative agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this Disclosure Document is listed on Attachment G to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Some Area Representatives have signed confidentiality clauses during the last three fiscal years. In some instances, current and former Area Representatives sign provisions restricting their ability to speak openly about their experience with the Crestcom system. You may wish to speak with current and former Area Representatives, but be aware that not all of those Area Representatives will be able to communicate with you.

No independent franchisee organizations have asked to be included in this Disclosure Document. As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the franchise system that have been created, sponsored or endorsed by us.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Attachment H are our audited financial statements as of December 31, 2023, 2022, and 2021, ~~and 2020~~.

ITEM 22
CONTRACTS

These are the only contracts we enter into with any Area Representative regarding the offering of Area Representative Business rights in this state:

- Attachment A Area Representative Agreement with Addenda and Exhibits
- Attachment B Nondisclosure and Noncompetition Agreement
- Attachment C Form of Promissory Note
- Attachment D Form of Successor Rider to Area Representative Agreement

ITEM 23
RECEIPTS

The last two pages of this Disclosure Document are receipt pages. Please sign and date each of them as of the date you received this Disclosure Document, detach the second receipt page, and promptly return it to us as specified on that page.

ATTACHMENT A

AREA REPRESENTATIVE AGREEMENT

CRESTCOM INTERNATIONAL, LLC

AREA REPRESENTATIVE AGREEMENT

Area Representative: _____

Date: _____

Territory: _____

**CRESTCOM INTERNATIONAL, LLC
AREA REPRESENTATIVE AGREEMENT
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EXHIBITS

- I. Addendum to Crestcom International, LLC Area Representative Agreement
- II. Statement of Ownership
- III. Guaranty and Assumption of Area Representative’s Obligations
- IV. Riders to the Area Representative Agreement for Specific States and/or Countries (if applicable)

CRESTCOM INTERNATIONAL, LLC
AREA REPRESENTATIVE AGREEMENT

THIS AGREEMENT (“**Agreement**”) is made effective as of the date set forth on the signature page hereof, between **CRESTCOM INTERNATIONAL, LLC**, a Delaware limited liability company, located at 6900 East Belleview, Suite 100, Greenwood Village, Colorado 80111 (“**Crestcom**”) and the undersigned (“**Area Representative**”), who, on the basis of the following understandings and in consideration of the following promises, agree as follows:

1. BACKGROUND AND PURPOSE

1.1. Crestcom has developed methods for establishing, operating and marketing businesses that provide sales and management training (“**CRESTCOM Businesses**”), which methods include the use and license of the trademarks “CRESTCOM®”, “CRESTCOM TRAINERS TO THE WORLD®”, “~~THE BULLET-PROOF MANAGER™~~” and “~~BULLET-PROOF®~~” CRESTCOM L.E.A.D.R.™ and certain other service marks and trademarks (all referred to in this Agreement as the “**Marks**”), and Crestcom’s proprietary system and concepts for the establishment, operation and promotion of sales and management training businesses and related methods of doing business (the “**Licensed Methods**”).

1.2. The Licensed Methods feature the sale or use for a fee of written materials, visual aids, and audio, video, and online media designed to be used as stand-alone training programs or in conjunction with specialized live in-person instruction seminars (“**Live Instruction**”) to instruct individuals, companies or other organizations (“**Clients**”) in a variety of areas, including business, sales, motivation and management skills and development. All written materials, visual aids, audio media, video media, online media, and marketing aids related thereto, and any substitutes for, or items that are a technological evolution of, any of the foregoing items, whether used in stand-alone training programs or Live Instruction, are collectively referred to in this Agreement as the “**Materials**.”

1.3. Crestcom grants to qualified individuals and entities (“**Franchisees**”) franchises for the right and license to use the Marks and Licensed Methods to establish and operate CRESTCOM Businesses in a select geographic area (the “**Assigned Area**”). Franchisees desiring to operate a CRESTCOM Business sign a franchise agreement (“**Franchise Agreement**”) with Crestcom.

1.4. Area Representative desires to use Crestcom’s Marks and Licensed Methods in connection with the promotion of franchises for CRESTCOM Businesses, in accordance with applicable laws, to prospective Franchisees in the specific geographic territory (“**Territory**”) described in the Addendum to Area Representative Agreement that is attached hereto as Exhibit I and incorporated into this Agreement by this reference (“**Addendum**”). Crestcom desires to grant Area Representative the right and license to promote and market such CRESTCOM Businesses in the Territory under the terms and conditions contained in this Agreement.

2. GRANT OF AREA REPRESENTATIVE BUSINESS RIGHTS

2.1. Grant of Area Representative Business Rights. Subject to the terms of this Agreement, Crestcom grants to Area Representative, and Area Representative accepts from Crestcom, the right and license to use the Marks and the Licensed Methods in connection with promoting and marketing CRESTCOM Businesses which offer the Live Instruction, the stand-alone training programs, and Materials within the Territory. Area Representative may utilize the Materials to introduce potential Franchisees to Crestcom. The rights that are granted to Area Representative are for the specific Territory and cannot be transferred from or used outside of the Territory, directly or indirectly, nor can the

boundaries of the Territory be altered or modified, without the prior written approval of Crestcom. Area Representative agrees to use the Marks and Licensed Methods, as they may be changed, improved or further developed by Crestcom from time to time, only in accordance with the terms and conditions of this Agreement.

2.2. Scope of Area Representative Business Operations. Area Representative acknowledges that its continued rights to promote and market CRESTCOM Businesses in the Territory (collectively the “**Area Representative Business**”) are dependent on Area Representative’s continued compliance with all terms and conditions of this Agreement and in the manuals or technical bulletins or other supplemental written materials covering the proper operating and marketing techniques of an Area Representative Business. The manuals, technical bulletins, and other supplemental written materials are referred to in this Agreement collectively as the “**Area Representative’s Procedures Manuals,**” and are more fully discussed in **Article 9** of this Agreement. Area Representative agrees at all times to faithfully, honestly and diligently perform Area Representative’s obligations hereunder, and to continuously exert its best efforts to (a) promote CRESTCOM Businesses; and (b) promote the Crestcom image and system to potential Franchisees. Area Representative agrees to utilize the Marks and Licensed Methods to operate its Area Representative Business solely in accordance with the methods and systems developed and prescribed from time to time by Crestcom, in its sole discretion, all of which are a part of the Licensed Methods.

2.3. Franchise Agreements.

a. In addition to the Area Representative Business, Area Representative must personally open and operate a CRESTCOM Business in the Territory. Area Representative shall execute a separate Franchise Agreement for that CRESTCOM Business. The terms and conditions of the Franchise Agreement shall control the operations of such CRESTCOM Business. Area Representative must be in compliance with the terms of this Agreement and all Franchise Agreements and other agreements between Crestcom and Area Representative to be in good standing under this Agreement. If Area Representative is currently a Franchisee at the time this Agreement is executed, Area Representative shall not be required to obtain a franchise for an additional CRESTCOM Business upon execution of this Agreement. In that event, Area Representative will be entitled to continue to operate its CRESTCOM Business in accordance with its existing Franchise Agreement. However, Crestcom and Area Representative shall modify the Franchise Agreement to provide a new seven year term which will commence on the same date as the date of this Agreement with three successor franchise terms of seven years each, and, if applicable, to redefine the Assigned Area set forth in the Franchise Agreement to be within the Territory. Crestcom will not charge a successor franchise fee when it grants Area Representative a new seven year term when Area Representative signs this Agreement, nor will the new term be considered a successor franchise term. Area Representative will be responsible for any subsequent successor fees, when due in accordance with the Franchise Agreement for each successor franchise Area Representative subsequently elects to obtain.

b. Area Representative shall introduce to Crestcom third parties identified by Area Representative as Franchisee prospects. If Area Representative introduces a third party to Crestcom as a potential Franchisee and the third party is approved and accepted by Crestcom as a Franchisee, a separate Franchise Agreement will be executed between Crestcom and that Franchisee. Area Representative has no authorization to negotiate the terms of a Franchise Agreement between Crestcom and any other party, to enter into a Franchise Agreement with any other party, or to otherwise bind Crestcom to any potential Franchisee or other third party. Area Representative is prohibited from entering into any agreements directly with Franchisee prospects or Franchisees. Area Representative is further prohibited from imposing conditions or requirements on Franchisee prospects or Franchisees in addition to those found in the Franchise Agreements; provided, however, that Crestcom will honor any understanding between a

Franchisee and Area Representative as to the location of Franchisee's Assigned Area. Crestcom reserves the right to reject any party submitted to Crestcom by Area Representative for approval and acceptance as a Franchisee if, in Crestcom's sole discretion, that party does not meet Crestcom's standards for a qualified Franchisee of Crestcom or if the Franchisee does not satisfactorily complete Crestcom's training program. Crestcom further reserves the right to terminate the Franchise Agreement for any Franchisee initially introduced by Area Representative to Crestcom if, after approval and acceptance, in Crestcom's sole discretion, the Franchisee breaches the Franchise Agreement or any other agreement, or otherwise fails to meet other standards or specifications of Crestcom.

2.4. Disclosure Information—Registration. With respect to promoting CRESTCOM Businesses to third parties, Area Representative shall comply with and abide by all disclosure and registration requirements that Crestcom and/or applicable law requires from time to time.

2.5. Rights Related to Optional Training Programs. Crestcom may from time to time in its discretion offer Franchisees the rights to offer certain optional sales and management training programs (the "**Optional Training Programs**") through their CRESTCOM Businesses. Additional terms, conditions, and requirements may apply to Franchisees acquiring the Optional Training Programs, which may include an additional initial fee, additional ongoing fees, and different operating specifications and standards. Crestcom will make the Optional Training Programs available to Area Representative to offer in its own CRESTCOM Business on the same terms that apply to other Franchisees in the Territory. Area Representative is under no obligation to acquire the rights to offer an Optional Training Program in its own CRESTCOM Business, but, if Area Representative chooses not to acquire the right to offer an Optional Training Program in its own CRESTCOM Business, then (i) the representative rights granted to Area Representative under this Agreement will exclude any rights related to that Optional Training Program, (ii) Area Representative's rights to commissions under this Agreement will exclude the gross revenues generated by Franchisees through that Optional Training Program, and (iii) the gross revenues included in the calculation of the Minimum Quarterly Production Obligations as defined in **Section 3.4.a** will exclude the gross revenues generated by Franchisees through that Optional Training Program. Area Representative shall only be entitled to market and promote an Optional Training Program, and to count the gross revenues generated by a Franchisee from an Optional Training Program and the fees paid thereon for purposes of Area Representative's Continuing Commissions and the Minimum Quarterly Production Obligations, if Area Representative has acquired the right, and completed the training required, to offer the applicable Optional Training Program in its own CRESTCOM Business. If Area Representative acquires the right to offer a particular Optional Training Program in its own CRESTCOM Business, then the support that Area Representative is required to provide to Franchisees under **Article 7** shall be deemed to include the support related to the Optional Training Program.

3. TERRITORY

3.1. Business Location. The Area Representative Business will be operated from a location selected by Area Representative ("**Business Location**"), which must be located within its Territory and may be Area Representative's residence. The Business Location is designated in the Addendum. Area Representative may relocate the Business Location anywhere within the Territory. Area Representative shall provide written notice to Crestcom of any change in the Business Location within 10 days of a change.

3.2. Territory - Promotion of Potential Franchisees. Area Representative shall promote to third parties the right to develop and operate CRESTCOM Businesses in the Territory in a manner consistent with Crestcom's standards and specifications as may be established by Crestcom from time to time, and either set forth in the Area Representative's Procedures Manuals or otherwise made known to Area Representative, and shall promote such franchises in compliance with any applicable laws and regulations

directly or indirectly affecting or relating to the offer and sale of franchises in the Territory. Area Representative shall uphold Crestcom's qualification standards in soliciting, screening and promoting franchises to potential Franchisees. Area Representative is prohibited from conducting any marketing activities (including marketing through channels of distribution such as the Internet, catalog sales, telephone solicitation, or other direct marketing channels) or instructional activities outside of the Territory. Each party shall be solely and fully responsible for insuring compliance with all applicable laws and regulations by their own employees, agents and/or other representatives under their control. In the event the "Threshold Number" of "Qualifying Businesses," as those terms are defined below, is attained in any part of the Territory, Area Representative shall refrain from promoting franchises to potential Franchisees to develop and operate CRESTCOM Businesses in that portion of the Territory until such time as the number of Qualifying Businesses in the Territory drops below the Threshold Number.

3.3. Territory - Operation of CRESTCOM Businesses. Area Representative acknowledges, subject to **Section 3.7** below, that its rights to promote and market CRESTCOM Businesses in the Territory will not prevent Crestcom or another Franchisee from operating a CRESTCOM Business or Crestcom, another Franchisee, or another Crestcom area representative or area developer from referring Franchisees for CRESTCOM Businesses within the Territory. However, provided Area Representative is in conformity with all terms of this Agreement, Area Representative shall be entitled to its commissions set forth in **Article 5** of this Agreement for all CRESTCOM Businesses located in the Territory.

3.4. Development Obligations and Minimum Quarterly Production Obligations.

a. Area Representative shall have one year from the date of this Agreement to begin identifying and introducing prospective Franchisees to Crestcom. In order to maintain Area Representative's rights to promote prospective Franchisees in the Territory, Area Representative must be in compliance with the Performance Schedule set forth in the Addendum (the "**Performance Schedule**"), which includes the following requirements: (i) Area Representative must refer to Crestcom a sufficient number of third parties who become Active Franchisees, as defined below, in the Territory to maintain the minimum number of Active Franchisees at the end of each calendar year as set forth in the column titled "Development Obligations" in the Performance Schedule (the "**Development Obligations**"), and (ii) the Gross Revenues (as that term is defined in the applicable Franchise Agreements) generated each calendar quarter during the term of this Agreement by Area Representative and Franchisees in all CRESTCOM Businesses located in the Territory must collectively equal or exceed the amount set forth in the column titled "Minimum Quarterly Production Obligations" in the Performance Schedule (the "**Minimum Quarterly Production Obligations**"). The Gross Revenues generated by Franchisees located in the Territory based on an Optional Training Program shall only be counted toward the Minimum Quarterly Production Obligations if Area Representative has acquired the right, and completed the training required, to offer the relevant Optional Training Program through its own CRESTCOM Business, as described in **Section 2.5**.

b. An "Active Franchisee" is a Franchisee in good standing under its Franchise Agreement, conducts at least one ~~BULLET-PROOF®-Manager~~CRESTCOM L.E.A.D.R.™ training program per month, and averages gross revenues on a monthly basis over each calendar quarter equal to the dollar amount that would be realized from at least two paying attendees of the ~~BULLET-PROOF®-Manager~~CRESTCOM L.E.A.D.R.™ training program, based on Crestcom's then recommended U.S. minimum retail price.

c. Subject to **Section 3.5** below, if the actual number of Active Franchisees at the end of any year is less than the minimum number of Active Franchisees required to meet the Development Obligations for that year, then Area Representative will be in default of this Agreement and this

Agreement may be terminated by Crestcom, unless the default is waived by Crestcom in its sole discretion.

d. If the total Gross Revenues generated by Area Representative and Franchisees in all CRESTCOM Businesses located in the Territory during any calendar quarter are less than the Minimum Quarterly Production Obligations for the applicable quarter, then beginning with the first month of the following quarter and continuing for each month during the balance of the term of this Agreement, the Gross Revenues generated by Area Representative and Franchisees in all CRESTCOM Businesses located within the Territory must equal or exceed one-third of the then applicable Minimum Quarterly Production Obligations (the “**Minimum Monthly Revenues**”). In any month in which the Gross Revenues from CRESTCOM Businesses in the Territory are not at least equal to the Minimum Monthly Revenues, Area Representative shall pay Crestcom the difference between the Royalty Fees that would be due had the Minimum Monthly Revenues been achieved and the actual Royalty Fees paid to Crestcom during the applicable month (the “**Monthly Reconciliation Fees**”). The Monthly Reconciliation Fees will be payable to Crestcom on or before the last working day of the applicable month. If this Agreement is terminated or expires prior to the end of a calendar month, then the Minimum Monthly Revenues for the final month shall be reduced on a pro rata basis for the portion of the month following the termination or expiration, and any Monthly Reconciliation Fees will be calculated based on the final partial month.

e. If Area Representative pays any Monthly Reconciliation Fees to Crestcom, and, in a subsequent month the Gross Revenues generated by Area Representative and Franchisees in all CRESTCOM Businesses located in the Territory exceed the Minimum Monthly Revenues for that month, then the amount by which the Royalty Fees actually paid for that month exceed the Royalty Fees that would have been due had the Gross Revenues been equal to the Minimum Monthly Revenues (the “**Above Minimum Payments**”) shall be calculated, and Crestcom will refund to Area Representative any prior Monthly Reconciliation Fees Area Representative has paid to Crestcom to the extent of the portion of the Above Minimum Payments that Crestcom receives after payment of commissions to Area Representative or any other party. Such payments by Crestcom are subject to set off in accordance with **Section 5.12**. Except to the extent Above Minimum Payments received by Crestcom may be applied as described in this **Section 3.4.e**, no portion of the Monthly Reconciliation Fees are refundable under any circumstances.

f. If Area Representative fails to pay the Monthly Reconciliation Fees in any month when due, Area Representative will be in default of this Agreement and Crestcom may terminate this Agreement unless such default is waived by Crestcom in its sole discretion.

g. As described in **Section 5.7.e**, Crestcom may periodically designate the revenues of certain products and services offered by Franchisees to be excluded from the Franchisees’ Gross Revenues for purposes of calculating the Royalty Fee payable to Crestcom. The revenues of these products and services will also be deemed to be excluded when calculating the Gross Revenues earned in the Territory for purposes of the Minimum Quarterly Production Obligations, the Minimum Monthly Revenues, the Monthly Reconciliation Fees, and the Above Minimum Payments.

h. Crestcom has the right, in its sole discretion and on a case-by-case basis, to waive the obligation of Area Representative or any other area representative or area developer to refer the number of Active Franchisees required to meet the Development Obligations or to pay the Monthly Reconciliation Fees in any month. A waiver by Crestcom of this obligation for one or more area representatives or area developers does not in any way affect the obligation of Area Representative or any other area representative or area developer to meet these requirements.

3.5. Reduction of Territory for Failure to Meet Development Obligations (United States Area Representatives Only). If the Territory is located in the United States, the following shall apply:

a. If, during the initial term of this Agreement, the actual number of Active Franchisees at the end of each calendar year is less than the minimum number of Active Franchisees under the Development Obligations, such failure shall not be deemed a default of this Agreement or entitle Crestcom to reduce the Territory provided Area Representative is fully in compliance with the Minimum Quarterly Production Obligations. Beginning with the first day of the first year set forth in the Performance Schedule for the first successor term of this Agreement, and each following year, if the actual number of Active Franchisees at the end of the immediate prior year is less than the minimum number of Active Franchisees under the Development Obligations for that year, then, in Crestcom's sole discretion, the Territory may be reduced in size by a percentage equal to one minus a fraction determined by dividing the actual number of Active Franchisees by the minimum number of Active Franchisees under the Development Obligations for the then completed calendar year. In that event, Area Representative and Crestcom shall make a reasonable, good faith effort to agree on the geographic portion of the Territory that will be relinquished (the "**Relinquished Area**") so that the Territory is reduced by the relevant percentage.

b. If Area Representative and Crestcom are not able to reach an agreement as to the Relinquished Area, then Area Representative and Crestcom shall use good faith efforts to select a third party arbitrator who shall review all of the facts of the case and determine the Relinquished Area. In the event that Area Representative and Crestcom are unable to mutually agree on a third party arbitrator, then Area Representative and Crestcom shall each select their own arbitrator, and the two arbitrators so selected shall select a third arbitrator. The third arbitrator shall act as the sole arbitrator who shall review all of the facts of the case and determine the Relinquished Area. The arbitrator's decision shall be final and unappealable in all circumstances. If there is one arbitrator, the cost of the arbitrator shall be shared equally by Area Representative and Crestcom. In the event of three arbitrators, Area Representative and Crestcom shall each be responsible for the costs and expenses of the arbitrator selected by that party, and Area Representative and Crestcom shall share equally the costs of the third arbitrator.

c. If the Territory is reduced in any year as set forth in this **Section 3.5**, the required minimum number of Active Franchisees under the Development Obligations for the following years shall be reduced by the same percentage as the percentage of reduction of the Territory.

d. Notwithstanding **Sections 3.5.a** and **3.5.b** above, if the actual number of Active Franchisees at the end of the first year for the first successor term of this Agreement or any year thereafter is less than two-thirds of the minimum number of Active Franchisees required to meet the Development Obligations for that year, then Area Representative will be in default of this Agreement and this Agreement may be terminated by Crestcom, unless the default is waived by Crestcom in its sole discretion.

3.6. Threshold Number in Territory.

a. Each Franchise Agreement entered into by Crestcom with a Franchisee contains a threshold number ("**Threshold Number**"), which is that number of Qualifying Businesses to be attained in the Franchisee's Assigned Area, as identified in each Franchise Agreement, before Crestcom will refrain from appointing additional Franchisees or establishing its own CRESTCOM Businesses in the applicable Assigned Area. The Threshold Number is equal to one Qualifying Business for each 1 million or fraction thereof of population in a Franchisee's Assigned Area. A "**Qualifying Business**" is a CRESTCOM Business operated by a Franchisee that, in each calendar quarter, generates gross revenues equal to the dollar amount that would be realized from the enrollment of at least 18 attendees of ~~The~~

~~BULLET PROOF Manager~~the CRESTCOM L.E.A.D.R. training program at Crestcom's then suggested U.S. minimum retail price. The gross revenues of any of the Franchisee's salespeople are added to the gross revenues of a Franchisee for purposes of calculating the revenues required for determining whether that Franchisee's CRESTCOM Business is a Qualifying Business.

b. Area Representative agrees that if the number of Qualifying Businesses in a Franchisee's Assigned Area reaches the Threshold Number, Area Representative shall refrain from promoting CRESTCOM Businesses to potential Franchisees and shall refrain from establishing its own CRESTCOM Businesses in the Assigned Area of any Franchisee located in the Territory. Area Representative will continue to refrain from promoting additional Franchisees and/or establishing its own CRESTCOM Businesses in such Assigned Area so long as the number of Qualifying Businesses in that Assigned Area continues to equal the Threshold Number. If, after attaining the Threshold Number of Qualifying Businesses in an Assigned Area, the number of Qualifying Businesses thereafter falls below the Threshold Number, Area Representative may, resume promoting potential Franchisees and establishing its own CRESTCOM Businesses in the applicable Assigned Area until such time as the number of Qualifying Businesses in any applicable Assigned Area again equals or exceeds the Threshold Number for that area. Crestcom makes no representation, express or implied, that any CRESTCOM Business located in the Territory may or is likely to achieve or exceed the enrollment levels required to be a Qualifying Business.

c. In the future, Crestcom in its sole discretion may establish one or more programs setting the terms under which Franchisees within the Territory shall limit where they market the Materials within the Territory in exchange for certain preferred, semi-exclusive rights to a limited area. Area Representative shall not establish any such programs without Crestcom's prior written consent.

3.7. Crestcom's Reservation of Rights. Area Representative acknowledges that all rights not specifically set forth in this Agreement are reserved to Crestcom, including the right to (a) use and license the use of the Marks and Licensed Methods (i) for the operation of CRESTCOM Businesses anywhere, including in the Territory, subject only to Area Representative's rights under this Agreement; (ii) for the operation of other Area Representative Businesses and area development businesses anywhere outside of the Territory; and (iii) in connection with the production and sale of new or additional Materials, Promotional Materials, Live Instruction, or other promotional, marketing, or related items for use in a CRESTCOM Business, Area Representative Business, or area development business, without regard to location, subject only to Area Representative's rights under this Agreement; (b) establish alternative channels of distribution, which include marketing and distribution of the Materials via the Internet or other electronic transmissions, catalog sales, social media, telemarketing and other direct marketing sales channels, which may or may not use the Marks; (c) establish alternative channels of delivery, which include webinars, social media, and other electronic transmissions, other than electronic transmissions in conjunction with Live Instruction, for the Materials or any training programs of Crestcom, which may or may not use the Marks, and in conjunction with any alternative channel of delivery, authorize the marketing and sale of such Materials or any training programs through other distribution systems at any location, including in the Territory; (d) retire, cease to produce, cease to offer, or otherwise terminate the right to market, distribute, sell or otherwise offer to third parties any older versions of the Materials, while continuing to offer such older versions of the Materials through alternative channels of distribution or by alternative channels of delivery; (e) create, produce, market and sell products or services of any kind, which may be the same as, similar to, or different from those offered by a CRESTCOM Business or Area Representative Business utilizing proprietary marks that are not the same as or confusingly similar to the Marks, and not now or in the future designated as part of the Crestcom system licensed under the Franchise Agreement or this Agreement or otherwise used in a CRESTCOM Business or Area Representative Business, and authorize the marketing and sale of these other products and services through other distribution systems at any location, including in the Territory, whether or not in alternative

channels of distribution or using alternative channels of delivery; and (f) grant training personalities appearing on the Materials the right to market or use the Materials or similar materials in the conduct of their businesses, in their live presentations, or in connection with their personal appearances, at any location, including in the Territory. All of these rights may be exercised on any terms and conditions as Crestcom deems advisable, without granting Area Representative any rights to the businesses or activities of Crestcom or the relevant third party. Area Representative acknowledges that the businesses and activities of Crestcom or the relevant third party as permitted under this **Section 3.7** will include businesses and activities that are the same as, similar to, and different from the business and activities of a CRESTCOM Business or an Area Representative Business. Crestcom can acquire or be acquired by, or engage in any other transaction with, other companies (competitive or not), including arrangements where other companies are (or are not) converted to the Crestcom franchise system, or in which company-owned, franchised or other businesses (including CRESTCOM Businesses, Area Representative Businesses, and area development businesses) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept and is located anywhere, including in the Territory. Area Representative must fully cooperate with any of these conversions, at Area Representative's sole expense. In addition, Area Representative acknowledges that Hal Krause, who developed certain of Crestcom's Marks and Licensed Methods and assigned them to Crestcom, reserved the right to use the Mark "THE BULLET PROOF MANAGER™" in the title and contents of a book and related materials.

4. INITIAL FEES

4.1. Initial Area Representative Fee. Area Representative will pay to Crestcom an initial area representative fee (the "**Initial Area Representative Fee**") in the amount and manner set forth in the Addendum. Area Representative acknowledges and agrees that the Initial Area Representative Fee represents payment for the initial grant of the rights to use the Marks and Licensed Methods in the Territory, that Crestcom has earned the Initial Area Representative Fee upon receipt thereof, and that the fee is under no circumstances refundable to Area Representative once it is paid.

4.2. Conversion Fee. If Area Representative is a Franchisee pursuant to a previously-executed Franchise Agreement designating an "Assigned Area" that is within (or the same as) the territory or development area of another area representative or area developer (the "**Former Area Representative**"), and Area Representative is transferring its Assigned Area under its Franchise Agreement in order to serve as the area representative in the Territory, in addition to the Initial Area Representative Fee payable to Crestcom, Area Representative shall pay Crestcom an amount equal to 10 percent of the Initial Area Representative Fee described in **Section 4.1** (and set forth in this Addendum), which shall be payable as set forth in the Addendum. Crestcom will match the amount paid by Area Representative by paying or granting a credit equal to the total amount to the Former Area Representative as compensation for the Former Area Representative's losses based on the discontinuance of Area Representative's CRESTCOM Business in the Former Area Representative's territory.

4.3. Initial Fees for CRESTCOM Businesses Operated by Area Representative. If Area Representative is not a current Franchisee, Area Representative must execute a Franchise Agreement contemporaneously with this Agreement for a franchise to operate a CRESTCOM Business in an Assigned Area located in the Territory and pay all fees required under that Franchise Agreement. If Area Representative desires to acquire an additional CRESTCOM Business to be operated in another Assigned Area within the ~~Developer Area~~ Territory, then Area Representative will sign a separate Franchise Agreement and pay the additional fees for each CRESTCOM Business Area Representative desires to personally open and operate.

4.4. Late or Insufficient Payments. If Area Representative fails to pay any fees or other sums due Crestcom when due, Area Representative shall, in addition to the payment of such fees or other amounts, pay to Crestcom a \$10.00 “**Administrative Fee**” per late fee or payment, plus a “**Late Charge**” of 3 percent of the actual past due amount. If any payment required to be made by Area Representative to Crestcom under this Agreement is seven or more days late, Area Representative shall also pay interest on any past due amounts at the lesser of 18 percent per annum, or the highest rate allowable by law, accruing from the date of the default. This same interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Agreement.

5. COMMISSIONS PAID TO AREA REPRESENTATIVE

5.1. General. All Franchisees who execute Franchise Agreements with Crestcom to operate a CRESTCOM Business in the Territory shall pay all fees to Crestcom. Area Representative shall not enter into any Franchise Agreement with any Franchisee of Crestcom, nor collect any fees or other payments of any kind from any such Franchisee, without the express written consent of Crestcom. In accordance with this Article, provided Area Representative is in conformity with all of the terms of this Agreement, Crestcom shall pay Area Representative commissions based on initial franchise fees and Royalty Fees received by Crestcom from Franchisees located in the Territory, including, subject to **Section 5.7** below, Area Representative under any Franchise Agreements executed by Area Representative. Notwithstanding the foregoing, in the event Area Representative owes Crestcom any amounts under this Agreement or any other agreement or instrument, including any promissory notes, Crestcom may offset the commissions due Area Representative under this Agreement against amounts due Crestcom from Area Representative. No commissions shall be paid to Area Representative on fees derived from any other businesses Crestcom might develop and license or franchise in the Territory. All commissions shall be paid monthly, by the last day of the month, based on fees actually received by Crestcom in the preceding month from Franchisees located in the Territory. Other than the payment of commissions in accordance with this Article, Crestcom shall have no responsibility or liability with regard to the expenses incurred by Area Representative in promoting CRESTCOM Businesses to prospective Franchisees, it being acknowledged by Area Representative that all such expenses shall be the sole responsibility of Area Representative. In the event Crestcom refunds or returns any fees paid by a Franchisee to Crestcom upon which a commission was paid to Area Representative, Area Representative shall return to Crestcom the amount of the commission paid based upon such fees that were refunded upon 15 days notice and evidence of the refund being made to the Franchisee; or in Crestcom’s sole discretion, Crestcom may offset the amount to be returned by Area Representative to Crestcom against future commissions or any other amounts due to Area Representative for any reason. All commissions owed to Area Representative shall terminate immediately upon termination of this Agreement for any reason other than a default by Crestcom, including any commissions based on training contracts entered into by a Franchisee operating in the Territory, including Area Representative, prior to the date of termination.

5.2. Commissions on Initial Franchise Fees – Franchise Leads Generated by Area Representative. For so long as this Agreement is in effect and subject to **Section 5.1** hereof, Crestcom shall pay Area Representative 50 percent of the Gross Initial Franchise Fees, as defined below, received by Crestcom from a Franchisee to be located in the Territory and who was promoted and first introduced to Crestcom by Area Representative. Notwithstanding the foregoing, unless this Agreement is signed as part of Area Representative’s exercise of successor area representative rights or based on a Transfer as defined in **Section 14.1**, Crestcom shall pay Area Representative 100 percent of the Gross Initial Franchise Fees received by Crestcom from the first two Franchisees to be located in the Territory and who were promoted and introduced by Area Representative to Crestcom provided those Franchisees execute a Franchise Agreement prior to the first anniversary of the Trigger Date. For purposes hereof, the “**Trigger Date**,” shall be the earlier of (i) the date that Area Representative introduces its first prospective Franchisee to Crestcom or requests Crestcom to send a Franchise Disclosure Document to a prospective

Franchisee identified by Area Representative, or (ii) the first anniversary of this Agreement. No commission shall be payable based on any Gross Initial Franchise Fees paid by Area Representative, if applicable, for any CRESTCOM Businesses opened by Area Representative.

5.3. Commissions on Initial Franchise Fees – Franchise Leads Generated by Crestcom or Optional Recruiting Program. If Crestcom or its agents (other than Area Representative), or another franchisee, distributor, area representative, or area developer of Crestcom, generates a lead which results in the granting of a franchise to a Franchisee located in the Territory or otherwise significantly aids Area Representative in the appointment of a Franchisee, or if Franchisee generates a lead through any optional recruiting program that is administered by Crestcom, then, subject to **Section 5.1**, Crestcom shall pay Area Representative an amount less than 50 percent, but not below 30 percent, of the Gross Initial Franchise Fees received by Crestcom from such Franchisee, in Crestcom's sole discretion. The criteria that Crestcom uses to determine the amount of the commission is the respective involvement of Crestcom, its agents, and its other franchisees, distributors, area representatives, and area developers, on the one side, and Area Representative, on the other side, in generating a particular lead, promoting the franchise, and otherwise in making efforts to complete the sale of the franchise. Crestcom's determination regarding the amount of the commission payable under this Section shall be final in all respects.

5.4. Gross Initial Franchise Fees Defined. "Gross Initial Franchise Fees" means the initial franchise fee set forth in the Franchise Agreement executed by each Franchisee located in the Territory for a CRESTCOM Business, excluding Area Representative, less any travel expenses, other reimbursable expenses, or out-of-pocket expenses incurred by Crestcom, including amounts paid by Crestcom to any broker, finder, other area representative or area developer, or other person in connection with the promotion, solicitation, finding, or training of the Franchisee. "Gross Initial Franchise Fees" excludes any initial fee in the Franchise Agreement except for the fee designated in the Franchise Agreement as the initial franchise fee. Area Representative is not entitled to any commission or compensation related to such other initial fees paid by a Franchisee in the Territory.

5.5. Referral of Franchisees and Area Representatives Outside of Territory. If Area Representative refers a prospective Franchisee or area representative to Crestcom who was previously unknown to Crestcom, and that person or entity subsequently becomes a Franchisee or a Crestcom area representative located outside of the Territory, then Crestcom will provide Area Representative a credit, which may be used to acquire Promotional Materials, defined in **Section 10.1.b**, or other items from Crestcom, equal to the lesser of (i) 15 percent of (a) the initial franchise fee or (b) the Initial Area Representative Fee, as set forth in the applicable Franchise Agreement or area representative agreement executed by the Franchisee or area representative, after such fee has been reduced for any travel expenses, other reimbursable expenses, or out-of-pocket expenses incurred by Crestcom, including amounts paid by Crestcom to any broker, finder, or other person in connection with the promotion, solicitation, finding, or training of the Franchisee or area representative, but such fee shall not be reduced for any amounts paid by Crestcom to another area representative of Crestcom in relation to that sale, or (ii) \$10,000.00. If the new Franchisee or area representative pays its initial franchise fee or Initial Area Representative Fee in installments, the credit will be provided on a pro rata basis by the last day of the month in which funds are received. Otherwise, the credit will be provided when the initial franchise fee, or the Initial Area Representative Fee, is paid in full.

5.6. No Double Credits or Commissions. If Area Representative has also acquired a franchise for a CRESTCOM Business, Area Representative shall only be entitled to receive one credit or commission as provided for under this Agreement, as applicable, for each Franchisee or other area representative referred to Crestcom, and Area Representative will not be entitled to receive an additional credit under Area Representative's Franchise Agreement for the same Franchisee or area representative referral.

5.7. Continuing Commissions.

a. Crestcom is entitled to receive Royalty Fees equal to 19.75 percent of the Gross Revenues of each Franchisee, including Area Representative if Area Representative operates a CRESTCOM Business.

b. Subject to **Sections 5.8 and 5.9** below, so long as Area Representative is not in default under the terms of this Agreement and subject to **Section 5.1** above, Crestcom shall pay Area Representative continuing commissions of 10 percent of the Gross Revenues from sales that a Franchisee generates in the Territory ("**Continuing Commissions**") when those Gross Revenues are actually received by Crestcom, leaving Crestcom 9.75 percent of the applicable Franchisee's Gross Revenues. In other words, Area Representative will receive approximately 50.63 percent of those Gross Revenues paid to Crestcom as a Royalty Fee by the Franchisee (10 divided by 19.75). Crestcom may, in its sole discretion, permit Area Representative to pay Crestcom Royalty Fees of 9.75 percent of its Gross Revenues based on its own CRESTCOM Businesses. In that event, Area Representative is not entitled to receive any Continuing Commissions based on the Gross Revenues from its CRESTCOM Business or any Royalty Fees paid to Crestcom by Area Representative.

c. Area Representative shall not receive any commission for sales or revenues generated based on any Optional Training Programs conducted by a Franchisee unless Area Representative has acquired the right to offer, and is offering, that Optional Training Program through its own CRESTCOM Business, as described in **Section 2.5**, regardless of whether the Franchisee was introduced by Area Representative and/or is located in the Territory.

d. At the sole election of Crestcom, any amounts due hereunder may be paid by offsetting against the amounts owed by Area Representative to Crestcom under this Agreement and any Franchise Agreements executed by Area Representative.

e. The terms Gross Revenues and Royalty Fees have the meaning ascribed to them in the particular Franchise Agreement executed by each Franchisee, including Area Representative, if applicable, governing the applicable CRESTCOM Business. Crestcom, at its sole discretion, may periodically designate the revenues of certain products and services offered by Franchisees to be excluded from the Franchisees' Gross Revenues for purposes of calculating the Royalty Fees payable to Crestcom. Area Representative will not be entitled to any commission based on these excluded revenues.

5.8. Pre-Existing Franchisees. If there are any Franchisees in the Territory on the date of this Agreement ("**Pre-Existing Franchisees**"), the following will apply:

a. Until such time as the number of New Active Franchisees (defined below) is equal to or greater than the number of Pre-Existing Franchisees (the "**Franchise Sale Equalization Date**"), Crestcom will remit to Area Representative only a portion of the Continuing Commissions discussed above based on the Gross Revenues of the Pre-Existing Franchisees and their salespersons determined by multiplying the Continuing Commissions that would otherwise be due from the Pre-Existing Franchisees for that month by a fraction, of which the numerator is the number of New Active Franchisees and the denominator is the number of Pre-Existing Franchisees. The number of Pre-Existing Franchisees is set at the date of this Agreement and shall be set forth in the Addendum, and this number shall not be affected if any Pre-Existing Franchisee ceases to be a Franchisee or ceases to conduct business for any reason. A "**New Active Franchisee**" is a Franchisee in the Territory introduced to Crestcom by Area Representative, who executes a Franchise Agreement with Crestcom, and who has made sales and is meeting the "Monthly Production Goal" as defined in the Franchisee's Franchise Agreement.

b. The percentage of the Continuing Commissions due from Pre-Existing Franchisees shall be determined as of the date of the training contract upon which the Pre-Existing Franchisee's Gross Revenues is based, regardless if payments under such training contracts are received by the Pre-Existing Franchisees, and Royalty Fees subsequently paid to Crestcom, at a later date. Area Representative shall receive the full Continuing Commissions only on Gross Revenues of the Pre-Existing Franchisees based on training contracts entered into by the Pre-Existing Franchisees after the Franchise Sale Equalization Date.

c. Nothing in this **Section 5.8** shall be deemed to delay or affect Area Representative's right to receive Continuing Commissions based on the Gross Revenues of those Franchisees located in the Territory that Area Representative has introduced in accordance with **Section 5.7** and their salespersons. In addition, Area Representative shall be entitled to receive Continuing Commissions based on the Gross Revenues generated by Area Representative (or receive a reduction in the Royalty Fees to be paid by Area Representative to Crestcom based on such Gross Revenues in accordance with **Section 5.7** above) from all training contracts entered into by Area Representative after the date of this Agreement, but shall not receive any Continuing Commissions (or be entitled to receive a reduction in the Royalty Fees in accordance with **Section 5.7** above) based on the Gross Revenues generated by Area Representative from any training contracts entered into by Area Representative prior to the date of this Agreement, regardless if payments under such training contracts are received by Area Representative after the date of this Agreement.

d. Area Representative is not entitled under any circumstances to receive any share of the initial franchise fees paid by Pre-Existing Franchisees in the Territory who have executed a Franchise Agreement dated prior to the date of this Agreement, regardless of whether any part of the initial franchise fees for such franchisees is paid after the date of this Agreement.

e. Crestcom reserves the right to waive any or all of the limitations and/or requirements set forth in this **Section 5.8** in its sole discretion.

5.9. Reduction of Continuing Commissions for Significant Aid by Crestcom. The Continuing Commissions payable to Area Representative under **Section 5.7** above as modified by **Section 5.8**, will be reduced by up to 20 percent, in Crestcom's sole discretion, in the event that Crestcom significantly aids Area Representative in the recruiting of the particular Franchisee prospect. The criteria Crestcom uses to determine whether Crestcom has significantly aided Area Representative in recruiting the particular Franchisee prospect and the amount of the reduction in the Continuing Commissions under this Section are the respective involvement of Crestcom and Area Representative in recruiting a particular Franchisee prospect, promoting the franchise, making efforts to complete the sale of the franchise, and providing ongoing services to the Franchisee. Crestcom's determination regarding the amount of the reduction under this Section shall be final in all respects.

5.10. No Commissions on Other Fees. Area Representative will not be paid any commission or compensation related to any fees or other payments made to Crestcom by any Franchisee located in the Territory other than the Gross Initial Franchise Fees and Royalty Fees as expressly stated above. In particular, Area Representative will not receive commissions or compensation related to any Distribution Fees, Client Access Fees or other access fees, New Materials Surcharges, surcharges or other initial fees for Optional Training Programs, e-mail account or website fees, meeting and convention fees, Transfer Fees, Transferee Training Fees, Successor Franchise Fees, interest, Administrative Fees, or Late Charges payable to Crestcom pursuant to a Franchisee's Franchise Agreement.

5.11. Conversion of a Franchisee to an Area Representative. If any Franchisee located within the Territory desires to become an area representative for an area outside of the Territory, Crestcom shall have the option, in Crestcom's sole discretion, to enter into an area representative agreement (the "**Area Representative Agreement**") with that Franchisee (the "**Converting Franchisee**"). In consideration of the conversion of the Converting Franchisee to an Area Representative, Area Representative shall receive in cash or credit in Crestcom's discretion, an amount equal to 20 percent of the Initial Area Representative Fee paid by the Converting Franchisee pursuant to the Converting Franchisee's Area Representative Agreement (the "**Conversion Fee**"), payable one half by the Converting Franchisee and one half by Crestcom, on a pro rata basis at the end of each month as the Initial Area Representative Fee is actually received by Crestcom in the preceding month from the Converting Franchisees. Beyond the payment of the Conversion Fee, Area Representative acknowledges that Area Representative shall not be entitled to any other fees, commissions or other payments related to any Converting Franchisee, including but not limited to any share in the Gross Revenues of any Converting Franchisee, following the conversion of the Converting Franchisee to an area representative.

5.12. Crestcom's Right to Set Off Commissions. Crestcom has the right, in its sole discretion, to apply any commissions or other amounts owed by Crestcom to Area Representative against any amounts that are currently due from Area Representative to Crestcom and any amounts that will become due from Area Representative to Crestcom which are of a known, liquidated amount, such as future payments owed toward the principal amount due on a promissory note.

6. TRAINING

6.1. Area Representative Certification Training. Except as set forth in the Area Representative's Procedures Manuals, Area Representative, or if Area Representative is not an individual, the principal owner of Area Representative responsible for the management of the Area Representative Business or such other person designated by Area Representative who is approved in writing by Crestcom (the "**Principal Representative**"), is required to attend and successfully complete to Crestcom's satisfaction, a training program specifically addressing advanced operational issues of an Area Representative Business (the "**Area Representative Certification Training**"), within one year after the effective date of this Agreement. Area Representative is responsible for all of its travel and living expenses incurred in connection with attendance at the Area Representative Certification Training. The Area Representative Certification Training may be conducted virtually, via the internet, telephone, or similar communications method, in Crestcom's sole discretion. Additional terms regarding the Area Representative Certification Training are set forth in the Area Representative's Procedures Manuals. There is no initial training program for the Area Representative Business under this Agreement, although Area Representative or its Principal Representative will be required to attend and successfully complete the initial training program for Area Representative's CRESTCOM Business.

6.2. Additional Training. From time to time, Crestcom may conduct training programs (the "**Additional Meetings**") in addition to the Area Representative Certification Training. Crestcom's and Area Representative or its Principal Representative's obligations, duties, requirements and conditions of attending and participating in Additional Meetings are set forth in the Area Representative's Procedures Manuals. In addition to the Additional Meetings, Area Representative is required to participate in any videoconference, virtual, and online training programs designated as mandatory by Crestcom.

7. AREA REPRESENTATIVE'S OBLIGATIONS

7.1. Equipment and Telephones. Area Representative will acquire and maintain a telephone system, a computer system, a video projector, and such other equipment as shall be required from time to time by Crestcom for use in the Area Representative Business. All of this equipment must be consistent with and

operated in accordance with the minimum standards and specifications of Crestcom, which are set forth in the Area Representative's Procedures Manuals. Crestcom reserves the right to establish new and additional minimum specifications for the required equipment by modification to the Area Representative's Procedures Manuals.

7.2. Authorized Representatives. Area Representative will be solely responsible for recruiting, hiring, appointing, firing, and supervising its employees, independent agents, Principal Representatives, and other authorized representatives (collectively referred to as "**Authorized Representatives**"). These Authorized Representatives will be employees or agents of Area Representative. They are not employees or agents of Crestcom and Crestcom is not the joint employer of those persons. Area Representative will have sole authority and control over the day-to-day operations of the Area Representative Business and its Authorized Representatives. Crestcom will have no right or obligation to direct Area Representative's Authorized Representatives or to operate the Area Representative Business. It is Area Representative's responsibility to determine compensation of Authorized Representatives, terms of employment, safety regulations, work assignments, work schedules, and working conditions. Any information regarding any of those issues provided to Area Representative by Crestcom are mere suggestions and Area Representative shall have the sole discretion to utilize such information or not. Area Representative may negotiate the terms under which it will employ any Authorized Representative. Area Representative shall screen all of its Authorized Representatives to ensure that they will not reflect adversely on the reputation of Crestcom's image and system. Area Representative is solely responsible for implementing training and other programs for its Authorized Representatives related to the legal, safe, and proper performance of their work, regardless of the fact that Crestcom may provide advice, suggestions, and certain training programs as described in this Agreement. Such advice, suggestions, and training by Crestcom are provided to protect Crestcom's brand and the Marks and not to control the day-to-day operation of Area Representative. Area Representative must obtain Crestcom's prior written approval of the individual designated to serve as Principal Representative, and of all other Authorized Representatives, before appointing or hiring them. Area Representative will keep Crestcom informed of the names, e-mail contact information, addresses and telephone numbers of all Authorized Representatives. All agreements between Area Representative and its Authorized Representatives must be in a form provided by Crestcom or otherwise approved by Crestcom and shall provide that Crestcom, as a third party beneficiary, may enforce the agreements directly against the Authorized Representatives.

7.3. Commencement of Operations. The commencement of operation of the Area Representative Business shall be deemed to occur upon the date that Area Representative or its Principal Representative has completed the initial training program for its CRESTCOM Business and signed this Agreement.

7.4. Screening Prospective Franchisees. Crestcom may delegate to Area Representative the duty to conduct screening of prospective Franchisees identified by Area Representative prior to submitting to Crestcom information regarding such persons or entities. Such screening shall include, without limitation, determining whether the prospective Franchisee has adequate financial resources to open and operate a CRESTCOM Business, conducting credit checks and taking every action required by applicable laws to assume the prospective Franchisee, or its Authorized Representatives, will not reflect adversely on the reputation of Crestcom or Crestcom's image and franchise system.

7.5. Training of Franchisees. Crestcom may delegate to Area Representative the duty to conduct and provide the initial training program, and such ongoing training as to provide each Franchisee a reasonable opportunity for success, to any Franchisees and prospective Franchisees located or to be located in, or close to, the Territory, which training shall occur at the Business Location or such other location as Crestcom shall designate. Further, if Crestcom has requested and Area Representative has agreed to conduct and provide the initial training program to any Franchisees located outside of, but in

close proximity to, the Territory, Area Representative and Crestcom shall negotiate the terms of compensation for Area Representative's training services.

7.6. Audit of Franchisee Records. Crestcom may delegate to Area Representative the duty to, with respect to Franchisees located in, or close to, the Territory, attend, monitor, or record training sessions conducted by Franchisees, evaluate a Franchisee's facilitators and obtain such other information as Crestcom may require from time to time regarding a Franchisee's operations.

7.7. Franchisee Enforcement Assistance. Crestcom may delegate to Area Representative the duty to assist Crestcom in enforcing the provisions of Franchise Agreements executed by Franchisees located in, or close to, the Territory and in enforcing such Franchisees' compliance with Crestcom's standards and specifications for a CRESTCOM Business, which enforcement assistance shall include, without limitation, assisting Crestcom in obtaining weekly reports and collecting fees owed to Crestcom, and in terminating and closing the operations of non-complying Franchisees in the event that Crestcom determines that such action is necessary.

7.8. Delegated Duties. To the fullest extent permitted by applicable law, Area Representative shall perform all duties delegated by Crestcom to Area Representative under this **Article 7** in a timely and professional manner and in full compliance with the Licensed Methods and all other standards and specifications of Crestcom.

7.9. Area Representative's Reports. Area Representative shall provide such reports and other financial information in a manner and form as Crestcom may require from time to time with respect to the operations of the Area Representative Business and the CRESTCOM Businesses located in, or close to, the Territory. If any report requested by Crestcom is not provided by Area Representative to Crestcom within the time period requested, Crestcom may assess an Administrative Fee, defined above, for each past due report. All reports and financial information to be furnished to Crestcom will be signed and verified by Area Representative. Area Representative expressly authorizes Crestcom to use its reported financial information in financial performance representations or other data compilations. Area Representative shall be responsible for any inaccuracies, errors, or omissions in the reports and financial information furnished.

7.10. Disclosure. Upon the request of Crestcom, Area Representative shall provide to Crestcom such information as Crestcom deems necessary to permit Crestcom to disclose Area Representative in its Franchise Disclosure Document and/or other franchise disclosure documents, and to disclose information about Area Representative to state regulatory agencies, as required by applicable laws and regulations. If required, Area Representative shall also register, if applicable, in the state(s) in which the Territory is located and otherwise comply with all applicable franchise disclosure and registration laws.

8. DEVELOPMENT ASSISTANCE

8.1. Crestcom's Development Assistance. At or about the time of the opening of the Area Representative Business, Crestcom will provide Area Representative with the following assistance:

- a.** Access to Crestcom's Area Representative's Procedures Manuals in accordance with **Article 9** below.
- b.** Advice regarding the development of an Area Representative Business.
- c.** Advice regarding the selection of suppliers of equipment and other items used or offered for sale in connection with the Area Representative Business.

9. AREA REPRESENTATIVE'S PROCEDURES MANUALS

9.1. Area Representative's Procedures Manuals. The primary source and guide to the proper operating of an Area Representative Business is the Area Representative's Procedures Manuals. Crestcom will provide to Area Representative a copy of the Area Representative's Procedures Manuals for use during training, and thereafter will make available to Area Representative the Area Representative's Procedures Manuals through Crestcom's proprietary, restricted, and confidential licensee's support website, or via another written, audio, video, or online source. The Area Representative's Procedures Manuals are designed to protect Crestcom's reputation and the goodwill of the Marks, they are not designed to control the day-to-day operations of Area Representative's Area Representative Business. Area Representative agrees that it will read and learn the Area Representative's Procedures Manuals and will comply with it in the development and operation of Area Representative's Area Representative Business as an essential aspect of its obligations under this Agreement. Area Representative also agrees to use the Marks and Licensed Methods, any translations of them, and any substitutes for, items that are a technological evolution of, or any part of them, only as specified in the Area Representative's Procedures Manuals. Failure of Area Representative to substantially comply with the Area Representative's Procedures Manuals may be considered by Crestcom to be a breach of this Agreement. The Area Representative's Procedures Manuals will be in the English language. Area Representative may not translate the Area Representative's Procedures Manuals without Crestcom's prior written consent, which may be withheld for any reason. Crestcom's consent may be conditioned on Area Representative executing Crestcom's then current form of translation agreement.

9.2. Confidentiality of Area Representative's Procedures Manuals Contents. Area Representative agrees to use the Marks and Licensed Methods, translations of them, and any substitutes for, items that are a technological evolution of, or any part of them, only as specified in the Area Representative's Procedures Manuals. Area Representative's Procedures Manuals are the sole property of Crestcom and will be used by Area Representative only during the term of this Agreement and in strict accordance with the terms and conditions hereof and in the Area Representative's Procedures Manuals. Area Representative may download and print a copy of the Area Representative's Procedures Manuals solely for Area Representative's use in its Area Representative Business. Otherwise, Area Representative will not duplicate Area Representative's Procedures Manuals nor disclose the contents thereof to persons other than its Authorized Representatives or officers who have signed a confidentiality and noncompetition agreement in a form approved by Crestcom. Area Representative will return all items comprising Area Representative's Procedures Manuals, or any part thereof, to Crestcom immediately upon the expiration, termination or assignment of this Agreement, or at an earlier date upon written request by Crestcom, by prepaid, insured air freight or other prepaid, insured freight as is pre-approved by Crestcom in writing. If the Area Representative's Procedures Manuals or any part thereof is held in any electronic form, Area Representative will immediately delete that information upon expiration, termination, or transfer of this Agreement.

9.3. Mandatory Changes to Area Representative's Procedures Manuals. Crestcom reserves the right to revise Area Representative's Procedures Manuals from time to time as it deems necessary. Area Representative, within 10 days of receiving any updated information, will in turn update its copy of Area Representative's Procedures Manuals as instructed by Crestcom, and will conform its operations to the updated provisions. A master copy of the Area Representative's Procedures Manuals maintained by Crestcom at its principal office, whether in electronic form or otherwise, will be controlling in the event of a dispute regarding the content of any Area Representative's Procedures Manuals. Area Representative acknowledges that the Licensed Methods and other business methods of a CRESTCOM Business and an Area Representative Business are of a dynamic nature and may change, evolve, and be enhanced from time to time as deemed necessary and appropriate by Crestcom.

10. OPERATING ASSISTANCE

10.1. Crestcom's Available Services. Crestcom agrees that, during Area Representative's operation of its Area Representative Business, Crestcom will provide to Area Representative the following assistance and services:

a. Upon the reasonable request of Area Representative, consult by telephone or other electronic means regarding the continued operation and management of the Area Representative Business, and provide advice regarding promotion techniques for the sale of CRESTCOM Businesses.

b. Make available Crestcom's Franchising Briefing video and other advertising and promotional materials (collectively, the "**Promotional Materials**") as may be developed by or for Crestcom from time to time, the cost of which at Crestcom's option may be passed through to Area Representative by a charge for the use or acquisition of such items. The Promotional Materials may be made available digitally. No provision herein shall be deemed to imply or establish an obligation on the part of Crestcom to sell or otherwise deliver any Promotional Materials or any other Materials or items to Area Representative if Area Representative is in arrears on any payment to Crestcom or otherwise in default under this Agreement.

c. Pay Area Representative the commissions on the Gross Initial Franchise Fees on new Franchisees after the date of this Agreement located in the Territory, and the Continuing Commissions based on Franchisee sales in the Territory, as described in **Article 5** above, subject to **Section 5.8** above.

d. Provide a newsletter and best practices guidelines as may be periodically published by Crestcom, which may be made available via the Internet through Crestcom's C.O.A.C.H. website/portal, as defined in **Section 11.3** below, or elsewhere.

e. Operate, maintain and upgrade as needed, as determined in Crestcom's sole discretion, a website on the Internet.

f. The Area Representative Certification Training described in **Section 6.1** and Area Representative's Procedures Manual.

10.2. No Obligation to Repurchase Materials. Crestcom has no obligation to repurchase any Promotional Materials or other Materials from Area Representative nor to refund all or any part of Area Representative's purchase price for any Promotional Materials or other Materials purchased by Area Representative.

11. AREA REPRESENTATIVE'S OPERATIONAL COVENANTS

11.1. Business Operations. Area Representative acknowledges that it is solely responsible for the successful operation of its Area Representative Business and that the continued successful operation thereof is, in part, dependent upon Area Representative's compliance with this Agreement and Area Representative's Procedures Manuals. In addition to all other obligations contained in this Agreement and in Area Representative's Procedures Manuals, Area Representative covenants that:

a. Area Representative will maintain a professional and ethical operation, and will operate the business in accordance with Area Representative's Procedures Manuals and in such a manner as not to detract from or adversely reflect upon the name and reputation of Crestcom and the goodwill associated with the Marks.

b. Area Representative will conduct itself and operate its Area Representative Business in compliance with all applicable laws and regulations and will be solely and fully responsible for obtaining any and all licenses to carry on its Area Representative Business. Area Representative will promptly forward to Crestcom copies of all necessary licenses, as and when they become available. Area Representative acknowledges that its federal, state, provincial, regional or local government may have laws and regulations specific to the operation of its Area Representative Business. Area Representative further acknowledges that there are laws of a more general nature that may apply to its Area Representative Business. In particular, Area Representative acknowledges that certain jurisdictions may have laws that may be applicable relating to (i) franchise sales and disclosures, (ii) the regulation of training programs, instructional courses, or associated materials, in general or of the specific kind provided by CRESTCOM Businesses, (iii) licensing and permit requirements for the operation of Area Representative's Business, (iv) the import and export of goods including the Materials and the Promotional Materials, (v) restrictions or conditions for transferring money out of the country or to Crestcom, (vi) the rights of a buyer to cancel a contract if goods or services are not delivered within a certain period of time after the delivery date of the in the contract, (vii) the regulation of sales and marketing activities, including telephone solicitation, (viii) requirements for contracts of specific types and in general, (ix) employment of any employees or hiring of any independent contractors, (x) minimum insurance requirements, (xi) taxes imposed based on any activities related to Area Representative's Business and any related required government filings, (xii) providing products and services to disabled individuals, (xiii) privacy and data protection, and (xiv) bribery of or other illegal payments to any government, government agency, public international organization, or political party, or any of their officials, employees, candidates, or other representatives. Crestcom has no obligation to advise Area Representative of any legislative or other legal developments that may affect its Area Representative Business. Area Representative is solely responsible for inquiring about and becoming familiar with all applicable laws and regulations, and determining those actions required for compliance. Any information Crestcom provides to Area Representative regarding applicable laws or regulations does not relieve Area Representative of its responsibility to consult with its own legal advisor and otherwise take appropriate action to inquire about and comply with applicable laws and regulations.

c. Area Representative will obtain and maintain information regarding all applicable laws and regulations governing the operation of CRESTCOM Businesses in the Territory, and will advise Franchisees or prospective Franchisees located or to be located in the Territory of such laws and regulations.

d. Area Representative or a designated Principal Representative who has completed Crestcom's initial training program for a CRESTCOM Business and subsequently the Area Representative Certification Training will be responsible for the management of the Area Representative Business and for expending his or her best, full time efforts toward the management and operation of its Area Representative Business, and, if applicable, Area Representative's CRESTCOM Business.

e. Unless Area Representative receives the written approval of Crestcom, Area Representative will offer and promote only CRESTCOM Businesses as from time to time may be approved by Crestcom to assure uniformity of presentation, quality and range of the Crestcom image and system. Unless Area Representative receives the written approval of Crestcom, which approval may be withheld for any reason, Area Representative will refrain from offering or engaging in the marketing of any other types of business or product from or through its Area Representative Business, including conducting any business in violation of **Section 18.1**. This **Section 11.1.e** shall not restrict Area Representative's right to operate one or more CRESTCOM Businesses in accordance with Franchise Agreements entered into between Area Representative and Crestcom.

f. Area Representative will promptly pay when due all taxes and other obligations owed to governmental or quasi-governmental entities or other third parties in the operation of the Area Representative Business, including without limitation, unemployment, sales and use taxes and any and all accounts or other indebtedness of every kind incurred by Area Representative in the conduct of the Area Representative Business.

g. Area Representative will comply with all agreements with third parties related to the Area Representative Business.

h. Area Representative will at all times during the term of this Agreement own and control its Area Representative Business. Upon request of Crestcom, Area Representative will promptly provide satisfactory proof of such ownership to Crestcom, and, if applicable, the ownership of Area Representative. Area Representative represents that the Statement of Ownership, attached hereto as Exhibit II and by this reference incorporated herein, is true, complete, accurate and not misleading. Area Representative will promptly notify Crestcom of any change in the information contained in the Statement of Ownership, and if requested by Crestcom, execute and deliver a new Statement of Ownership to Crestcom.

i. Area Representative will conduct all communications with Crestcom, whether in writing or verbal, only in the English language.

j. Area Representative will purchase all items or services used in the operation of the Area Representative Business from suppliers designated by Crestcom. Crestcom will not require any fee to be paid to it to secure supplier approval; provided, however, that Crestcom may, in its sole discretion, require the subject supplier or Area Representative to reimburse Crestcom for any expenses Crestcom incurs in determining if the supplier meets Crestcom's specifications and standards. Crestcom reserves the right to revoke its approval of any supplier by delivery of written notice to Area Representative and supplier, if Area Representative is using that supplier.

k. Area Representative acknowledges and agrees that Area Representative is solely responsible for all claims and liability related to any products used in its Area Representative Business, and that any claims or liability related to such products, including any strict product liability, constitute Claims arising out of the operation of its Area Representative Business for which Area Representative is obligated to indemnify Crestcom in accordance with **Section 17.3**.

l. Area Representative may not modify the Promotional Materials or the Materials, or any aspect thereof in any manner without the prior written consent of Crestcom. A modification for purposes of this Section shall include, but not be limited to, an addition of any logos, stickers, graphics, or other information to any of the Promotional Materials or the Materials, a covering or concealment of any part of the Promotional Materials or the Materials, or a change in the appearance or content of the Promotional Materials or the Materials. Crestcom may, for any reason whatsoever, elect to withhold its consent to any such modification. In order to make such determination, Crestcom may require submission of specifications, information, or samples of such modified Promotional Materials or Materials.

m. Crestcom will provide an e-mail account to Area Representative with the domain name "crestcom.com." Area Representative is required to use only the e-mail account provided by Area Representative in the operation of its Area Representative Business, and Area Representative may not use the e-mail account for any purpose not related to the operation of its Area Representative Business. Area Representative is required to check such e-mail account at least daily for incoming messages, and respond promptly to all messages. Crestcom reserves the right to discontinue providing the e-mail account or its website in the future, in which event Area Representative will be required to obtain and maintain another

e-mail account to be used exclusively in the operation of the Area Representative Business. Crestcom has the right to monitor and access Area Representative's e-mail account and the messages sent to and from that account. Crestcom can modify the e-mail account, its website, and its policies with respect to both. Crestcom reserves the right to modify the e-mail account or its website and its policies with respect to both. Crestcom also reserves the right to charge a fee for providing the e-mail account and for operating its website.

n. Area Representative shall use any software or online programs required by Crestcom, including any software or online programs that provide reporting, tracking, or accounting functions, whether now in existence or hereafter developed or acquired by Crestcom that Crestcom requires Area Representative to obtain or use, and to comply with all agreements, restrictions, and conditions thereof (the "**Mandatory Computer Systems and Programs**"). Area Representative shall pay any fees associated with any Mandatory Computer Systems and Programs, and submit all reports required by Crestcom that are created or generated by such Mandatory Computer Systems and Programs as Crestcom shall require. Crestcom reserves the right during the term of this Agreement, in its sole discretion, to modify, change, alter, and/or otherwise provide Area Representative enhancement and maintenance upgrades to any Mandatory Computer System and Program and/or offer and require different or new programs that may be replacements of or additions to the Mandatory Computer Systems and Programs then being offered, or to discontinue any and all Mandatory Computer Systems and Programs of any kind that may be required by Crestcom.

11.2. Requirements for Entity Area Representatives. If Area Representative is a corporation, partnership, limited liability company or other business entity, Area Representative agrees that it and its Principal Representatives and owners will abide by the additional conditions related to entity franchisees that are set forth in the Area Representative's Procedures Manuals.

11.3. C.O.A.C.H. Site and Newsletters. Area Representative acknowledges that one of Crestcom's primary methods of communication with Franchisees, distributors, area representatives, and area developers is through its proprietary, restricted, and confidential support website/portal, *Crestcom Operations and Communications Hub* ("**C.O.A.C.H.**"). Area Representative is responsible for knowing all of the information contained in Crestcom's C.O.A.C.H. site, best practices guidelines, and newsletters, and complying with any standards and specifications set forth therein. Crestcom may establish and change the standards and specifications for the operation of an Area Representative Business through the C.O.A.C.H. site, best practices guidelines, and newsletters.

11.4. Criticism to Area Representative. Area Representative shall make reasonable efforts to handle satisfactorily all matters relating to the promotion and operation of its Area Representative Business, the Crestcom image and Licensed Methods and the Promotional Materials used in conjunction with its Area Representative Business. Area Representative shall promptly respond to any individual or entity who has made any comments or criticisms of its activities within five business days of receipt of the comments or criticisms. Area Representative shall report in writing to Crestcom within two business days of the receipt of any comment or criticism of its activities, whether or not Area Representative can remedy the situation that caused the comment or criticism.

12. ADVERTISING

12.1. Approval of Advertising. Area Representative will abide by the advertising requirements set forth in the Area Representative's Procedures Manuals. Area Representative will obtain Crestcom's prior written approval of all advertising of any kind, including any advertising and promotional material related to (a) its Area Representative Business, (b) the promotion and marketing of CRESTCOM Businesses, (c) the solicitation and promotion of Authorized Representatives, and (d) the solicitation and promotion of

any brokers or intermediaries engaged by Area Representative to promote or market CRESTCOM Businesses or the Area Representative Business. Area Representative shall not establish or create any web pages or websites on the Internet without Crestcom's prior written approval and then only in accordance with the standards and specifications set forth in the Area Representative's Procedures Manuals. Modifications to any advertising, including any web pages or websites, must also be approved by Crestcom. Area Representative acknowledges that the advertising and promotion of its Area Representative Business in accordance with Crestcom's standards and specifications is an essential aspect of the Licensed Methods, and Area Representative agrees to comply with all advertising standards and specifications. Crestcom's approval of any advertising or promotional materials may be withheld or withdrawn in Crestcom's sole discretion.

13. MARKS, TRADE NAMES AND PROPRIETARY INTERESTS

13.1. Marks. Area Representative acknowledges that Crestcom has the sole right to license and control Area Representative's use of the Marks and that the Marks will remain under the sole and exclusive control of Crestcom. Area Representative acknowledges that it has not acquired any right, title or interest in the Marks except for the right to use the Marks in the operation of its Area Representative Business as it is governed by this Agreement.

13.2. No Use of Other Marks. Area Representative agrees that no trademarks or service marks other than "CRESTCOM®", "CRESTCOM TRAINERS TO THE WORLD®", "[CRESTCOM L.E.A.D.R.™](#)," "THE BULLET PROOF MANAGER™," "BULLET PROOF®," or such other Marks as may be specified by Crestcom, will be used in the marketing, promotion or operation of its Area Representative Business.

13.3. Licensed Methods. Area Representative acknowledges that Crestcom owns and controls the distinctive plan for the establishment, operation and promotion of CRESTCOM Businesses and Area Representative Businesses and all related licensed methods of doing business, defined in this Agreement as the "**Licensed Methods**," which include, but are not limited to, (1) all proprietary information concerning Crestcom's business, the CRESTCOM Businesses and the Area Representative Businesses; (2) all of Crestcom's financial information other than such financial information as may be filed with government regulatory agencies; (3) franchise and distributorship sales processes and promotional methods and Promotional Materials; (4) Materials and Live Instruction marketing methods; (5) sales, motivational and management training techniques; (6) all nonpublic statistical information regarding Crestcom, CRESTCOM Businesses, Area Representative Businesses, and area development businesses; (7) International Account Lists; (8) the strategic plan, budgets and projections for Crestcom; (9) all information concerning negotiations of any kind conducted by Crestcom whether pending or completed; (10) all marketing research data and marketing plans; (11) all lead generation or prospecting methods; (12) all information contained in Crestcom's Procedures Manual and Area Representative's Procedures Manuals, and any other manual or nonpublic written information about Crestcom, its Materials or Live Instruction; (13) Crestcom's written, video medium, audio medium, online medium, and related documentation and information including that contained on websites or on the Internet which relate to conducting live training programs; and (14) internal lists of Crestcom's current and former Franchisees, distributors, area representatives, area developers, and Clients, including contact information such as physical addresses and e-mail addresses thereof; all of which constitute trade secrets of Crestcom. Area Representative acknowledges that Crestcom has valuable rights in and to such trade secrets. Area Representative further acknowledges that it has not acquired any right, title or interest in the Licensed Methods except for the right to use the Licensed Methods in the operation of the Area Representative Business as it is governed by this Agreement.

13.4. Crestcom's Rights to Modifications and Innovations. In order to maintain the uniformity of the Licensed Methods, if, in the course of operating its Area Representative Business, any area

representative, area developer, or Franchisee, including Area Representative, develops or improves any aspect of the Licensed Methods, any and all plans, methods, ideas and systems related to such development or improvement shall inure to the benefit of Crestcom, shall be owned by Crestcom as a part of the Licensed Methods, and may, in Crestcom's sole discretion, be made available to other area representatives, area developers, Franchisees, and distributors of Crestcom.

13.5. Copyrights. Area Representative acknowledges that Crestcom is the owner of the Materials and Promotional Materials in which it claims a copyright. Area Representative is not acquiring any rights hereunder to make copies or replications of any of the Materials and Promotional Materials, or any part thereof, or to prepare derivative works therefrom, and agrees to refrain from doing so, both directly and indirectly. Area Representative agrees not to register or attempt to register such copyrights in any manner whatsoever.

13.6. Infringement. Area Representative agrees to notify Crestcom in writing of any possible infringement or illegal use by others of a name, symbol, trademark, material or method of operations which is the same as or confusingly similar to any of the Marks, or any copyrighted Materials or Promotional Materials, or the Licensed Methods, or any part thereof, which comes to its attention. Area Representative acknowledges that Crestcom will have the right, in its sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use. Crestcom may commence or prosecute such action in Crestcom's own name or may join Area Representative as a party to the action, in either event at Crestcom's expense, if Crestcom determines it to be appropriate or necessary for the continued protection and quality control of the Marks, Licensed Methods or copyrights. Area Representative agrees that, without a fee or other charge to Crestcom, it shall fully cooperate and participate with Crestcom in any such litigation. If Crestcom decides to protect Area Representative related to any infringement, Crestcom will reimburse Area Representative for its costs, including attorney's fees and courts costs, associated with any litigation commenced or defended on Area Representative's behalf, from amounts Crestcom recovers in litigation (if any), which are in excess of Crestcom's costs.

13.7. Area Representative's Business Name. Area Representative acknowledges that Crestcom has a prior and superior claim to the Marks and Crestcom's corporate name and trade names. Area Representative will not use the designations "CREST," "INTERNATIONAL," "CRESTCOM," "L.E.A.D.R.," "THE BULLET PROOF MANAGER," "BULLET PROOF," "BPM," "KREST" or "KRESTCOM" or any portion or variation thereof, in the legal name of its corporation, partnership or other business entity used in conducting its Area Representative Business, nor use any of such Marks or trade names or any portion or variation thereof as part of an electronic mail address or on any websites including social networking websites, or otherwise display them on the Internet in any manner, without the prior written consent of Crestcom, which consent may be withheld for any reason, or which may be conditioned upon Area Representative conditionally assigning the name, e-mail address, or website to Crestcom exercisable upon a default by Area Representative under, or termination of, this Agreement. Area Representative also agrees not to register or attempt to register any of the Marks or trade names, or any portion or variation thereof, as a domain name on the Internet, nor register or attempt to register a trade name using the designations "CREST," "INTERNATIONAL," "CRESTCOM," "L.E.A.D.R.," "THE BULLET PROOF MANAGER," "BULLET PROOF," "BPM," "KREST" or "KRESTCOM" or any portion or variation thereof, in Area Representative's name or that of any other person or business entity, without the prior written consent of Crestcom, which consent may be withheld for any reason. During the term of this Agreement, Area Representative may reference that it is an "authorized area representative," or similar reference, of Crestcom.

13.8. Change of Marks. If Crestcom, in its sole discretion, determines it necessary to modify or discontinue use of any proprietary Marks, or to develop additional or substitute marks, Area

Representative shall, within a reasonable time after receipt of written notice of such a modification or discontinuation from Crestcom, take such action, at Area Representative's sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

14. TRANSFER

14.1. Transfer by Area Representative. The rights granted herein are personal to Area Representative, and except as stated below, Crestcom will not allow or permit any Transfer, as defined below, by Area Representative or any owner of Area Representative. The term "Transfer," as used in this Agreement, means and includes the voluntary, involuntary, direct or indirect assignment, sale, gift or other similar disposition.

14.2. Pre-Conditions to Area Representative's Transfer. Area Representative will not sell, transfer, sublicense, assign, subfranchise or convey its rights under this Agreement or any interest in it, or all or any part of any business entity that owns it, or all or a substantial portion of the assets of its Area Representative Business (in each case, a "**Transfer**"), unless Area Representative and transferee obtain Crestcom's written consent and they comply with all of the following requirements:

a. Area Representative provides Crestcom written notice of the proposed Transfer not less than 30 days prior to the proposed effective date of the Transfer, such notice to contain information sufficiently detailed to enable Crestcom to evaluate the terms and conditions of the proposed Transfer and also to comply with **Section 14.6** below.

b. Area Representative has paid all amounts due to Crestcom or, if applicable, to Crestcom's affiliates pursuant to this Agreement and all Franchise Agreements executed by Area Representative, and to third parties whose debts or obligations Crestcom has guaranteed on behalf of Area Representative, and is otherwise not in default to Crestcom under this or any other agreement.

c. Unless otherwise agreed to by Crestcom, a Transfer of Area Representative's Franchise Agreement to transferee shall occur at the same time as the Transfer hereunder. Likewise, if Area Representative's Franchise Agreement is transferred, then this Agreement must be transferred to the transferee of that Franchise Agreement at the same time. The transferee will be required to comply with all of the requirements for a Transfer of the Franchise Agreement prior to the effective date of the Transfer in addition to the requirements set forth in this Agreement.

d. The transferee satisfactorily completes Crestcom's then current initial training program for a CRESTCOM Business, which training must be completed by the transferee prior to the effective date of the Transfer. The transferor or the transferee shall be required to pay to Crestcom, at Crestcom's option, a training fee of \$3,500.00 (the "**Transferee Training Fee**") for the Area Representative Certification Crestcom will subsequently provide to the transferee, which shall be payable even if the transferee is experienced in management, sales and personnel development training, and as a result, all or portions of the Area Representative Certification Training program are waived, or if Crestcom authorizes a third party to conduct the Area Representative Certification Training program. The Transferee Training Fee will be refunded to the transferee if Crestcom determines that the transferee does not meet Crestcom's qualification requirements or fails to successfully complete the initial training program for a CRESTCOM Business.

e. The transferee assumes in writing all of Area Representative's obligations pursuant to this Agreement, or at the option of Crestcom, the transferee executes a new Area Representative Agreement in a form then currently offered by Crestcom, the term of which may end on the expiration date of this Agreement, and which will supersede this Agreement in all respects. If a new Area

Representative Agreement is signed, the terms thereof may differ from the terms of this Agreement; provided, however, the transferee will not be required to pay any additional Initial Area Representative Fee.

f. The proposed transferee must be an individual or entity whom Area Representative initially contacted in regard to its Area Representative Business (as opposed to an individual or entity who became aware of the Area Representative Business through the promotional efforts or contacts of Crestcom, through other Crestcom franchisees, distributors, area representatives, or area developers, or otherwise learned about its Area Representative Business by means other than a direct introduction by Area Representative). The proposed transferee shall provide information to Crestcom sufficient for Crestcom to assess the proposed transferee's business experience, aptitude and financial qualifications, and Crestcom will have ascertained that the proposed transferee meets such qualifications.

g. Area Representative executes a consent or transfer agreement, in the form established by Crestcom, which (unless prohibited by law) shall include a general release of any and all claims against Crestcom, its affiliates and their respective officers, directors, employees and agents.

h. Area Representative or the proposed transferee pays Crestcom a transfer fee ("**Transfer Fee**") (in lump sum or financed) in the amount of the greater of (i) \$20,000.00 or (ii) 5 percent of the total consideration and compensation to be paid by the transferee to Area Representative as a result of the Transfer, including without limitation, the purchase price for the assets of the Area Representative Business or for the ownership interest in Area Representative, any amounts designed as consulting fees or other fees, the amounts for any blue sky or goodwill, the amounts for any lease arrangements, and other similar costs, compensation, fees or payments, however designed, and whether to be paid in a lump sum or financed. The Transfer Fee shall be refunded to the transferee if Crestcom determines that the transferee does not meet Crestcom's qualification requirements or fails to successfully complete the initial training program for a CRESTCOM Business.

i. Area Representative agrees to abide by the post-termination covenants set forth in **Article 18** below and elsewhere in this Agreement.

14.3. Crestcom's Approval of Transfer. Crestcom has 15 days from the date of the proposed transferee's successful completion of Crestcom's initial training program for a CRESTCOM Business to give written approval or disapproval of Area Representative's proposed Transfer. Area Representative acknowledges that the proposed transferee will be provided, if appropriate, with such disclosure documents and other information as may be required by applicable law. If Area Representative and its proposed transferee comply with all conditions for a Transfer as set forth herein and Crestcom has not given Area Representative notice of its approval or disapproval within such period, approval is deemed granted. Crestcom's prior approval of advertising (as specified in **Section 12.1** above and the Area Representative's Procedures Manuals) is also required for any advertising related to Area Representative's attempt to sell or to otherwise transfer its Area Representative Business.

14.4. Waiver of Transfer Fee. Crestcom will waive the Transfer Fee set forth in **Section 14.2.h** in regard to the following Transfers, although all other requirements set forth in this **Article 14** shall apply:

a. If Area Representative is a business entity, a Transfer of less than 25 percent of the ownership interest in the Area Representative business entity. If there are multiple Transfers that result in a total Transfer of 25 percent or more of the ownership interest in the Area Representative business entity, then this **Section 14.4** will not apply and Area Representative shall pay the Transfer Fee at such time as the 25 percent level is reached.

b. If Area Representative is one or more individuals, a Transfer from such individual or individuals to a business entity wholly owned and controlled by them, so long as this Agreement is not signed as part of Area Representative's exercise of successor area representative rights and such transfer occurs no later than 90 days following the date of this Agreement. Any entity transferee shall comply with the terms of **Section 11.2** and the Area Representative's Procedures Manuals.

14.5. Area Representative's Death or Disability. Upon the death or permanent disability of Area Representative (or an individual owning more than a 25 percent interest in the Area Representative entity), the executor, administrator, conservator, guardian or other personal representative of such person will Transfer Area Representative's interest in this Agreement (or such interest in the Area Representative entity) to a third party approved by Crestcom. Such Transfer of this Agreement (or such interest), including, without limitation, Transfer by bequest or inheritance, will be completed within a reasonable time, not to exceed 120 days from the date of death or permanent disability, and will be subject to all terms and conditions applicable to Transfers contained in this Article. However, in a Transfer under this Section, there will be no Transfer Fee charged by Crestcom, but the proposed transferee will be responsible for attending and completing, at the proposed transferee's sole expense, the initial training program and paying the Transferee Training Fee set forth in **Section 14.2.d** above. Failure to Transfer the interest in this Agreement or such interest in the Area Representative entity within the given period of time shall, at the option of Crestcom, constitute a breach of this Agreement. For the purposes hereof, the term "**permanent disability**" will mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Area Representative or the owner of more than a 25 percent ownership interest in the Area Representative entity from supervising the management and operation of the Area Representative Business for a period of 120 days from the onset of such disability, impairment or condition.

14.6. Right of First Refusal. If Area Representative receives a bona fide, executed, written purchase offer from a responsible, arms-length, and fully disclosed purchaser for the Transfer of this Agreement, or any interest in this Agreement, or of all or any part of the business entity that owns it, or of all or a substantial portion of the assets of the Area Representative Business, Area Representative shall submit an exact copy of the purchase offer to Crestcom, which shall, for a period of 15 days from the date of receipt of such offer, have the right, but not the obligation, exercisable by written notice to Area Representative, to purchase the Agreement, the entity, and/or the assets of Area Representative used in the Area Representative Business (the "**Right of First Refusal**"), for the price and on the terms offered to Crestcom, subject to the provisions of this **Article 14** and provided that:

a. there shall be deducted from the purchase price the amount of any commissions or fees that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of such property to the offeree; and

b. Crestcom shall have the right to substitute cash for any other form of consideration specified in the purchase offer and to pay in full the entire purchase price at the time of closing.

If the sale to such purchaser is not completed within 60 days after delivery of such offer to Crestcom, Crestcom shall again have the Right of First Refusal.

14.7. Transfer by Crestcom. This Agreement is fully assignable by Crestcom and will inure to the benefit of any assignee or other legal successor in interest. If Crestcom assigns this Agreement to a third party who expressly assumes Crestcom's obligations under this Agreement, Crestcom will be relieved from any performance or other obligations under this Agreement.

15. TERM AND EXPIRATION

15.1. Term. The term of this Agreement is for a period of seven years from the date of this Agreement, unless sooner terminated as provided herein. Unless otherwise agreed to in writing by Area Representative and Crestcom, Area Representative must actively promote and maintain its Area Representative Business for the entire term of this Agreement.

15.2. Continuation. If Area Representative continues to operate the Area Representative Business with Crestcom's express or implied consent, following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon 30 days written notice. Otherwise, all provisions of this Agreement will apply while Area Representative continues to operate its Area Representative Business.

15.3. Successor Area Representative Rights. At the end of the term hereof, provided Area Representative is not in default hereunder either at the time of notice of exercise of its successor area representative rights or at the time of the grant of successor area representative rights, Area Representative will have the option to obtain a successor Area Representative Business for three additional terms of seven years each, by acquiring successor Area Representative Business rights, unless Crestcom declines to offer a successor Area Representative Business in accordance with **Section 15.5** below, provided that Area Representative:

a. At least 30 days prior to expiration of the term of this Agreement, executes the form of Area Representative Agreement then in use by Crestcom, which may have terms substantially different than those set forth in this Agreement.

b. Has maintained compliance with all provisions of this Agreement and all Franchise Agreements executed by Area Representative, including the payment on a timely basis of all fees, if applicable, and other payments due hereunder and under any Franchise Agreements between Area Representative and Crestcom. "**Compliance**" means, at a minimum, that Area Representative has not received written notification from Crestcom of breach hereunder more than three times during the term hereof.

c. Maintains or modifies its Area Representative Business and its operations at Area Representative's sole expense (the necessity of which will be in the sole discretion of Crestcom) to conform with the then current Area Representative's Procedures Manuals and Licensed Methods.

d. Executes a successor rider in the form then in use by Crestcom.

e. Pays Crestcom a successor area representative fee in the amount of \$16,500.00 (the "**Successor Area Representative Fee**") upon each exercise of successor area representative rights. The Successor Area Representative Fee will be due and payable upon execution of Crestcom's then current Area Representative Agreement and will be nonrefundable under all circumstances once paid. The Successor Area Representative Fee is paid in lieu of an additional Initial Area Representative Fee.

15.4. Exercise of Option for Successor Area Representative Business. Area Representative may exercise its option for a successor Area Representative Business by giving written notice of such exercise to Crestcom not less than 120 days prior to the scheduled expiration of this Agreement. Area Representative's successor area representative rights will become effective upon compliance with those requirements set forth in **Section 15.3** above. If Area Representative fails to give Crestcom timely notice in accordance with this **Section 15.4**, then this Agreement will, at Crestcom's option, expire in

accordance with its terms and Crestcom shall have no obligation to grant any additional or successor area representative rights pursuant to **Section 15.3** above.

15.5. Conditions of Refusal. Crestcom will not be obligated to offer Area Representative a successor Area Representative Business upon the expiration of this Agreement if Area Representative fails to comply with any of the above conditions of exercising successor area representative rights. Upon the expiration of this Agreement, Area Representative will comply with the provisions of **Section 16.6** below.

16. TERMINATION AND DEFAULT

16.1. Termination by Crestcom - Effective Upon Notice. Crestcom will have the right, at its option, to terminate this Agreement and all rights granted Area Representative under this Agreement, without affording Area Representative any opportunity to cure any default, except as set forth in any applicable laws to the contrary which cannot be modified by agreement, effective upon written notice to Area Representative, upon the occurrence of any of the following events:

a. Unauthorized Disclosure. Area Representative intentionally or negligently discloses to any unauthorized person the contents of or any part of Area Representative's Procedures Manuals or any other trade secrets or confidential information of Crestcom.

b. Abandonment. Area Representative ceases to operate the Area Representative Business or otherwise abandons the Area Representative Business for a period of 30 consecutive days, or any shorter period that indicates an intent by Area Representative to discontinue operation of the Area Representative Business, unless and only to the extent that full operation of the Area Representative Business or any substantial part thereof is suspended or terminated due to an Act of God beyond Area Representative's control and not related to the availability of funds to Area Representative.

c. Insolvency; Assignment. Area Representative or any of its guarantors becomes insolvent or is adjudicated a bankrupt; or any action is taken by Area Representative or any guarantor, or by others against Area Representative or any guarantor under any insolvency, bankruptcy or reorganization act (this provision may not be enforceable under U.S. federal bankruptcy law, 11 U.S.C. § 101 et seq.), or if Area Representative or any guarantor makes an assignment for the benefit of creditors, or a receiver is appointed for Area Representative or any guarantor.

d. Unsatisfied Judgments; Levy; Foreclosure. Any material judgment (or several judgments which in the aggregate are material) is obtained against Area Representative and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against the Area Representative Business or any of the property used in the operation of the Area Representative Business and is not discharged within five days; or if the real or personal property of the Area Representative Business is to be sold after levy thereupon by any sheriff, marshal or constable and is not discharged within five days.

e. Criminal Conviction. Area Representative or any of its Principal Representatives are convicted of a felony, or a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole opinion of Crestcom, to materially and unfavorably reflect on the Licensed Methods, Marks, goodwill or reputation of Crestcom.

f. Sexual Harassment or Discrimination. Crestcom receives credible evidence, which it verifies to its satisfaction, that Area Representative, its Principal Representative, or any other Authorized Representative of Area Representative, has sexually harassed or intimidated any individual or

intentionally engaged in any racial, ethnic, religious, sexual, or other offensive discrimination against any individual or group.

g. Failure to Make Payments or Provide Reports. Area Representative fails to pay any amounts or provide any reports due to Crestcom or any of its affiliates within 10 days after receiving notice from Crestcom that such amounts or reports are overdue.

h. Failure to Meet the Development Obligations or Minimum Quarterly Production Obligations. Area Representative, after 10 days written notice, and subject to **Section 3.5** if applicable, fails to meet and comply with the Development Obligations or the Minimum Quarterly Production Obligations.

i. Misuse of Marks. Area Representative misuses or fails to follow Crestcom's directions and guidelines concerning use of Crestcom's Marks, and fails to correct the misuse or failure within 10 days after notification from Crestcom.

j. Repeated Noncompliance. Area Representative has received three notices of default from Crestcom during the term of this Agreement, regardless of whether the prior defaults were cured by Area Representative.

k. Unauthorized Transfer. Area Representative or its owner(s) make a Transfer without complying with the provisions of **Article 14** above.

l. Unauthorized Conduct of Training Sessions. Area Representative conducts the training sessions to be conducted in a CRESTCOM Business other than pursuant to the terms of a Franchise Agreement duly executed by Crestcom and Area Representative, without the prior written authorization of Crestcom.

m. Unauthorized Solicitation of Authorized Representatives. Area Representative hires or engages the services of, or attempts to hire or engage the services of, a then current or former (if hired or engaged within 30 months of the previous employment) Authorized Representative of a current Crestcom franchisee, area representative, area developer, or distributor, or of Crestcom, including without limitation, employees, independent agents, facilitators or salespeople who are or have been Authorized Representatives of such then current franchisee, area representative, area developer, distributor, or Crestcom.

n. Marketing, Outside Territory. Without Crestcom's prior written consent, which may be withheld for any reason, Area Representative conducts marketing activities outside its Territory.

o. Unauthorized Purchase, Sale, Resale or Transfer of Materials and Promotional Materials. Area Representative purchases any Materials or Promotional Materials from, or sells, resells, lends, reships, transships or otherwise distributes Materials or Promotional Materials purchased or otherwise acquired from or through Crestcom or its approved supplier to, any other current or former CRESTCOM Franchisee, area representative, area developer, distributor or other reseller of the Materials or Promotional Materials, either within or outside of the Territory, without the prior written consent of Crestcom.

p. Unauthorized Duplication or Modification of Materials. Area Representative duplicates, except as is permitted by the Area Representative's Procedures Manuals, or alters, decompiles disassembles or otherwise reverse engineers the Materials or Promotional Materials.

q. **Violation of Covenant Not to Compete or Other Restrictive Covenant.** Area Representative, or any officer, director, shareholder, partner, or member of Area Representative (as applicable), or any member of his, her, or their immediate families, violates the covenant not to compete or any other restrictive covenant contained in **Article 18** below.

r. **Failure to Complete Training.** Area Representative fails to successfully complete Crestcom's initial training program for a CRESTCOM Business or the Area Representative Certification Training.

s. **Inadequate Guaranties.** Any guaranty of this Agreement fails to be a continuing obligation fully enforceable against the guarantor signing the guaranty, or there is any inadequacy of the guaranty or guarantor and the guarantor is unable to provide adequate assurances as required by Crestcom.

t. **Patriot Act.** Area Representative, or any officer, director, member, manager, or partner of Area Representative (as applicable), violates or becomes subject to United States Executive Order 13224 or The Uniting and Strengthening America by Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**Patriot Act**").

u. **Noncompliant Legal Actions.** Area Representative or any of the Area Representative Affiliates (defined in **Section 20.5**) files a lawsuit or commences other legal action against Crestcom or any of the Crestcom Affiliates (defined in **Section 20.5**) that does not comply with the dispute resolution provisions contained in **Article 20** below as may be modified by any applicable rider in Exhibit IV, and fails to have the action dismissed within seven days of Crestcom's demand.

v. **Breach of Related Agreement.** Area Representative defaults under any term of any Franchise Agreement or any other agreement between Crestcom or any of its affiliates, Franchisees, distributors, or other area representatives or area developers and Area Representative, or any other agreement material to the Area Representative Business, and such default is not cured within the time specified in such other agreement; provided, however, so long as any financing from the United States Small Business Administration remains outstanding that is secured by the assets of the Area Representative Business, Area Representative will be given the same opportunity to cure defaults under any agreement between Crestcom or its affiliates and Area Representative, as Area Representative is given under this Agreement.

16.2. Termination by Crestcom - Thirty Days Notice. Crestcom will have the right to terminate this Agreement, effective upon 30-days written notice to Area Representative, except as set forth in any mandatory applicable laws, if Area Representative breaches any other provision of this Agreement and fails to cure the default during such 30-day period; provided if the breach is curable, but is of a nature which cannot be reasonably cured within such 30-day period and Area Representative has commenced and is continuing to make good faith efforts to cure the breach during such 30-day period, Area Representative will be given an additional reasonable period of time not to exceed 90 days to cure the same, and this Agreement will not terminate. Unless cured, this Agreement will, at Crestcom's option, terminate without further notice to Area Representative, effective upon expiration of the 30-day period, or such longer period. The foregoing provisions regarding an additional period of time to cure a default shall not apply to any monetary defaults. Defaults will include, but not be limited to, the following:

a. **Failure to Maintain Standards.** Area Representative fails to maintain the then-current operating procedures and standards established by Crestcom as set forth in this Agreement or in Area Representative's Procedures Manuals, or otherwise communicated to Area Representative.

b. **Failure to Maintain Insurance.** Area Representative fails to procure, maintain or provide evidence to Crestcom of insurance in a form and amount required by the Area Representative's Procedures Manuals.

c. **Deceptive Practices.** Area Representative engages in any unauthorized business, or practice or sells any unauthorized product or service under Crestcom's Marks or under a name or mark which is confusingly similar to Crestcom's Marks.

d. **Failure to Obtain Consent.** Area Representative fails, refuses or neglects to obtain Crestcom's prior written approval or consent as required by this Agreement, other than the failure to obtain consent under **Section 16.1** above.

e. **Failure to Comply with Manuals.** Area Representative fails or refuses to comply with the then current requirements of Area Representative's Procedures Manuals, other than a failure to comply under **Section 16.1** above.

f. **Improper Conduct.** Except as is provided in **Section 16.1** above, Area Representative conducts its Area Representative Business in a manner which is harmful to Crestcom, its affiliates, or its image and system.

16.3. Crestcom's Right to Suspend Services on Area Representative's Default. If Crestcom has provided Area Representative with a notice of any default pursuant to this **Article 16**, in addition to Crestcom's other remedies, Crestcom reserves the right, on behalf of itself and the Crestcom Affiliates, to suspend any services to be provided by Crestcom or any Crestcom Affiliate or the sales of any products to Area Representative by Crestcom or any Crestcom Affiliate until such time as Area Representative cures the default. The services that may be suspended include but are not limited to any services related to payment of commissions or advertising or promotion of the Area Representative Business such as the listing of the Area Representative Business on any website. The suspension may continue until Area Representative has cured each default identified in the default notice from Crestcom and Area Representative is deemed to be in good standing. Area Representative is not relieved of any obligation to pay any fees during the term of any suspension. The rights afforded to Crestcom in this **Section 16.3** are in addition to any other rights of Crestcom upon a default by Area Representative.

16.4. Termination by Crestcom - Continuing Force Majeure Event. Crestcom will have the right, at its option, to terminate this Agreement and all rights granted Area Representative under this Agreement, subject to the provisions of any applicable laws to the contrary which cannot be modified by agreement, effective upon written notice to Area Representative, in the event of a force majeure event as described in **Section 21.16** below that continues for a period of six consecutive months or longer and which prevents Crestcom from performing its obligations hereunder.

16.5. Termination by Area Representative. Area Representative shall have the right to terminate this Agreement due to a material breach of this Agreement by Crestcom, provided Area Representative provides Crestcom with written notice of the breach within 30 days of the breach and a reasonable opportunity to cure such breach, which shall in no event be less than 90 days. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within a 90-day or other given period and Crestcom has commenced and is continuing to make good faith efforts to cure the breach during the given period, Crestcom will be given an additional reasonable period of time to cure the breach.

16.6. Obligations of Area Representative Upon Termination or Expiration. Area Representative is obligated upon termination or expiration of this Agreement to immediately do all of the following:

a. Pay to Crestcom all fees and any and all amounts or accounts payable then owed Crestcom or its affiliates pursuant to this Agreement, or pursuant to any other agreement, whether written or oral, between the parties.

b. Cease to identify itself as a Crestcom area representative or publicly identify itself as a former Crestcom area representative.

c. Cease to identify itself or its former Area Representative Business as being, or having been, associated with Crestcom.

d. Cease using any of the Licensed Methods and Marks, trade names, trade secrets, Materials, and Promotional Materials, or any items identified with the Area Representative Business.

e. Deliver to Crestcom at Area Representative's expense, by prepaid insured air freight or other means of delivery acceptable to Crestcom, the Materials and Promotional Materials, or any part thereof, and all related materials provided by Crestcom or its approved supplier, Area Representative's Procedures Manuals, and all other materials, documents or written information that contain any of the Marks or that Crestcom considers proprietary, together with all copies thereof, along with Area Representative's written certification that all copies thereof have either been returned or destroyed. Any such items held in electronic format shall be deleted. If all of these items are not returned to Crestcom within two weeks of the date of termination or expiration of this Agreement, Area Representative will be obligated to pay to Crestcom a weekly late return fee of \$250.00 for each week that Area Representative does not return all of these items to Crestcom.

f. Take such action as is required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Marks, or, at the option of Crestcom, assign the Marks, without remuneration, to Crestcom.

g. Notify the telephone company, all telephone directory publishers, domain name registration companies, and social media website operators, of the termination or expiration of Area Representative's right to use any telephone number, domain name, social media websites or accounts, and any regular, classified or other telephone directory listings associated with any Mark and complete all forms, and provide other necessary notification to authorize the transfer of all such telephone and fax numbers, domain name registrations, social media websites or accounts, and directory listings to Crestcom or its designee. Area Representative acknowledges that, as between Area Representative and Crestcom, Crestcom has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers and directory listings, all domain names, and social media websites or accounts associated with any Mark.

h. Deliver to Crestcom the names, addresses and telephone numbers of, and all correspondence with, prospective Franchisees, and any other information in Area Representative's possession regarding all sales leads of prospective Franchisees within the Territory.

i. Abide by all restrictive covenants set forth in **Article 18** of this Agreement.

j. Execute a termination agreement in a form required by Crestcom.

16.7. Crestcom Right to Offset. If Area Representative fails to meet its Minimum Quarterly Production Obligations, or otherwise fails to pay the fees referred to in **Section 3.4** above, Crestcom may elect to retain, at Crestcom's sole option, an amount of the initial franchise fees and Royalty Fees paid by Franchisees located in the Territory to Crestcom that would otherwise be payable to Area Representative as commissions, equal to the shortfall and use the amounts retained by Crestcom to offset the amounts Crestcom would have received if Area Representative had met its Minimum Quarterly Production Obligations, until such time as Area Representative is in full compliance with its Minimum Quarterly Production Obligations. Alternatively, Crestcom may elect to terminate this Agreement in accordance with **Section 16.1.h** hereof.

16.8. Cumulative Remedies. Crestcom's rights hereunder are cumulative and no exercise or enforcement by Crestcom of any right or remedy hereunder shall preclude the exercise or enforcement by Crestcom of any other right or remedy which Crestcom is entitled to enforce by law.

16.9. Terminology. For purposes of this Agreement, wherever the term "expiration" or "termination" is used, it is intended to refer to both situations, unless the context indicates otherwise. Any terms herein that apply upon expiration or termination shall also apply to a transferor upon a Transfer.

16.10. Conflicting Laws. THE PARTIES ACKNOWLEDGE THAT IF THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE LAW, SUCH LAW WILL GOVERN AREA REPRESENTATIVE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

17. BUSINESS RELATIONSHIP

17.1. Business Relationship. The parties agree that each of them is an independent businessperson or entity, their only relationship is by virtue of this Agreement, and that no fiduciary relationship is created hereunder. Neither party is liable or responsible for the other's debts or obligations, nor will either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Crestcom and Area Representative agree that neither of them will hold itself out to be the agent, employer or partner of the other and that neither of them has the authority to bind or incur liability on behalf of the other. Neither this Agreement nor the course of conduct between Crestcom and Area Representative is intended, nor may anything in this Agreement (or the course of conduct) be construed, to state or imply that Crestcom is the employer of Area Representative's Authorized Representatives, or vice versa. Notwithstanding any other provisions in this Agreement, Crestcom shall not be responsible for supervising the activities of the Area Representative Business or ensuring that the Area Representative Business is operated in compliance with applicable laws.

17.2. Third Party Obligations. Crestcom will have no liability for Area Representative's obligations to pay or otherwise fulfill Area Representative's obligations to any third parties, including without limitation, payments owed to any product vendors, or liability for any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon Area Representative, Area Representative's property, the Area Representative Business or upon Crestcom in connection with the sales made or business conducted by Area Representative.

17.3. Indemnification. Area Representative agrees to indemnify, release, defend and hold harmless Crestcom, its subsidiaries and affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") against, and to reimburse them for all Claims, defined below, based on (a) any and all third party obligations described in **Section 17.2**, and (b) any and all obligations and liabilities directly or indirectly arising out of (i) the operation of the Area

Representative Business, (ii) the use of the Marks and Licensed Methods in any manner not in accordance with this Agreement, or (iii) the violation of any laws including labor and employment laws. This indemnity includes any Claims arising from the acts or omissions of Area Representative's Authorized Representatives. For purposes of this indemnification, "**Claims**" include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Crestcom will have the right to defend any such Claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

18. RESTRICTIVE COVENANTS

18.1. Non-Competition During Term. Area Representative acknowledges that, in addition to the license of the Marks hereunder, Crestcom has also licensed commercially valuable information which comprises and is a part of the Licensed Methods, including without limitation, operations, marketing, advertising and related information and materials and that the value of this information is derived not only from the time, effort and money which went into its compilation, but from the usage of the same by all the Franchisees of Crestcom using the Marks and Licensed Methods. Area Representative therefore agrees that other than the Area Representative Business licensed herein, neither Area Representative nor any of Area Representative's officers, directors, shareholders, partners, or members, nor any member of his, her, or their immediate families, nor any Authorized Representative, will during the term of this Agreement and any extensions thereto:

a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, as defined below; or

b. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business. The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises, licenses or distributorships to others to operate, a business that offers sales, motivational, office professional or personnel profiling or evaluation, personnel development, recruiting, customer service, or management training or consulting, or other business or personnel development advice, aptitude, personnel assessment services or materials or training to individuals, companies or other organizations; or that sells or provides training or instruction, books, manuals, written materials, audio media, video media, online media or similar materials of any kind transmitted by any form of electronic medium providing instruction and advice in sales, motivational, office professional or personnel development, recruiting, customer service, management training, personnel profiling or evaluation, or other business or personnel development advice or training. However, Area Representative will not be prohibited by this Agreement from owning securities, on a passive basis, in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2 percent or less of that class of securities issued and outstanding.

18.2. Post-Termination Covenant Not to Compete. Upon termination or expiration of this Agreement for any reason, Area Representative and its officers, directors, shareholders, partners and/or members agree that, for a period of 30 months commencing on the effective date of termination or expiration, or the date on which Area Representative ceases to conduct business, whichever is later, neither Area Representative nor its officers, directors, shareholders, partners and/or members, or any Authorized Representatives will have any direct or indirect interest, through a member of any immediate family or otherwise, as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business, defined above, located or operating within the Territory or within the Assigned Area, Territory, or development area of any other franchised, licensed or company-owned CRESTCOM Business, Area Representative Business,

or area development business. Area Representative and its officers, directors, shareholders, partners and/or members expressly acknowledge that they possess business and career skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living. If Area Representative, or any of its officers, directors, shareholders, members, partners or Authorized Representatives, breaches this Section, the 30-month period shall start on the date that such person is enjoined from competing or stops competing, whichever is later.

18.3. No Diversion of Business or Employees. Area Representative and its officers, directors, shareholders and/or partners agree that, during the term of this Agreement and for a period of 30 months commencing on the effective date of termination or expiration, or the date on which Area Representative ceases to conduct business, whichever is later, neither Area Representative nor its officers, directors, shareholders, partners, or members will directly or indirectly, whether through a member of any immediate family or otherwise, divert or attempt to divert any business related to Crestcom's business or any other Crestcom area representative's, area developer's, Franchisee's or distributor's business, or any customer or account of any CRESTCOM Business or other area representative's, area developer's business, or divert or attempt to divert the employment of any employee or other Authorized Representative of Crestcom or another area representative, area developer, Franchisee or distributor licensed by Crestcom to use the Marks and Licensed Methods, to its Area Representative Business, to any CRESTCOM Business operated by Area Representative, or to any Competitive Business by any direct inducement or otherwise.

18.4. Prohibition Against Redistribution. Area Representative will not in any manner reship, transship, lend, distribute or sell any of the Promotional Materials or Materials purchased or otherwise acquired from or through Crestcom or its approved supplier to another current or former Crestcom area representative, area developer, Franchisee, distributor or any other reseller of the Materials, either within or outside of the United States. In addition, Area Representative will not purchase nor accept Promotional Materials from any other current or former Crestcom franchisee or distributor, without the prior written consent of Crestcom.

18.5. Prohibition Against Relationships With Talent. During the term of this Agreement, and for a period of 30 months after the termination or expiration of this Agreement, Area Representative agrees not to contact any of the talent or video faculty members who appear in the Materials for the purpose of directly or indirectly engaging or utilizing such talent in its Area Representative Business, in any CRESTCOM Business operated by Area Representative, or in any Competitive Business, to enter into any business dealings or arrangements with such persons, or to broker any business dealings or arrangements involving the services of such individuals. The term "**talent**" shall mean the video faculty members who have contracted with Crestcom, either as of the date of this Agreement or at any time during the term of this Agreement and any successor terms, to present their areas of expertise in the Materials for use by Crestcom and its Franchisees and distributors.

18.6. Post-Termination Prohibition Against Relationships With Franchisees. For a period of 30 months after the termination or expiration of this Agreement, Area Representative agrees not to hire, attempt to hire or otherwise enter into any business dealings or arrangements with any current or former Crestcom franchisees, distributors, area representatives, or area developers for the purpose of using such current or former Franchisee's, distributor's, area representative's, or area developer's services or materials in any Competitive Business.

18.7. Non-Interference. During the term of this Agreement and for a period of 30 months thereafter, neither Area Representative nor its officers, directors, partners, members, managers, employees, agents, or representatives shall interfere with the business of Crestcom by interfering with or disrupting, or

attempting to interfere with or disrupt, the relationship, contractual or otherwise, between Crestcom and any of its existing or prospective area representatives, area developers, Franchisees, customers, talent, suppliers, partners or joint venturers. If Area Representative breaches the terms of this Section, Area Representative agrees to pay Crestcom, as liquidated damages, and not as a penalty, an amount equal to the then current Initial Area Representative Fee due for a Territory of the type or size sold by Crestcom to Area Representative, per occurrence.

18.8. Confidentiality of Proprietary Information. Area Representative will treat as proprietary and confidential all information it receives that is a part of the Licensed Methods licensed hereunder, including the Area Representative's Procedures Manuals, the Materials and the Promotional Materials. Area Representative will not use or duplicate such information in any unauthorized manner, nor disclose the information to any unauthorized person, including in any business that may be competitive with Crestcom, without first obtaining Crestcom's written consent. Area Representative acknowledges that the Marks and the Licensed Methods have valuable goodwill attached to them, that the protection and maintenance thereof is essential to Crestcom and that any unauthorized use or disclosure of the Marks and Licensed Methods will result in irreparable harm to Crestcom.

18.9. Confidentiality Agreements and Acknowledgments. Crestcom reserves the right to require Area Representative to cause each of its officers, directors, shareholders, partners, or members, and any member of his, her, or their immediate families, and any Authorized Representatives, to execute a nondisclosure and noncompetition agreement in a form approved by Crestcom containing the restrictive covenants of this Article. If Crestcom requires any immediate family member to execute a nondisclosure and noncompetition agreement subsequent to the execution of this Agreement by Area Representative, Area Representative must use its best efforts to cause that immediate family member to execute the nondisclosure and noncompetition agreement. Area Representative must provide Crestcom a copy of each nondisclosure and noncompetition agreement at the time it is signed and thereafter upon Crestcom's request.

18.10. Claims Are Not Defenses to Covenants. Area Representative expressly agrees that the existence of any claim it may have against Crestcom, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Crestcom of the covenants of this **Article 18**. Area Representative further agrees that Crestcom shall be entitled to set off from any amount owed by Crestcom to Area Representative any loss or damage to Crestcom resulting from Area Representative's breach of this **Article 18**.

19. INSURANCE

19.1. Insurance Coverage. If the Territory is in the United States, Area Representative shall procure, maintain, and provide evidence of comprehensive general liability insurance for the Business Location and its operations with a limit of not less than \$1 million combined single limit and other insurance for its Area Representative Business in the amount and types as set forth in the Area Representative's Procedures Manuals. If the Territory is outside of the United States, Area Representative shall procure, maintain, and provide evidence of insurance coverage for Area Representative's Business in the amount and types reasonable and customary in the Territory for a business similar to an Area Representative's Business and in accordance with the requirements of the laws and regulations of the Territory. Area Representative shall provide proof of insurance for all insurance to be carried hereunder and otherwise comply with all terms and conditions related to insurance as set forth in the Area Representative's Procedures Manuals.

20. ARBITRATION

20.1. Arbitration. All controversies, disputes claims, causes of action and/or alleged breaches or failures to perform between Crestcom, its subsidiaries and affiliated companies or their shareholders, officers, directors, agents, employees and attorneys, in their representative capacity, and Area Representative, and its employees, officers, directors, owners, guarantors or Authorized Representatives, if applicable, arising out of or related to: (1) this Agreement; (2) the relationship of the parties; (3) the validity of this Agreement; or (4) any Licensed Methods will be submitted for binding arbitration to either the Judicial Arbitrator Group (“JAG”) or the American Arbitration Association (“AAA”), as selected by the party submitting the demand; except for actions brought which are related to or based on the Marks or the copyrights in the Materials or Promotional Materials or to enforce the provisions of **Article 18** of this Agreement, which actions Crestcom, at its option, may bring either in a court of competent jurisdiction or in arbitration. Notwithstanding the language above, if the action is based on a separate agreement or instrument between Area Representative or any party affiliated with Area Representative and Crestcom or any party affiliated with Crestcom, such as a promissory note or lease, the dispute resolution procedure in that agreement or instrument will control rather than this **Section 20.1**; provided, that, at Crestcom’s sole option, any claim of Crestcom or its affiliate against Area Representative or its affiliate based on such other agreement or instrument may be brought in arbitration in conjunction with a dispute between the parties that is subject to arbitration under this Section, regardless of any provisions to the contrary contained in that other agreement or instrument. Arbitration proceedings will be conducted in Denver, Colorado, U.S.A. and will be heard by one arbitrator in accordance with the then current rules of AAA that apply to commercial arbitration. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court, except that the decision whether arbitration may proceed as a class action shall be made by the court. The arbitrator shall be a resident of the State of Colorado U.S.A. knowledgeable of Colorado law and fluent in English. The arbitration proceeding and all other hearings shall be conducted in English only, although Area Representative shall have the right, at Area Representative’s option and sole expense, to have a translator present at the proceeding or other hearings. The expense of a translator shall not be considered a cost or expense related to an action pursuant to **Section 21.9** of this Agreement. The parties further agree that, in connection with any arbitration proceeding, each will file any compulsory counterclaim, as defined by Rule 13 of the U.S. Federal Rules of Civil Procedure, within 30 days after the date of the filing of the claim to which it relates. Any party to an arbitration proceeding may apply to the arbitrator for reasonable discovery from the other. In this Agreement “reasonable discovery” means a party may submit no more than 10 interrogatories, including subparts, 25 requests for admission, 25 document requests, and three depositions per side of the dispute. The foregoing discovery rights and limitations shall control over any contradictory discovery rules of AAA, unless the parties agree otherwise.

20.2. Arbitration Award. Subject to **Sections 20.6** and **20.7** below, the arbitrator will have the right to award or include in the award any relief available and appropriate under the applicable law (as set forth in **Section 20.5**) and this Agreement. Any award shall be based on established law as opposed to broad principles of justice and equity. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. This Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

20.3. Limitations on Proceedings.

a. Crestcom and Area Representative agree that arbitration will be conducted on an individual basis only. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Crestcom and Area Representative. Further, neither Crestcom nor Area Representative shall attempt to consolidate or otherwise combine in any

manner an arbitration proceeding involving Crestcom and Area Representative with another arbitration of any kind, nor shall Crestcom or Area Representative attempt to certify a class or participate as a party in a class action against the other.

b. The foregoing notwithstanding, in the event Area Representative controls, is controlled by or is in active concert with another area representative, area developer, or Franchisee of Crestcom, or there is a guarantor of some or all of the Area Representative's obligations to Crestcom, then the joinder of those parties to any arbitration between Crestcom and Area Representative shall be permitted, and in all events, the joinder of an owner, director, officer, manager, partner or other representative or agent of Area Representative shall be permitted.

c. Area Representative agrees that no claims may be brought on its behalf or on behalf of any of Area Representative's owners by any third party, including but not limited to any association representing Area Representative.

20.4. Injunctive Relief. Notwithstanding anything to the contrary contained in this **Article**, Crestcom and Area Representative will each have the right in a proper case to obtain temporary or preliminary injunctive relief from a court of competent jurisdiction. Each party agrees that the other party may have such temporary or preliminary injunctive relief, without bond, but upon due notice, and with the sole remedy in the event of the entry of such injunctive relief being the dissolution of such injunctive relief, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived by each party). Any such action will be brought as provided in **Section 20.5** below.

20.5. Governing Law/Consent to Jurisdiction/Waiver of Jury Trial. The United States Federal Arbitration Act shall govern all questions about the enforceability of **Sections 20.1** and **20.2** and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any other statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, this Agreement shall be interpreted under the laws of the State of Colorado U.S.A. and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws, and not the laws of conflict, of the State of Colorado U.S.A., which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Colorado Consumer Protection Act (COLO. REV. STAT. ANN. Sections 6-1-101, et seq.) shall not apply to this Agreement or any disputes between the parties. Area Representative and Crestcom have negotiated regarding a forum in which to resolve any disputes that arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Section 20.1**, involving Area Representative, its employees, officers, directors, or guarantors (collectively, "**Area Representative Affiliates**") and Crestcom, its employees, officers or directors (collectively, "**Crestcom Affiliates**"), both parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Colorado U.S.A., and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado U.S.A. Notwithstanding the foregoing, any legal proceeding by Crestcom or any Crestcom Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, province, or other geographic area in which the Area Representative Business is located or in which Area Representative or any Area Representative Affiliate resides or owns assets. **IF A CLAIM MAY BE BROUGHT IN COURT, THEN CRESTCOM, THE CRESTCOM AFFILIATES, AREA REPRESENTATIVE AND THE AREA REPRESENTATIVE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.**

20.6. No Punitive or Consequential Damages. Except as specifically permitted elsewhere in this Agreement or as may be required by statute, neither Crestcom or any of the Crestcom Affiliates, on the one side, nor Area Representative or any of the Area Representative Affiliates, on the other side, shall be liable to the other for punitive or other damages not measured by the other party's actual damages, except as may be required by statute, in any action between the parties.

20.7. No Recourse Against Others. Area Representative agrees that its sole recourse for claims (whether in contract or in tort, in law or in equity, or granted by statute) arising between the parties shall be against Crestcom or its successors and assigns. Area Representative agrees that the shareholders, directors, officers, employees, managers, members and agents of Crestcom and its affiliates (the "**Nonparty Affiliates**") shall not be personally liable nor named as a party in any action between Crestcom and Area Representative. To the maximum extent permitted by law, Area Representative waives any such claims against such Nonparty Affiliates.

21. MISCELLANEOUS PROVISIONS

21.1. Nonrefundability. Except as expressly stated otherwise herein, all fees and other amounts paid by Area Representative to Crestcom under this Agreement are nonrefundable once they are paid.

21.2. Modification.

a. This Agreement may only be modified upon execution of a written agreement between Crestcom and Area Representative or, at Crestcom's option, upon notice of the approval of a Super-Majority as defined in **Section 21.2.b** below. Unless prohibited by law or waived by Crestcom, Area Representative must provide a general release of any and all claims against Crestcom if Area Representative requests and Crestcom consents to modify any provisions of this Agreement after it has been signed. Area Representative acknowledges that Crestcom may modify its standards and specifications and operating techniques set forth in the Area Representative's Procedures Manuals, the Materials and the Promotional Materials unilaterally under any conditions and to the extent in which Crestcom, in its sole discretion, deems necessary to protect, promote, or improve the Marks and the quality of the Materials, Promotional Materials or other of the Licensed Methods. These modifications may include regional and local variations. Area Representative shall be bound by, and incorporate into its Area Representative Business, these modifications. Area Representative may be obligated to invest additional capital in its Area Representative Business and incur higher operating costs based on these periodic modifications. Crestcom has the right to vary the area ~~development~~representative agreement and any standards, specifications, and techniques for a particular Crestcom area ~~development~~representative based on the circumstances related to the area ~~development~~representative, its ~~Development Area~~territory, or any other condition. Area Representative shall not be entitled to require Crestcom to grant Area Representative a similar variation.

b. This Agreement may be modified by Crestcom at its option whenever Crestcom and a Super-Majority, as hereinafter defined, of area representatives of Crestcom agree to any such modification. A "**Super-Majority**" of Crestcom area representatives shall consist of the owners of at least 75 percent of all Area Representative Businesses in good standing, or if only a portion of Area Representative Businesses are affected by the modification, at least 75 percent of those Area Representative Businesses affected by the modification. Whenever a modification is approved by a Super-Majority, Crestcom may elect to treat the modification as effective to all area representatives or the applicable group thereof, including Area Representative, to the same extent and in the same manner if the modification was unanimously approved by them, and regardless of whether Area Representative may or may not desire to be bound by the modification. Crestcom shall provide Area Representative with notice of any modification to this Agreement based on a Super-Majority approval at least 30 days prior to the date such

modification is to be effective. By signing this Agreement, Area Representative appoints the officers of Crestcom as its attorneys in fact with irrevocable power and authority to execute such modification so approved.

21.3. Entire Agreement. This Agreement, which includes the attachments and exhibits to this Agreement, contains the entire agreement and understanding between the parties and supersedes any and all prior agreements concerning the subject matter hereof. Crestcom does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. Area Representative acknowledges and agrees that no representations have been made to it by Crestcom or its representatives regarding projected sales volumes, market potential, revenues, or profits of the Area Representative Business, or operational assistance other than as stated in this Agreement or in any applicable disclosure document or advertising or promotional materials provided by Crestcom. Additionally, Area Representative hereby acknowledges and agrees that, in entering into this Agreement, it is not relying on the existence or non-existence of any particular fact or matter not set forth in this Agreement or in the disclosure document provided to Area Representative. Area Representative agrees and understands that Crestcom will not be liable or obligated for any oral representations or commitments made prior to the execution hereof, for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, or for claims of negligent or fraudulent omissions or nondisclosure of facts or information. Nothing in this Agreement or in any related agreement is intended to disclaim any representations made by Crestcom in the disclosure document provided to Area Representative.

21.4. Delegation by Crestcom. From time to time, Crestcom will have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether they are agents of Crestcom or independent contractors with whom Crestcom has contracted to provide such services. Area Representative agrees in advance to any such delegation by Crestcom of any portion or all of its obligations and duties hereunder.

21.5. Consent; Business Judgment. Wherever Crestcom's consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, Crestcom has the right to withhold its approval at its option, in its business judgment, taking into consideration its assessment of the long-term interests of the Crestcom system overall. Crestcom may withhold any and all consents or approvals required by this Agreement if Area Representative is in default or breach of this Agreement, and all approvals and consents must be in writing and signed by one of Crestcom's duly authorized representatives. In no event may Area Representative make any claim for money damages based on any claim that Crestcom has unreasonably withheld or delayed any consent or approval to a proposed act by Area Representative under the terms of this Agreement. Area Representative's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement by specific performance or by declaratory judgment.

21.6. Effective Date. This Agreement will not be effective until accepted by Crestcom as evidenced by dating and signing by an authorized officer of Crestcom.

21.7. Limitation on Actions. Notwithstanding anything contained in this Agreement to the contrary, any and all claims and actions by Area Representative arising out of or relating to this Agreement, the relationship between Area Representative and Crestcom, or Area Representative's operation of the Area Representative Business must be commenced within one year from the occurrence of the facts giving rise to the claim or action.

21.8. Review of Agreement. Area Representative acknowledges that it had a copy of this Agreement in its possession for a period of time not less than that required by applicable law and has been given

sufficient time to seek, and to submit this Agreement for, professional review and advice of Area Representative's choosing prior to freely executing this Agreement.

21.9. Attorneys' Fees. The prevailing party in any action arising out of, or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties.

21.10. Incorporation of Riders. To the extent that any of the Riders to the Area Representative Agreement for Specific States and/or Countries attached as Exhibit IV is applicable, such rider is incorporated herein and this Agreement is modified accordingly. The provisions in any applicable rider are included as a condition to registration or use in certain jurisdictions, and Crestcom is not precluded from contesting the validity, enforceability, or applicability of such provisions in any action relating to this Agreement or its rescission or termination.

21.11. No Waiver. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by Crestcom or Area Representative will be considered to imply or constitute a further waiver by Crestcom or Area Representative of the same or any other condition, covenant, right, or remedy.

21.12. No Right to Set Off. Unless expressly provided otherwise in this Agreement, Area Representative will not be allowed to set off amounts owed to Crestcom for any fees or other amounts due hereunder or under any Franchise Agreement, against any monies owed to Area Representative, which right of set off is expressly waived by Area Representative.

21.13. Survival of Terms. Every article and section of this Agreement that by its terms is intended to survive expiration and/or termination of this Agreement shall survive the expiration or termination of this Agreement for any reason.

21.14. Invalidity: Authority to Reform. In the event that any arbitrator or court of competent jurisdiction determines that any provision of this Agreement, including but not limited to any of the restrictive covenants contained in **Article 18** hereof, are unenforceable as written for any reason, including for purposes of the restrictive covenants, reasons that the areas of restriction exceed the reasonable maximum time period, geographic area or scope, then the parties hereby request and authorize the arbitrator or court to "blue pencil" such provision so as to make it enforceable and to best carry out the intent of the parties, or to deem such provision severed from this Agreement if it cannot be so modified. The holding, declaration or pronouncement shall not adversely affect any other provisions of this Agreement, which shall otherwise remain in full force and effect.

21.15. Notices. All notices required to be given under this Agreement will be given in writing, by personal delivery, certified mail, return receipt requested, e-mail or an overnight delivery service providing documentation of receipt, at the address set forth in the first paragraph of this Agreement in the case of Crestcom, at the Business Location set forth in the Addendum in the case of Area Representative, at the e-mail address set forth on the signature page of this Agreement, or at such other addresses as Crestcom or Area Representative may designate from time to time. Notice will be effectively given when personally delivered or delivered by e-mail to the proper e-mail address. If the Territory is in the United States, notice will be effectively given three days after being deposited in the United States mail, with proper address and postage prepaid, or one day after being deposited with the overnight delivery service, as may be applicable. If the Territory is outside of the United States, notice will be effectively given

seven days after being deposited in the United States mail, with proper address and postage prepaid, or three days after being deposited with the overnight delivery service, as may be applicable.

21.16. Force Majeure. Crestcom will not be liable to Area Representative, nor will Crestcom be deemed to be in breach of this Agreement, if it exercises best efforts to perform its obligations hereunder and its failure to perform its obligations results from: (i) transportation shortages, inadequate supply of labor, material or energy, or voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any government or any department or agency thereof; (ii) compliance with any law, ruling, order, regulation, requirement or instruction of any government or any governmental department or agency; (iii) viral or bacterial epidemic, pandemic, or other public health crisis; (iv) acts of God; or (v) fires, strikes, terrorism, embargoes, war or riot. Any delay resulting from any of these causes will extend performance by Crestcom accordingly or excuse performance by Crestcom in whole or in part, as may be necessary.

21.17. Taxes. All taxes or withholdings imposed on products or services, on any payments due Crestcom by Area Representative, or any other taxes or withholdings imposed by governmental or quasi-governmental entities and assessed against the Area Representative Business shall be borne exclusively by Area Representative, and payments of any fees or other consideration which is payable by Area Representative to Crestcom hereunder shall not, in any way, be reduced or affected by any such taxes or withholdings.

21.18. Estoppel Certificates. Area Representative agrees at any time and from time to time within 10 days after notice from Crestcom, to execute, acknowledge and deliver to Crestcom a statement in writing, form and substance acceptable to Crestcom, verifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the Agreement is in full force and effect as modified and stating the modifications), and whether or not there exists any default in the performance of any term, condition or covenant of this Agreement and, if so, specifying each such default, it being intended that any such statement delivered pursuant hereto may be relied upon by Crestcom and by any lenders of Crestcom, or any prospective investors in or purchasers of all or any part of Crestcom's business.

21.19. Cross Default and Cross Termination.

a. A default by Area Representative under this Agreement will be deemed a default of all agreements between Area Representative and/or any company(ies) affiliated with Area Representative, on the one hand, and Crestcom and/or any company(ies) affiliated with Crestcom, on the other hand (the "Other Agreements"). A default by Area Representative and/or any company(ies) affiliated with Area Representative under any of the Other Agreements will be deemed a default under this Agreement. A default by any guarantor(s) of this Agreement or of any of the Other Agreements will be deemed a default of this Agreement.

b. If this Agreement is terminated as a result of a default by Area Representative, Crestcom may, at its option, elect to terminate any or all of the Other Agreements. If any of the Other Agreements is terminated as a result of a default by Area Representative and/or any company(ies) affiliated with Area Representative, Crestcom may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any of the Other Agreements will be grounds for termination of this Agreement and/or any and all of the Other Agreements without additional notice or opportunity to cure.

21.20. Charges and Taxes. All provisions in this Agreement stating that Area Representative will pay or be responsible for any costs, charges or taxes includes all customs or duty charges, foreign currency purchase levies, import and export fees and levies, and other similar costs, charges and taxes.

21.21. Translations.

a. If Area Representative is required to translate the Materials, as they exist as of the execution date of this Agreement, in order to use them in the Territory, it will do so in accordance with the terms of Crestcom's then current form of translation agreement without additional consideration from Crestcom.

b. Crestcom may from time to time produce or acquire new, revised, or updated training programs, which may be provided in audio, video, online, or other media format, that are not part of the Materials existing as of the execution date of this Agreement ("**New Materials**") and make these New Materials available to its Franchisees. If the New Materials need to be translated in order to be used in the Territory, Area Representative will translate those New Materials in accordance with the terms of Crestcom's then current translation agreement required by Crestcom.

c. If Area Representative fails to translate the New Materials as required by Crestcom, then Crestcom may either arrange for the translation of the New Materials itself or appoint a third party to do so on any terms determined by Crestcom in its sole discretion. In that event, Area Representative will not be entitled to receive any compensation related to (i) Royalty Fees paid by any Franchisees in the Territory based on the Gross Revenues received based on the New Materials, or (ii) New Materials Surcharges paid by Franchisees in the Territory.

d. If Area Representative translates any Materials or New Materials, Crestcom shall have the right to copyright the translated or adapted materials in any other country or territory, and shall own the United States and all foreign copyrights of all translations, adaptations and/or derivative versions of the Materials or New Materials and shall have the right to market the Materials, including the translated or adapted versions of the Materials or New Materials in any manner Crestcom might choose in all countries of the world.

21.22. Approval Within Territory. Any approval of this Agreement by the appropriate authorities in the Territory that is required to enable Area Representative to enter into this Agreement, perform under the terms of this Agreement, do business with Crestcom, or to make payments to Crestcom in United States Dollars in the United States of America will be the sole responsibility and at the sole expense of Area Representative.

21.23. Manner of Payment. All payments provided for herein shall be paid to Crestcom in the United States in U.S. Dollars net of any taxes or withholdings. The exchange rate for calculating payments due hereunder shall be the exchange rate published in The Wall Street Journal on the day the payment is due. If, for any reason whatsoever, a payment that is due to Crestcom under this Agreement is not paid on the date that such payment is due, the exchange rate to be used shall be either the exchange rate published on the due date or the exchange rate published on the date that the payment is actually made, whichever results in a greater amount to Crestcom. If The Wall Street Journal is not published on the date of conversion, the applicable exchange rate shall be that rate published in The Wall Street Journal on the nearest date of publication prior to the date of conversion, or by a successor or equivalent publication to be designated by Crestcom in the event The Wall Street Journal ceases to be published or ceases to publish the applicable exchange rates. Crestcom may designate and change payment instructions at any time on prior written notice to Area Representative. Area Representative shall be solely responsible for the payment of any costs and charges incurred in connection with the transfer and exchange of currency over and above any fees due or paid.

21.24. Translation of Agreement. The English language will be regarded as the authoritative and official text of this Agreement; however, this Agreement may be translated into the language in dominant use in the Territory, at Area Representative's expense, in the event that translation is necessary for any reason, including for the purpose of registration of this Agreement with the applicable governmental authority. Nevertheless, in the event that any discrepancies exist between the English text and the translated text, the English text will be considered the official text of this Agreement.

21.25. Electronic Communications. Area Representative expressly consents to (i) receiving electronic or other communications from Crestcom, the Crestcom Affiliates, and Crestcom's approved suppliers, and (ii) Crestcom disclosing Area Representative's e-mail address and other contact information to any of the Crestcom Affiliates and Crestcom's approved suppliers. Area Representative acknowledges that these communications are necessary to facilitate and keep Area Representative updated regarding the ongoing franchise relationship.

21.26. Counterparts and Electronic Signature. This Agreement and all riders and addenda hereto may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement, any riders or addenda hereto, and any other agreements entered into with Crestcom by facsimile or in electronic format shall be effective as delivery of a manually executed counterpart of this Agreement or such other document. The words "execution", "signed", "signature", and words of similar meaning in this Agreement shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures or a paper-based recordkeeping system to the extent and as provided for under applicable laws.

21.27. Crestcom's Reserved Rights. Notwithstanding anything in this Agreement to the contrary, Crestcom shall have the right to exchange Materials for transport, travel, or lodging within the Territory where the intent of such exchange for transport, travel, or lodging is related to aiding Area Representative's activities within the Territory. Crestcom also reserves the right to sell or exchange the Materials in conjunction with live appearances by any officer of Crestcom.

21.28. Acknowledgment. BEFORE SIGNING THIS AGREEMENT, AREA REPRESENTATIVE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. AREA REPRESENTATIVE REPRESENTS AND WARRANTS THAT IT HAS INDUCED CRESTCOM TO ENTER INTO THIS AGREEMENT BASED ON THE REPRESENTATIONS AND WARRANTIES MADE TO CRESTCOM AND SET FORTH IN THIS AGREEMENT, INCLUDING THE FOLLOWING. THE FOLLOWING REPRESENTATIONS AND WARRANTIES SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT. AREA REPRESENTATIVE ACKNOWLEDGES THAT:

a. AREA REPRESENTATIVE OR ITS PRINCIPAL REPRESENTATIVE HAS BEEN AFFORDED THE OPPORTUNITY TO ASK SUCH QUESTIONS AND REVIEW SUCH MATERIALS OF CRESTCOM AS AREA REPRESENTATIVE OR ITS PRINCIPAL REPRESENTATIVE DEEMS RELEVANT IN ORDER TO MAKE A DECISION TO ENTER INTO THIS AGREEMENT AND ACQUIRE AN AREA REPRESENTATIVE BUSINESS HEREUNDER, AND HAS SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL, TAX AND BUSINESS MATTERS AND HAS PRIOR KNOWLEDGE AND EXPERIENCE IN MANAGEMENT, SALES OR PERSONNEL TRAINING OR RELATED FIELDS SO AS TO ENABLE AREA REPRESENTATIVE OR ITS PRINCIPAL REPRESENTATIVE TO UTILIZE THE INFORMATION MADE AVAILABLE TO AREA REPRESENTATIVE AND FULLY UNDERSTAND SUCH INFORMATION;

b. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON AREA REPRESENTATIVE'S ABILITY AS AN INDEPENDENT BUSINESSPERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS;

c. NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED;

d. AREA REPRESENTATIVE UNDERSTANDS AND ACKNOWLEDGES THAT IT IS FAMILIAR WITH THE APPLICABLE LAWS AND REGULATIONS CONCERNING THE PROMOTION OF FRANCHISES IN THE TERRITORY, AND AGREES TO USE ITS BEST EFFORTS TO COMPLY WITH THEM;

e. AREA REPRESENTATIVE ACKNOWLEDGES AND UNDERSTANDS THAT THE RIGHTS GRANTED HEREUNDER ARE NONEXCLUSIVE AND CRESTCOM SHALL BE ENTITLED TO DEVELOP AND OPERATE, OR GRANT RIGHTS TO, LICENSE, OR FRANCHISE OTHER AREA REPRESENTATIVES, AREA DEVELOPERS, OR FRANCHISEES TO DEVELOP AND OPERATE, CRESTCOM BUSINESSES, AREA REPRESENTATIVE BUSINESSES, AND AREA DEVELOPER BUSINESSES;

~~**f.** CRESTCOM HAS MADE NO REPRESENTATIONS OR STATEMENTS OF ACTUAL, AVERAGE, PROJECTED OR FORECASTED SALES, PROFITS OR EARNINGS TO AREA REPRESENTATIVE WITH RESPECT TO THE AREA REPRESENTATIVE BUSINESS ON WHICH AREA REPRESENTATIVE HAS IN ANY WAY RELIED IN ENTERING INTO THIS AGREEMENT;~~

g.f. AREA REPRESENTATIVE HAS HAD AN OPPORTUNITY TO CONDUCT AN INDEPENDENT INVESTIGATION OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZES THAT, LIKE ANY OTHER BUSINESS, THE NATURE OF THIS BUSINESS MAY EVOLVE AND CHANGE OVER TIME, THAT THE INVESTMENT INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE IS LARGELY DEPENDENT ON AREA REPRESENTATIVE'S BUSINESS ABILITIES AND EFFORTS;

h.g. AREA REPRESENTATIVE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE RIGHTS GRANTED PURSUANT TO THIS AGREEMENT;

i.h. AREA REPRESENTATIVE IS FAMILIAR WITH AND HAS THE NECESSARY MANAGERIAL AND FINANCIAL ABILITY TO OPERATE, DEVELOP AND MAINTAIN THE AREA REPRESENTATIVE BUSINESS AND THAT IT HAS OR WILL HAVE SUFFICIENT STAFF AND OFFICES TO OPERATE THE AREA REPRESENTATIVE BUSINESS AND TO CARRY OUT THE OTHER TERMS AND CONDITIONS OF THIS AGREEMENT;

j.i. NEITHER AREA REPRESENTATIVE, NOR ANY OFFICER, DIRECTOR, MEMBER, MANAGER, OR PARTNER OF AREA REPRESENTATIVE (AS APPLICABLE), IS SUBJECT TO UNITED STATES EXECUTIVE ORDER 13224 OR THE PATRIOT ACT. IF AREA REPRESENTATIVE, OR ANY OFFICER, DIRECTOR, MEMBER, MANAGER, OR PARTNER OF AREA REPRESENTATIVE (AS APPLICABLE), BECOMES SUBJECT TO UNITED STATES EXECUTIVE ORDER 13224 OR THE PATRIOT ACT, AREA REPRESENTATIVE SHALL NOTIFY CRESTCOM IMMEDIATELY THEREOF.

The parties have executed this Agreement to be made effective as of the date set forth below.

CRESTCOM:

CRESTCOM INTERNATIONAL, LLC

Date: _____

By: _____

Title: _____

E-mail Address: info@crestcom.com

AREA REPRESENTATIVE:

Date: _____

Individually

OR:
(if a corporation, partnership
or other business entity)

Company Name

Date: _____

By: _____

Title: _____

E-mail Address: _____

EXHIBIT I
TO AREA REPRESENTATIVE AGREEMENT

**AREA REPRESENTATIVE ADDENDUM
TO CRESTCOM INTERNATIONAL, LLC
AREA REPRESENTATIVE AGREEMENT**

This is an Addendum (“**Addendum**”) to the Area Representative Agreement (the “**Agreement**”) by and between Crestcom International, LLC, hereinafter “**Crestcom**” and the undersigned area representative, hereinafter “**Area Representative**.” This Addendum modifies the terms of the Agreement and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum shall be controlling.

The parties agree as follows:

1. Business Location. The Business Location, referenced in **Section 3.1** of the Agreement, will be located at: _____

2. Territory. The Territory, referenced in **Section 3.2** of the Agreement, will be the geographic area described as: _____

3. Performance Schedule. The Performance Schedule setting forth the Development Obligations and the Minimum Quarterly Production Obligations, as referenced in **Section 3.4.a** of the Agreement, shall be as follows:

PERFORMANCE SCHEDULE

<u>Calendar Year</u>	<u>Development Obligations (Number of Franchisees Who Must Be Active at the End of Each Calendar Year)</u>	<u>Minimum Quarterly Production Obligations (Minimum Gross Revenues in Territory)</u>
20__	_____	\$ _____
20__	_____	\$ _____
20__	_____	\$ _____
20__	_____	\$ _____
20__	_____	\$ _____
20__	_____	\$ _____
20__	_____	\$ _____
20__ *	_____	\$ _____
20__ and each calendar year thereafter*	_____	\$ _____ (as adjusted by the annual increase described below)**

* The term of the Agreement is for a period of seven years. The requirements stated for the later years in this Performance Schedule will only apply if Area Representative validly exercises any options Area Representative may have for a successor Area Representative Business in accordance with the Agreement, unless a new Performance Schedule is entered into upon the exercise of the successor Area Representative Business option.

** Commencing with the calendar year 20____, the Minimum Quarterly Production Obligations shall increase annually at the rate of 6 percent per annum, compounded. The Gross Revenues generated during the course of each calendar quarter by the CRESTCOM Businesses in the Territory shall count toward the Minimum Quarterly Production Obligations for that calendar quarter, as described in the Agreement.

4. Initial Area Representative Fee. The Initial Area Representative Fee, referenced in **Section 4.1** of the Agreement, will be the sum of \$ _____ (U.S. Dollars), which shall be payable as follows:

5. Conversion Fee. The conversion fee payable by Area Representative, referenced in **Section 4.2** of the Agreement, will be the sum of \$ _____ (U.S. Dollars), which shall be payable as follows:

6. Number of Pre-Existing Franchisees. The number of Pre-Existing Franchisees, as referenced in **Section 5.8** of the Agreement, is _____.

7. Review of Agreement. Area Representative acknowledges that it had a copy of the Agreement in its possession for a period of time as required by applicable law, during which time Area Representative has had the opportunity to submit the same for professional review and advice of Area Representative's choosing prior to freely executing the Agreement.

8. Effectiveness of Agreement. To the extent not amended in this Addendum, all other terms and conditions of the Agreement shall remain in full force and effect.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

The parties have executed this Addendum to be made effective as of even date with the Agreement.

CRESTCOM:

CRESTCOM INTERNATIONAL, LLC

Date: _____

By: _____

Title: _____

AREA REPRESENTATIVE:

Date: _____

Individually

OR:

(if a corporation, partnership
or other business entity)

Company Name

Date: _____

By: _____

Title: _____

EXHIBIT II
TO AREA REPRESENTATIVE AGREEMENT

STATEMENT OF OWNERSHIP

Area Representative: _____

Trade Name (if different from above): _____

Form of Ownership (Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company ____ Other

If an Individual, provide the name, address, and social security or other national identification number of the Individual.

If a Partnership, provide the name, address, and social security or other national identification number of each partner showing the percentage owned and whether each is active in management, indicate the country, state and/or province in which the partnership was formed and the date it was formed, and provide a copy of the Partnership Agreement.

If a Corporation, provide the name, address, and social security or other national identification number of each officer and director, and list the name, address, and social security or other national identification number of every shareholder showing what percentage of stock is owned by each, indicate the country, state and/or province and date of incorporation, and provide a copy of the Articles of Incorporation certified by the Secretary of State or other official for the country, state and/or province in which the corporation was formed.

If a Limited Liability Company, provide the name, address, and social security or other national identification number of each member and each manager showing the percentage owned, indicate the country, state and/or province in which the Limited Liability Company was formed and the date it was formed, and provide a copy of the Articles of Organization certified by the Secretary of State or other official for the country, state and/or province in which the Limited Liability Company was formed and the Operating Agreement.

If another type of business entity, provide the name, address, and social security or other national identification number of each owner and each officer or manager showing the percentage owned, indicate the country, state and/or province in which the business entity was formed and the date it was formed, and provide a copy of any articles of formation and governing agreements certified, if applicable, by the Secretary of State or other official for the country, state and/or province in which the business entity was formed.

Social Security/National ID Number(s) of Individual Area Representative or Principals: _____

Area Representative acknowledges that this Statement of Ownership applies to the Area Representative Business authorized under the Area Representative Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Crestcom in writing.

Date

Name

EXHIBIT III
TO AREA REPRESENTATIVE AGREEMENT

GUARANTY AND ASSUMPTION OF AREA REPRESENTATIVE'S OBLIGATIONS

A. In consideration of, and as an inducement to, the execution of the above Area Representative Agreement (the "**Area Representative Agreement**") by Crestcom International, LLC ("**Crestcom**"), each of the undersigned personally and unconditionally:

1. Guarantees to Crestcom and its successors and assigns, for the term of the Area Representative Agreement, including successor terms, that the undersigned Area Representative named on the signature page hereto ("**Area Representative**") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Representative Agreement;

2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Area Representative Agreement and any notes, security agreements or other instruments or agreements relating to the purchase of the Area Representative Business governed by the Area Representative Agreement; and

3. Agrees to be personally bound by the covenants against competition and other restrictive covenants contained in **Article 18** and elsewhere in the Area Representative Agreement.

B. Each of the undersigned waives all of the following:

1. Acceptance and notice of acceptance by Crestcom of the foregoing undertaking.

2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed.

3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed.

4. Any right he or she may have to require that any action be brought against Area Representative or any other person as a condition of liability.

5. Notice of any amendment, modification, deletion or addition of any term or condition of or to any of the obligations hereby guaranteed.

6. Notice of any termination as to future liability of any other guarantor.

7. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

C. Each of the undersigned consents and agrees to all of the following:

1. His or her direct and immediate liability under this guaranty will be joint and several.

2. He or she will render any payment or performance required under the Area Representative Agreement upon demand if Area Representative fails or refuses punctually to do so.

3. Such liability will not be contingent or conditioned upon pursuit by Crestcom of any remedies against Area Representative or any other person.

4. Such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Crestcom may from time to time grant to Area Representative or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Area Representative Agreement, including successor terms.

5. He or she shall be bound by the restrictive covenants, confidentiality provisions, audit provisions, and the indemnification provisions contained in the Area Representative Agreement.

6. Crestcom may, at its option, without notice to or further consent of him or her, take any of the following actions:

(i) retain the primary or secondary liability of any other party with respect to all or any part of the obligations hereby guaranteed.

(ii) release or compromise any liability of any other guarantor or any other party with respect to the obligations hereby guaranteed.

(iii) amend, modify, delete, or add any term or condition of or to any of the obligations hereby guaranteed, which may include the creation of new obligations.

D. No delay or neglect on the part of Crestcom in the exercise of any right or remedy existing under law or by virtue of this Guaranty shall operate as a waiver thereof, but such rights and remedies shall continue in full force and effect until specifically waived or released by an instrument in writing executed by Crestcom and designated as a waiver or release; and no single or partial exercise by Crestcom of any right or remedy shall preclude further exercise thereof or the exercise of any right or remedy.

E. The arbitration, injunctive relief, governing law and jurisdiction provisions contained in the Area Representative Agreement shall govern this Guaranty, and such provisions are incorporated into this Guaranty by this reference.

F. This Guaranty may be executed via electronic signatures.

Each of the undersigned has affixed his or her signature effective on the same day and year as the Area Representative Agreement was executed.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

AREA REPRESENTATIVE:

GUARANTOR(S):

(Print Name)

Signature

Address

Telephone Number

(Print Name)

Signature

Address

Telephone Number

EXHIBIT IV
TO AREA REPRESENTATIVE AGREEMENT

**RIDERS TO AREA REPRESENTATIVE AGREEMENT FOR SPECIFIC STATES
AND/OR COUNTRIES**

If any one or more of the following Riders to the Area Representative Agreement for Specific States and/or Countries ("**Riders**") is checked as an "Applicable Rider" below, then that Rider shall be incorporated into the Area Representative Agreement entered into by Crestcom International, LLC and the undersigned Area Representative. To the extent any terms of an Applicable Rider conflict with the terms of the Area Representative Agreement, the terms of the Rider shall supersede the terms of the Area Representative Agreement.

APPLICABLE RIDER:

United States

☐ California

☐ Maryland

☐ Rhode Island

☐ Hawaii

☐ Minnesota

☐ Virginia

☐ Illinois

☐ North Dakota

☐ Wisconsin

☐ Indiana

CRESTCOM:

CRESTCOM INTERNATIONAL, LLC

Date: _____

By: _____
Title: _____

AREA REPRESENTATIVE:

Date: _____

By: _____
Title: _____

UNITED STATES RIDERS TO AREA REPRESENTATIVE AGREEMENT

CALIFORNIA RIDER TO AREA REPRESENTATIVE AGREEMENT

1. ~~The following language is added to the end of Article 4:~~

~~The Department of Financial Protection and Innovation requires that Crestcom defer the collection of all initial fees from California area representatives until Crestcom has completed all its pre-opening obligations and the area representative is open for business.~~

21. Section 20.5 is deleted and replaced with the following language:

20.5. Governing Law/Consent to Jurisdiction/Waiver of Jury Trial. The United States Federal Arbitration Act shall govern all questions about the enforceability of **Sections 20.1** and **20.2** and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any other statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, this Agreement shall be interpreted under the laws of the State of Colorado U.S.A. and any dispute between the parties shall be governed by and determined in accordance with the internal substantive laws, and not the laws of conflict, of the State of Colorado U.S.A., which laws shall prevail in the event of any conflict of law. Notwithstanding the foregoing, the parties agree that the Colorado Consumer Protection Act (Colo. Rev. Stat. Ann. Sections 6-1-101, et seq.) shall not apply to this Agreement or any disputes between the parties. If a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Section 20.1**, involving Area Representative, its employees, officers or directors (collectively, “**Area Representative Affiliates**”) and Crestcom, its employees, officers or directors (collectively, “**Crestcom Affiliates**”), both parties consent to jurisdiction and venue for disputes between them in the state and federal courts of Colorado U.S.A., and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado U.S.A. Notwithstanding the foregoing, any legal proceeding by Crestcom or any Crestcom Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, province, or other geographic area in which the Area Representative Business is located or in which Area Representative or any Area Representative Affiliate resides or owns assets. **IF A CLAIM MAY BE BROUGHT IN COURT, THEN CRESTCOM, THE CRESTCOM AFFILIATES, AREA REPRESENTATIVE AND THE AREA REPRESENTATIVE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.**

32. 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.

HAWAII RIDER TO AREA REPRESENTATIVE AGREEMENT

1. The following language is added to the end of **Article 4**:

All initial fees payable to Crestcom and any of its affiliates shall be deferred until Crestcom has fulfilled all of its initial obligations to Area Representative.

2. The following language is added at the end of **Sections 14.2.g, 15.3.d and 21.2**:

Any release executed pursuant to this Section will not apply to any claims that may arise under the Hawaii Franchise Investment Law.

3. The following paragraph is added to **Section 16.6.e**:

Section 482E-6(3) of the Hawaii Revised Statutes provides that upon termination or refusal to renew the Franchise, Crestcom is obligated to compensate Area Representative for the fair market value, at the time of the termination or expiration of the Franchise, of Area Representative's inventory, supplies, equipment and furnishings purchased from Crestcom or a supplier designated by Crestcom; provided that personalized materials which have no value to Crestcom need not be compensated for. If Crestcom refuses to renew a Franchise for the purpose of converting Area Representative's business to one owned and operated by Crestcom, Crestcom, in addition to the remedies provided above, shall compensate Area Representative for the loss of goodwill. Crestcom may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of Area Representative's inventory, supplies, equipment and furnishings pursuant to this requirement, and may offset from such compensation any monies due Crestcom.

ILLINOIS RIDER TO AREA REPRESENTATIVE AGREEMENT

- ~~1. The following language is added to the end of **Article 4**:~~

~~All initial fees payable to Crestcom and any of its affiliates shall be deferred until Crestcom has fulfilled all of its initial obligations to Area Representative and Area Representative has commenced doing business pursuant to this Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Crestcom's financial condition.~~

- ~~21.~~ **Section 20.5** is deleted and replaced with the following language:

20.5. Governing Law/Consent to Jurisdiction.

The United States Federal Arbitration Act shall govern all questions about the enforceability of **Sections 20.1 and 20.2** and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, all matters regarding this Agreement shall be interpreted under the laws of the State of Illinois. Area Representative and Crestcom have negotiated regarding a forum in which to resolve any disputes that arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding not subject to mandatory arbitration, as specified in **Section 20.1**, involving Area Representative, its employees, officers or directors (collectively, "**Area Representative Affiliates**") and Crestcom, its employees, officers

or directors (collectively, “**Crestcom Affiliates**”), both parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Colorado U.S.A., and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado U.S.A. Notwithstanding the foregoing, any legal proceeding by Crestcom or any Crestcom Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, province, or other geographic area in which the Area Representative Business is located or in which Area Representative or any Area Representative Affiliate resides or owns assets. Under Section 41 of the Illinois Franchise Disclosure Act of 1987 (the “**Illinois Act**”), nothing in this Agreement shall require Area Representative to waive, or be deemed a waiver by Area Representative of, compliance with the Illinois Act or any other applicable laws of the State of Illinois. Section 4 of the Illinois Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of the State of Illinois.

32. The following language is added to the end of **Section 21.3**:

This provision does not act to exclude any express written commitments, representations or undertakings in the Crestcom Franchise Disclosure Document provided by Crestcom to Area Representative.

43. **Section 21.7** is deleted and replaced with the following language:

21.7. Limitation on Actions.

All claims and actions of Area Representative arising out of or relating to this Agreement, the relationship between Area Representative and Crestcom, or Area Representative’s operation of the CRESTCOM Business shall be commenced by Area Representative within three years after the event that caused the violation of the Illinois Act, or within one year after Area Representative becomes aware of facts or circumstances reasonably indicating that Area Representative may have a claim, or within 90 days after delivery to Area Representative of a written notice of the violation, whichever shall first expire, or the claim will be barred.

54. **Section 21.28** is deleted and replaced with the following language:

21.28. Acknowledgement.

BEFORE SIGNING THIS AGREEMENT, AREA REPRESENTATIVE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. AREA REPRESENTATIVE ACKNOWLEDGES THAT THE SUCCESS OF THE BUSINESS VENTURE DISCUSSED IN THIS AGREEMENT INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON AREA REPRESENTATIVE’S ABILITY AS AN INDEPENDENT BUSINESSPERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS.

65. Section 41 of the Illinois Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. Section 41 does not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual

lawsuit filed under any of the provisions of the Illinois Act, nor does it prevent the arbitration of any claim pursuant to the provision of Title 9 of the United States Code.

76. Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

7. 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.

8. See the first page of this Exhibit IV for your signature.

INDIANA RIDER TO AREA REPRESENTATIVE AGREEMENT

The following modifications are made to the Area Representative Agreement only to the extent required by the Indiana Franchises Act, IND. CODE § 23-2-2.5, and the Indiana Deceptive Franchise Practices Act, IND. CODE § 23-2-2.7:

1. The following statement is added to **Section 3.7**:

Indiana law prohibits Crestcom from establishing a Crestcom-owned outlet engaged in a substantially identical business within its territory, or if no exclusive territory is designated, that competes unfairly with Area Representative within a reasonable area.

2. The following language is added to the end of **Sections 14.2.g, 15.3.d and 21.2**:

Any release executed pursuant to this Section will not apply to any claims that may arise under the Indiana Franchise Disclosure Act and Indiana Deceptive Franchise Practices Act.

3. The words, "or within the Assigned Area, Territory, or development area of any other franchised, licensed or company-owned CRESTCOM Business, Area Representative Business, or area development business," are deleted from **Section 18.2**.

4. **Section 20.5** is deleted and replaced with the following language:

20.5. Governing Law/Consent to Jurisdiction/Waiver of Jury Trial. The United States Federal Arbitration Act shall govern all questions about the enforceability of **Sections 20.1 and 20.2** and the confirmation of any arbitration awards pursuant to such procedures, and no arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Otherwise, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or applicable international trademark law, disputes related to a violation of the Indiana Franchises Act or the Indiana Deceptive Franchise Practices Act shall be governed thereby, and all other matters regarding this Agreement shall be governed by the laws of the State of Colorado. Subject to the foregoing, Area Representative and Crestcom have negotiated regarding a forum in which to resolve any disputes that arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Area Representative, its employees, officers or

directors (collectively, “**Area Representative Affiliates**”) and Crestcom, its employees, officers or directors (collectively, “**Crestcom Affiliates**”), both parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Colorado and each waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Colorado. Notwithstanding the foregoing, any legal proceeding by Crestcom or any Crestcom Affiliate not subject to mandatory arbitration may be brought in any court of competent jurisdiction in the country, state, province, or other geographic area in which the Area Representative Business is located or in which Area Representative or any Area Representative Affiliate resides or owns assets. **IF A CLAIM MAY BE BROUGHT IN COURT, THEN CRESTCOM, THE CRESTCOM AFFILIATES, AREA REPRESENTATIVE AND THE AREA REPRESENTATIVE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY.**

5. The following sentence is added at the end of **Section 21.3**:

Notwithstanding anything to the contrary in this provision, Area Representative does not waive any right under the Indiana Franchises Act or the Indiana Deceptive Franchise Practices Act with regard to prior representations made by Crestcom.

6. **Section 21.7** is deleted, and replaced with the following language:

21.7 Limitation on Actions.

Any and all claims and actions of Area Representative arising out of or relating to this Agreement, the relationship between Area Representative and Crestcom, or Area Representative’s operation of the CRESTCOM Business shall be commenced within the time period specified in Indiana Law.

MARYLAND RIDER TO AREA REPRESENTATIVE AGREEMENT

1. The following language is added at the end of **Sections 14.2.g** (“Pre-Conditions to Area Representative’s Assignment”) and **15.3.d** (“Successor Area Representative Rights”):

(Any release executed in connection herewith will not apply to any claims that may arise under the Maryland Franchise Registration and Disclosure Law.)

2. The following sentence is added to the end of **Section 20.1** (“Arbitration”) and **Section 21.7** (“Limitation on Actions”):

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. The following paragraph is added to the end of **Section 20.2** (“Arbitration Award”):

Area Representative may commence any cause of action against Crestcom in any court of competent jurisdiction, including the state or federal courts of Maryland, unless otherwise governed by the arbitration provisions of this Agreement. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Area Representative Business rights.

44. The second through fifth sentences in Section 21.3 are hereby deleted.

5. Section 21.28 is deleted in its entirety.

6. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

57. 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.

MINNESOTA RIDER TO AREA REPRESENTATIVE AGREEMENT

1. The following sentences are added to **Section 13.6**:

Crestcom will protect Area Representative's right to use its Marks to the extent required under Minnesota law. The Minnesota Department of Commerce requires franchisors to indemnify Area Representatives against liability to third parties resulting from claims by third parties that the Area Representatives' use of the franchisor's marks infringes upon the trademark rights of the third parties.

2. The following sentence is added to **Articles 14 and 16**:

Crestcom will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that Area Representative be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of this Agreement and (2) that consent to the transfer of the Area Representative Business rights will not be unreasonably withheld.

3. The following sentence is added to **Section 20.4**:

Pursuant to Minnesota Rule 2860.4400(J), a franchisee cannot consent to a franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

4. The following paragraph is added to **Section 20.5**:

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400(J) prohibit Crestcom from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Area Representative to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or this Agreement can abrogate or reduce (1) any of Area Representative's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Area Representative's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. The above language has been included in this Agreement as a condition to registration. Crestcom and Area Representative do not agree with the above language and believe that each of the provisions of this Agreement, including all choice of law provisions, are fully enforceable. Crestcom and Area Representative intend to fully enforce all of the provisions of this Agreement

and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

5. The following sentence is added to **Section 21.7**:

Notwithstanding the foregoing, any claims and actions based on a violation of Chapter 80C of the Minnesota statutes or any rule or order thereunder shall be commenced within three years from the occurrence of the facts giving rise to such claim or action pursuant to Minn. Stat. §80C.17, subd. 5.

6. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided, it does not bar the voluntary settlement of disputes. All applicable provisions are deemed hereby amended.

NORTH DAKOTA RIDER TO AREA REPRESENTATIVE AGREEMENT

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

RHODE ISLAND RIDER TO AREA REPRESENTATIVE AGREEMENT

1. The following paragraph is added at the end of **Section 20.5**:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The foregoing language has been included in this Agreement as a condition to registration. Crestcom and Area Representative do not agree with the above language and believe that each of the provisions of this Agreement, including all choice of law provisions, are fully enforceable. Crestcom and Area Representative intend to fully enforce all of the provisions of this Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA RIDER TO AREA REPRESENTATIVE AGREEMENT

1. **Section 21.19** of the Agreement will not be applicable to the Agreement signed by a Virginia Area Representative entering into the attached Agreement.

2. 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.

WISCONSIN RIDER TO AREA REPRESENTATIVE AGREEMENT

1. The following paragraph is added to the end of **Section 16.10**:

The conditions under which this Agreement can be terminated or not renewed may be effected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

ATTACHMENT B

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (the “**Agreement**”) is made effective on the date set forth on the signature page hereof, by and between CRESTCOM INTERNATIONAL, LLC, a Delaware limited liability company (“**Crestcom**”) located at 6900 East Bellevue Avenue, Suite 100, Greenwood Village, Colorado 80111, the undersigned franchisee, distributor, or area representative (the “**Company**”), and the undersigned associate of the Company (“**Recipient**”).

RECITALS

A. Crestcom is engaged in the business of operating and selling franchises, distributorships, and other rights for the operation of sales and management training businesses (“**CRESTCOM Businesses**”), associated with the marks “CRESTCOM[®],” and “CRESTCOM TRAINERS TO THE WORLD[®],” and utilizing copyrighted written materials, video media, audio media, online media, and other materials (“**Materials**”) and live instructional programs (“**Programs**”);

B. Crestcom and its affiliates have developed proprietary methods for establishing, operating and promoting the CRESTCOM Businesses utilizing certain confidential information relating to Company and its operations as more fully described herein, and have established substantial goodwill and an excellent reputation with respect to the quality of the Materials and Programs available, which goodwill and reputation have been and will continue to be of major benefit to Crestcom;

C. Company is a franchisee, distributor or area representative under an effective agreement with Crestcom (the “**Crestcom Agreement**”);

D. Recipient is or will become involved with Company in the capacity of an officer, partner, director, manager, agent, employee, or independent contractor (such capacities collectively referred to as “**Affiliation**”) or is related to a person who has an Affiliation with the Company, and will become privileged as to certain confidential information related to Crestcom, its operations, the CRESTCOM Businesses and/or the Materials and Programs; and

E. Recipient, Company and Crestcom have reached an understanding and agreement with regard to nondisclosure by Recipient of confidential information and with respect to noncompetition by Recipient with Crestcom and Company.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Recipient, Company and Crestcom, intending legally to be bound, agree as follows:

AGREEMENT

1. **Confidential Information.** Recipient recognizes and agrees that certain proprietary information relating to Crestcom and its operations (“**Confidential Information**”) is owned by and treated as confidential by Crestcom and Company, including without limitation, (1) all proprietary information concerning Crestcom’s business and the CRESTCOM Businesses; (2) all Crestcom’s financial information other than financial information filed with any government regulatory agency; (3) franchise, distributorship, and other business sales processes and promotional methods and materials; (4) Materials and Programs sales methods; (5) sales, motivational and management training techniques and methodology, including information relating to conducting live training programs; (6) all nonpublic statistical information; (7) the strategic plan, budgets and projections for Crestcom; (8) all information

concerning negotiations of any kind conducted by Crestcom whether pending or completed; (9) all marketing research data and marketing plans, including information relating to marketing or conducting of live training programs; (10) all lead generation or prospecting methods; (11) all information contained in Crestcom's procedures manuals, and any other manual or other nonpublic written information; (12) Crestcom's written, video medium, audio medium and related documentation and information including that contained on websites or on the Internet which relate to conducting live training programs; (13) internal lists of Crestcom's current and former franchisees, distributors, area representatives, area developers, and clients of Crestcom and its franchisees, distributors, area representatives, and area developers, including contact information such as physical addresses and e-mail addresses thereof; and (14) all other information that may be considered a trade secret or proprietary and such Confidential Information that may be further developed from time to time by Crestcom.

2. Use and Disclosure of Confidential Information. Recipient acknowledges that, in connection with Recipient's Affiliation with Company, Crestcom or Company will disclose in strict confidence certain Confidential Information necessary for the operation of a CRESTCOM Business or for sale of the Materials and Programs. Recipient specifically acknowledges that the Confidential Information is valuable, unique and comprises a key portion of the assets of Crestcom; and Recipient agrees that he or she will not utilize all or any portion of the same for Recipient's personal benefit during the term of Recipient's Affiliation with Company, nor in any manner use the same subsequent to the termination of Recipient's Affiliation with Company or the termination or expiration of the Crestcom Agreement, nor disclose any of the same to any person, firm, corporation or other entity whatsoever, including but not limited to a Competitive Business, as defined below, at any time for any reason or purpose, without the prior written consent of Crestcom. Recipient shall not copy, publish or otherwise duplicate the Confidential Information or permit others to do so and shall return all Confidential Information to Crestcom or Company upon termination of Recipient's Affiliation with Company. Recipient may disclose to other employees, agents, or representatives of Crestcom or Company the Confidential Information only to the extent necessary for such employees, agents or representatives to carry out their intended function.

3. No Engagement in Other Business During Term. Recipient covenants and agrees that, during the term of his or her Affiliation, except while conducting Company's business in a manner authorized by Crestcom and Company, Recipient shall not engage in any other type of business or profession in addition to the CRESTCOM Business, or offer or market other types of programs or materials, make speeches or presentations, or conduct other training, unless Crestcom and Company approve such action in writing.

4. Noncompetition Covenant. Recipient covenants and agrees that, during the term of his or her Affiliation, except while conducting Company's business in a manner authorized by Crestcom and Company, Recipient shall not, either directly or indirectly through any member of Recipient's immediate family, separate business entity or otherwise:

(a) have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business," as defined below; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business.

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises, licenses, distributorships, or rights to others to operate, a business that offers sales, motivational, office professional or personnel profiling or evaluation, personnel development, recruiting,

customer service, or management training or consulting, or other business or personnel development advice, aptitude, personnel assessment services or materials or training to individuals, companies or other organizations; or that sells or provides training or instruction, books, manuals, written materials, or audio, video, or online media (or similar materials of any kind transmitted by any form of electronic medium) providing instruction and advice in sales, motivational, office professional or personnel development, recruiting, customer service, management training, personnel profiling or evaluation, or other business or personnel development advice or training. However, Recipient will not be prohibited by this Agreement from owning securities, on a passive basis, in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 2 percent or less of that class of securities issued and outstanding.

5. Post-Termination Covenant Not to Compete. Recipient covenants and agrees that, for a period of 30 months commencing on the effective date of termination or expiration of the Recipient's Affiliation with the Company, the effective date of termination or expiration of the Company's Crestcom Agreement, or the date on which Recipient or its immediate family ceases to conduct business in violation of this Section 5, whichever is later, neither Recipient, nor any member of Recipient's immediate family, shall have any direct or indirect interest, as a disclosed or a beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity, in any "Competitive Business" located or operating within the Assigned Area or Territory of the Company's CRESTCOM Business or within any Assigned Area, Territory, or Development Area, as defined in the respective agreement, of any other franchised or licensed business of Crestcom. Recipient expressly acknowledges that he or she possesses business and career skills and abilities of a general nature and has other opportunities for exploiting such skills and abilities. Consequently, enforcement of this covenant will not deprive Recipient of his or her personal goodwill or ability to earn a living.

6. No Diversion of Business or Employees. During the term of Recipient's affiliation with the Company, and for a period of 30 months after the earlier of (i) the effective date of termination or expiration of Recipient's Affiliation with the Company, or (ii) the effective date of termination or expiration of the Company's Crestcom Agreement, Recipient agrees not to divert or attempt to divert any business related to the Company, Crestcom or any other franchisee, distributor, area representative, or area developer of Crestcom, or any client or account of the Company, Crestcom or any other franchisee, distributor, area representative, or area developer of Crestcom, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of Crestcom, the Company or any other franchisee, distributor, area representative, or area developer of Crestcom, to any Competitive Business by any direct inducement or otherwise.

7. Prohibition Against Relationship With Talent. During the term of Recipient's affiliation with the Company, and for a period of 30 months after the earlier of (i) the effective date of termination or expiration of Recipient's Affiliation with the Company, or (ii) the effective date of termination or expiration of the Company's Crestcom Agreement, Recipient agrees not to contact any of the talent set forth in the Materials for the purpose of engaging or utilizing such talent in the Company's CRESTCOM Business or in any Competitive Business, to enter into any business dealings or arrangements with such persons, or to broker any business dealings or arrangements involving the services of such individuals. The term "**talent**" shall mean the video faculty members who have contracted with Crestcom, either as of the date of this Agreement or at any time during the term of this Agreement, to present their areas of expertise in the Materials for use by Crestcom and its franchisees, distributors, area representatives, and area developers.

8. Post-Termination Prohibition Against Relationships with Franchisees. For a period of 30 months after the earlier of (i) the effective date of termination or expiration of Recipient's

Affiliation with the Company, or (ii) the effective date of termination or expiration of the Company's Crestcom Agreement, Recipient shall not hire, or attempt to hire or otherwise enter into any business dealings or arrangements with any current or former franchisee, distributor, area representative, or area developer of Crestcom for the purpose of using such current or former franchisee's, distributor's, area representative's, or area developer's services or materials in any Competitive Business.

9. Non-Interference. During the term of Recipient's affiliation with the Company, and for a period of 30 months after the earlier of (i) the effective date of termination or expiration of Recipient's Affiliation with the Company, or (ii) the effective date of termination or expiration of the Company's Crestcom Agreement, Recipient shall not interfere with the business of Crestcom by interfering with or disrupting, or attempting to interfere with or disrupt, the relationship, contractual or otherwise, between Crestcom or Company and any of their existing or prospective franchisees, distributors, area representatives, area developers, customers, talent, suppliers, partners or joint venturers.

10. Audit of Financial Records. Crestcom or its designated representatives may inspect and/or audit any records of Recipient, Recipient's immediate family members, or any party affiliated with Recipient or its immediate family members, including any companies or entities associated with Recipient or its immediate family members, that Crestcom in its sole discretion determines may be relevant in determining Recipient's compliance with the terms of this Agreement or Company's compliance with its Crestcom Agreement. The records subject to this audit include (i) tax returns; (ii) quarterly and/or annual financial statements, including profit and loss statements and balance sheets; (iii) copies of check ledgers and bank statements for checking and savings accounts; (iv) copies of any checks or other evidence of payments; (v) business contracts or agreements; and (vi) any other documents requested by Crestcom. Any such inspection or audit shall be conducted in accordance with the audit provisions set forth in the Crestcom Agreement, which are deemed incorporated herein. Inspections and audits conducted at Recipient's business location or other location where the records are held may take place without prior notice during business hours. Crestcom may also require at any time the records from Recipient or its affiliated parties be sent to Crestcom's offices or another location to permit the inspection or audit of such records to be conducted at Crestcom's place of business or the other location. If Crestcom notifies Recipient that documents are to be sent to a location other than Recipient's business location for the purpose of conducting an inspection or audit at that location, Recipient shall provide the requested documents to Crestcom within the time period set forth in Crestcom's notice. Crestcom may audit and inspect documents covering a period beginning with the date on which Recipient's Affiliation commenced and ending on the date such audit is concluded. All documents provided for Crestcom's inspection or audit must be certified by Recipient and the appropriate affiliated party, if applicable, as true, complete and correct. Inspections and audits may be conducted following the termination of Recipient's Affiliation for any reason.

11. Invalidity. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority, arbitrator or otherwise, the parties authorize and request such court, governmental authority, or arbitrator to modify the provision held to be void, voidable, invalid, unenforceable or inoperative to contain such lesser covenants that impose the maximum duty permitted by law so that the provision is upheld as valid, and the parties agree to be bound by such modified provision. Further such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

12. Injunction. Recipient hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Crestcom or Company shall be authorized and entitled to seek, from

any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Crestcom or Company may be entitled.

13. **Assignment.** Company or Crestcom may assign all or part of this Agreement and the rights which inure to either of them hereunder without the consent of Recipient, provided that any assignment by the Company shall require the written consent of Crestcom. This Agreement shall not be assignable by Recipient.

14. **Effect of Waiver.** The waiver by Recipient, Company or Crestcom of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

15. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Recipient, Company and Crestcom and their respective heirs, executors, representatives, successors and assigns.

16. **Entire Agreement.** This instrument contains the entire agreement of Recipient, Company and Crestcom relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. Further, both Recipient and Company agree that no change to this Agreement shall be made without the written consent of Crestcom having first been obtained.

17. **Governing Law.** If Crestcom is a party to any action, this Agreement shall be governed by and construed under the laws of the State of Colorado, U.S.A. Otherwise, this Agreement shall be governed by and construed under the laws of the state, province, or country where Company is located.

18. **Arbitration.** Any and all controversies, disputes or claims between Crestcom, its subsidiaries and affiliated companies or their shareholders, officers, directors, agents, employees and attorneys (in their representative capacity); Company, its shareholders, officers, directors, agents and employees; and/or Recipient arising out of or related to: (1) this Agreement; (2) the relationship of the parties; or (3) the validity of this Agreement shall be submitted for binding arbitration; except for actions for injunctive relief pursuant to Section 12 above, which actions Crestcom and/or Company at their option may bring either in a court of competent jurisdiction or in arbitration. If Crestcom is a party to any controversy, dispute or claim, such arbitration proceedings shall be conducted in Denver, Colorado, U.S.A., will be submitted to either the Judicial Arbitrator Group ("JAG") or the American Arbitration Association ("AAA"), as selected by the party submitting the arbitration demand, and will be heard by one arbitrator in accordance with the then current rules of AAA applicable to commercial arbitration. The arbitrator shall be a resident of the State of Colorado, U.S.A. knowledgeable of Colorado law and fluent in English. The arbitration proceeding and all other hearings shall be conducted in English only, although Recipient shall have the right, at Recipient's option and sole expense, to have a translator present at the proceeding or other hearings. If Crestcom is not a party to such controversy, dispute or claim, such arbitration proceedings shall be conducted within the Assigned Area or Territory (as applicable, as defined in the Franchise Agreement or Area Representative Agreement between Company and Crestcom) of the Company and will be heard by one arbitrator in accordance with the then current commercial arbitration rules of any arbitration group mutually acceptable to Company and Recipient, and if Company and Recipient cannot agree on an arbitration group within 30 days after demand for arbitration, then the American Arbitration Association shall conduct such arbitration in accordance with its then current commercial arbitration rules. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court.

19. Attorneys' Fees. If Crestcom or Company must enforce any of the provisions or rights under this Agreement in any action at law or in equity and if the Company and/or Crestcom is successful in such litigation or arbitration as determined by the court or arbitrator in a final judgment or decree taking into consideration the merits of the claims asserted by each party, then the Recipient shall pay Crestcom or Company, as applicable, all costs, expenses and reasonable attorneys' fees incurred by Crestcom and/or Company (including without limitation such costs, expenses and fees on any appeals), and if Crestcom and/or Company shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

20. Definitions. All capitalized terms not defined in this Agreement have the respective meanings set forth in the effective Franchise Agreement or Area Representative Agreement between Company and Crestcom.

21. Cross Default. A default by Recipient under this Agreement will be deemed a default of all agreements between Company and Crestcom, unless waived by Crestcom in writing.

22. Counterparts; Electronic Signatures. This Agreement may be executed in counterparts and via electronic signatures.

The parties have signed this Agreement on this ____ day of _____, 202____.

“CRESTCOM”

Crestcom International, LLC,
a Delaware limited liability company

By: _____

Its: _____

Date: _____

“COMPANY”

a _____

By: _____

Its: _____

Date: _____

“RECIPIENT”

Name: _____

Date: _____

RIDERS TO THE NONDISCLOSURE AND NONCOMPETITION AGREEMENT FOR SPECIFIC STATES

If any one of the following Riders to the Nondisclosure and Noncompetition Agreement for Specific States (“**Riders**”) is checked as an “**Applicable Rider**” below, then that Rider shall be incorporated into the Nondisclosure and Noncompetition Agreement entered into by CRESTCOM INTERNATIONAL, LLC and the undersigned Recipient and Company. To the extent any terms of an Applicable Rider conflict with the terms of the Nondisclosure and Noncompetition Agreement, the terms of the Applicable Rider shall supersede the terms of the Nondisclosure and Noncompetition Agreement.

APPLICABLE RIDER

☐ INDIANA

☐ WASHINGTON

CRESTCOM:

Crestcom International, LLC, a Delaware
limited liability company

By: _____
Its: _____

COMPANY:

a _____

By: _____
Its: _____

RECIPIENT:

Print Name: _____

INDIANA RIDER TO THE NONDISCLOSURE AND NONCOMPETITION AGREEMENT

1. **Section 5** is reduced in scope to apply only to the Assigned Area or Territory of Company.

2. **Section 17** is deleted and replaced with the following language:

17. **Governing Law.** Except to the extent governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law, this Agreement shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Colorado.

WASHINGTON RIDER TO THE NONDISCLOSURE AND NONCOMPETITION AGREEMENT

1. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

2. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Agreement or elsewhere are void and unenforceable in Washington.

ATTACHMENT C

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

\$ _____, 202__

_____ (“Maker”) promises to pay to the order of Crestcom International, LLC, a Delaware limited liability company, located at 6900 East Bellevue Avenue, Suite 100, Greenwood Village, Colorado USA 80111 (“Holder”), the sum of _____ Dollars (\$ _____) with interest at _____ percent (___%) per annum on the following terms and conditions:

1. **Payments.** This Note is payable in _____ (___) consecutive monthly installments in the amount of _____ Dollars (\$ _____) each, payable on the ____ day of each month commencing on _____.

2. **Place of Payment.** This Note is payable at 6900 East Bellevue Avenue, Suite 100, Greenwood Village, Colorado USA 80111, or at such other place as the Holder may designate in writing.

3. **Prepayment.** Maker may prepay all or any part of this Note at any time and from time to time without penalty.

4. **Acceleration.** It is agreed that the failure to make any payment when due shall cause the entire unpaid balance of this Note to become due at once, at the option of Holder of the Note.

5. **Waiver.** The Maker waives presentment for payment, protest and notice of protest and agrees that any extension of time of payment due under this Note shall not affect Maker’s liability hereunder. No waiver by the Holder of this Note of any payment or right under this Note shall operate as a waiver of any other payment or right under this Note. If there are multiple parties who are the Maker under this Note, then this Note is the joint and several obligation of each of them, and is binding on each of them, their executors, administrators, successors and assigns. Each Maker further waives all duty or obligation of Holder to effect, protect, perfect, retain or enforce any security for payment of this Note. Each Maker further agrees that at any time without notice the terms of payment herein may be modified by agreement between Holder and any of the Makers. Holder may release any of the Makers without in any way affecting the liability of any of the other Makers with respect to any indebtedness evidenced hereby.

6. **Default.** If default occurs in the payment when due of any installment payment, or part thereof, due upon this Note, then if not cured within ten (10) days after delivery of written notice of such default, the entire remaining principal balance together with all accrued and unpaid interest shall become immediately due and payable, without further notice, at the option of Holder. If any payment of principal is not made on the due date hereof, then all accrued and unpaid interest shall be added to the remaining principal balance of this Note, which collectively shall bear interest at a default rate of _____ percent (___%) per annum. This same default rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions or proceedings related to this Note. In the event of default, the Holder shall be entitled to declare all amounts due under this Note immediately due and payable and shall be entitled to exercise any and all rights in the security as permitted by law.

7. **Collection Costs.** Maker agrees to pay all costs and expenses, including reasonable attorneys’ fees paid or incurred by the Holder in enforcing this Note in the event of default by Maker.

8. **Setoffs.** This Note shall not be subject to any right of setoff claimed by the Maker or any person assuming the obligations of Maker herein, which right of setoff is hereby expressly waived. Holder shall have the right to apply any amounts that Holder owes Maker toward the amount owed under this Note.

9. **Jurisdiction.** All actions and proceedings in any way arising out of, related to, or connected with this Note brought by Holder against Maker shall be, at Holder's sole option, either (i) litigated in courts located in the City and County of Denver, Colorado, and Maker agrees to submit to the personal jurisdiction of such courts, or (ii) arbitrated before the Denver, Colorado, U.S.A. office of either the Judicial Arbiter Group or the American Arbitration Association, as selected by Holder, and Maker agrees to submit to binding arbitration before one arbitrator. **MAKER WAIVES ITS RIGHTS TO A TRIAL BY JURY IN ANY SUCH ACTION.**

10. **Governing Law.** This Note shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Colorado.

11. **Modification.** This Note may not be changed orally, but only by an agreement in writing signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

MAKER:

**INDIANA RIDER TO
PROMISSORY NOTE**

All Promissory Notes made by franchisees operating franchises in the State of Indiana will be revised to replace **Section 10** with the following **Section 10**:

Governing Law. Except to the extent governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law, this Note shall be governed as to validity, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Colorado.

ATTACHMENT D

**FORM OF SUCCESSOR RIDER
TO AREA REPRESENTATIVE AGREEMENT**

**FORM OF SUCCESSOR RIDER
TO AREA REPRESENTATIVE AGREEMENT**

CRESTCOM INTERNATIONAL, LLC (“Crestcom”) and the undersigned area representative (“Area Representative”) entered into a certain Crestcom Area Representative Agreement (“Agreement”) contemporaneously herewith, and desire to supplement and amend certain terms and conditions of such Agreement by this Successor Rider to Area Representative Agreement (“Rider”). The parties therefore agree as follows:

1. Initial Fees for CRESTCOM Businesses Operated by Area Representative. Section 2.3.a is hereby deleted in its entirety with the following substituted in its place:

In addition to the Area Representative Business, Area Representative must personally open and operate a CRESTCOM Business in the Territory. Area Representative shall execute a separate Franchise Agreement for that CRESTCOM Business. The terms and conditions of the Franchise Agreement shall control the operations of such CRESTCOM Business. Area Representative must be in compliance with the terms of this Agreement and all Franchise Agreements and other agreements between Crestcom and Area Representative to be in good standing under this Agreement.

2. Development Obligations and Minimum Quarterly Production Obligations. The first sentence of Section 3.4.a is hereby deleted.

3. Reduction of Territory for Failure to Meet Development Obligations (United States Area Representatives Only). Section 3.5.a is hereby deleted in its entirety with the following substituted in its place:

a. If the actual number of Active Franchisees at the end of the immediate prior year is less than the minimum number of Active Franchisees under the Development Obligations for that year, then, in Crestcom’s sole discretion, the Territory may be reduced in size by a percentage equal to one minus a fraction determined by dividing the actual number of Active Franchisees by the minimum number of Active Franchisees under the Development Obligations for the then completed calendar year. In that event, Area Representative and Crestcom shall make a reasonable, good faith effort to agree on the geographic portion of the Territory that will be relinquished (the “Relinquished Area”) so that the Territory is reduced by the relevant percentage.

Further, Section 3.5.d is hereby deleted in its entirety with the following substituted in its space:

d. Notwithstanding Sections 3.5.a and 3.5.b above, if the actual number of Active Franchisees at the end of any year is less than two-thirds of the minimum number of Active Franchisees required to meet the Development Obligations for that year, then Area Representative will be in default of this Agreement and this Agreement may be terminated by Crestcom, unless the default is waived by Crestcom in its sole discretion.

4. **Initial Fees.** Sections 4.1 and 4.2 of the Agreement and Paragraphs 4 and 5 of the Addendum to the Area Representative Agreement (“Addendum”) are deleted in their entirety, with the following substituted in their place:

Successor Area Representative Fee. Area Representative will pay to Crestcom a successor area representative fee, due and payable upon the execution of this Rider, as follows:
\$_____.

5. **Initial Fees for CRESTCOM Businesses Operated by Area Representative.** The first sentence of Section 4.3 is hereby deleted.

6. **Commissions on Initial Franchise Fees.** The second and third sentences of Section 5.2 are hereby deleted in their entirety.

7. **Training.** Sections 6.1 and 10.1.f of the Agreement are deleted in their entirety. Notwithstanding the foregoing, the definitions of “Principal Representative” and “Area Representative Certification Training” as provided in Section 6.1 shall remain effective and have the meaning set forth therein.

8. **Commencement of Operations.** Section 7.3 of the Agreement is deleted in its entirety.

9. **Development Assistance.** Article 8 of the Agreement is deleted in its entirety. Area Representative acknowledges that it has previously received the development assistance set forth in Article 8, including in particular, access to Area Representative’s Procedures Manuals.

10. **Transfer Fees.** The Transferee Training Fee for the transferee referenced in Section 14.2.d shall be \$_____, and the Transfer Fee referenced in 14.2.h of the Agreement and set forth in the Addendum shall be \$_____.

11. **Term.** Section 15.1 is hereby deleted in its entirety with the following substituted in its place:

Successor Term. The term of this Agreement shall commence on _____, 202__ (the “Commencement Date”), and is for a period of seven years from the Commencement Date, unless sooner terminated as provided herein. Unless otherwise agreed to in writing by Area Representative and Crestcom, Area Representative must actively promote and maintain its Area Representative Business for the entire term of this Agreement.

12. **Rights Upon Expiration.** Section 15.3 is hereby modified as follows (check the appropriate box):

- ☐ The header sentence of Section 15.3 is hereby deleted in its entirety with the following substituted in its place:

At the end of the term hereof, provided Area Representative is not in default hereunder either at the time of notice of exercise of its successor area representative rights or at the time of the grant of successor area representative rights, Area Representative will have the option to obtain a successor Area Representative Business for ☐ one ☐ two additional terms of seven years, by acquiring successor

Area Representative Business rights, unless Crestcom declines to offer a successor Area Representative Business in accordance with **Section 15.5** below, provided that Area Representative:

- ☐ **Section 15.3** is hereby deleted in its entirety with the following substituted in its place:

At the end of the term hereof, Area Representative shall have no option to obtain a successor Area Representative Business, and this Agreement shall expire.

13. Successor Area Representative Fee. The Successor Area Representative Fee, referenced in **Section 15.3.e** of the Agreement shall be \$_____.

14. Release. Area Representative for itself, its successors, assigns, agents and representatives, hereby fully and forever unconditionally releases and discharges Crestcom and its successors, assigns, agents, representatives, employees, officers and directors (collectively referred to as “**Crestcom Affiliates**”) from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever, in law or in equity, whether known or unknown to it, which it may now have against Crestcom or the Crestcom Affiliates, or which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with Crestcom or the Crestcom Affiliates, however characterized or described, from the beginning of time until the date of this Rider. This paragraph is deemed modified in accordance with any applicable Rider to the Area Representative Agreement for Specific States and/or Countries.

15. Effectiveness of Agreement. The terms and conditions of this Rider are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

Fully executed this ____ day of _____, 202__.

CRESTCOM:

CRESTCOM INTERNATIONAL, LLC

Date: _____

By: _____

Title: _____

AREA REPRESENTATIVE:

Date: _____

Individually

OR:

(if a corporation, partnership
or other business entity)

Company Name

Date: _____

By: _____

Title: _____

ATTACHMENT E

CURRENT FORM OF GENERAL RELEASE

THE FOLLOWING FORM OF GENERAL RELEASE AGREEMENT IS A SAMPLE OF OUR CURRENT FORM OF GENERAL RELEASE AGREEMENT. THIS AGREEMENT IS OFTEN MODIFIED TO CONFORM TO THE FACTS SURROUNDING THE EVENT OR INCORPORATED INTO A LARGER AGREEMENT WHICH MORE PRECISELY ADDRESSES THE EVENT. WE MAKE NO REPRESENTATION OR GUARANTY THAT THE GENERAL RELEASE AGREEMENT YOU MAY BE REQUIRED TO SIGN WILL BE IDENTICAL TO THE GENERAL RELEASE AGREEMENT SET FORTH BELOW.

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this "Agreement") is made as of _____, 202____ by and between CRESTCOM INTERNATIONAL, LLC, a Delaware limited liability company ("Crestcom") and _____, a(n) _____ ("Franchisee").

RECITALS

A. Crestcom and Franchisee entered into that certain Franchise Agreement or Area Development Agreement dated _____, 202____, (the "Franchise Agreement").

B. Franchisee desires to _____ its rights and obligations under Franchise Agreement.

C. As a condition to the _____ of Franchisee's rights and obligations under the Franchise Agreement, Crestcom requires Franchisee to execute this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions set forth below, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Release. Franchisee, for itself, its principals, owners, directors, officers, employees, heirs, assigns, agents and representatives, fully and forever unconditionally releases and discharges Crestcom, and its shareholders, directors, officers, employees, successors, assigns, agents and representatives (collectively referred to as "Crestcom Affiliates") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever, in law or in equity, whether known or unknown to it, which it may now have against Crestcom or the Crestcom Affiliates, or which it may discover hereafter, in connection with, as a result of, or in any way arising from, any relationship or transaction with Crestcom or the Crestcom Affiliates, however characterized or described, from the beginning of time until the date of this Agreement.

2. Notice. Any notice, request, demand, statement or consent made under this Agreement shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, and shall be deemed given when personally delivered or three days after deposit in the United States Mail, postage prepaid, and properly addressed to the other party at its address as set forth below. Each party may designate a change of address by notice to the other party in accordance with this Section.

If to Franchisee:

If to Crestcom:

Crestcom International, LLC
6900 East Belleview Avenue, Suite 100
Greenwood Village, Colorado 80111

3. Colorado Laws. This Agreement shall be interpreted by the laws of the State of Colorado. Should any provision of this Agreement be found to violate the statutes or court decisions of the State of Colorado or of the United States, that provision shall be deemed to be amended to comply with and conform to such statutes or court decisions to affect the intent of the Parties.

4. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, trustees, receivers, personal representatives, legatees and devisees of the parties.

5. Attorneys' Fees. Each party shall be responsible for paying its and his or her own costs and expenses incurred in the preparation of this Agreement. However, in the event of any litigation between the parties based upon an alleged breach or default in their respective obligations to be fulfilled pursuant to this Agreement, the prevailing party in the action shall be entitled to recover attorney's fees and court costs from the non-prevailing party(ies).

6. Entirety. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings related to the subject matter hereof.

FOR WASHINGTON FRANCHISEES ONLY:

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act, RCW 19.100, or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CRESTCOM:

CRESTCOM INTERNATIONAL, LLC,
a Delaware Limited Liability Company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

LIST OF AREA REPRESENTATIVES

LIST OF CRESTCOM AREA REPRESENTATIVES

December 31, ~~2022~~2023

UNITED STATES - ~~78~~

CALIFORNIA - 1

JONATHAN SEITZ

Bellwether Training, LLC
1200 Sandra Circle
Vista, California 92083
619-204-9130

~~D.C.,~~ DELAWARE, MARYLAND, & NEW JERSEY - 1

DAVID BROTMAN

218 N Second Ave
Highland Park, New Jersey 08904
732-214-9000

FLORIDA - 1

DAVID LAWRENCE

Apogee Leadership, LLC
210 NE 102nd Street
Miami Shores, Florida 33138
305-780-3051

KENTUCKY & OHIO - 1

~~GREGORY LOGUE~~

~~15296 Silver Pine Court
Perrysburg, Ohio 43551
567-686-2071~~

DOUGLAS PETERSON

15701 Bethpage Trail
Carmel, Indiana 46033
317-790-7555

MASSACHUSETTS, VERMONT, NEW HAMPSHIRE, & MAINE - 1

HEATHER ROSENFELD

29 Lincoln Circle
Andover, Massachusetts 01810
978-475-9755

NEW YORK, RHODE ISLAND ~~AND~~, & CONNECTICUT - 1

JOHN LENTINI

P. O. Box 966
Greenwood Lake, New York 10925
929-341-9889

OREGON & WASHINGTON - 1

CALE PEARSON

5917 SW Mount Bachelor Drive
Powell Butte, Oregon 97753
541-480-7783

~~INTERNATIONAL—~~ ~~18~~TEXAS - 1

JOSEPH RUIZ

10019 Lilac Croft Ln
Richmond, TX 77406
714-454-7624

INTERNATIONAL - 17

AUSTRIA - 1

JOACHIM SCHULZ

Habichtswaldweg 1-3
D-64546 Morfelden-Walldorf,
Germany
+49-6105-4098-15

CANADA - 4

KEN STRILCHUK

372, 440-10816 Macleod Trail S.
Calgary, Alberta T2J 5N8 Canada
403-278-4407

MICHAEL GIBSON

(Three Area Representative Agreements)

Gibson Leadership Solutions
1538 Stoneybrook Trail
Oakville, Ontario L6M2R3 Canada
416-428-4519

CARIBBEAN REGION - 1

RAM RAMESH & RENATA TULSIE

41 Rainbow Crescent
Green Acres, Arouca
Trinidad & Tobago, West Indies
+868-221-0912

COSTA RICA, HONDURAS, GUATEMALA, EL SALVADOR, NICARAGUA, & PANAMA - 1

HEIDI ACHONG AND RAM, RAMESH AND, RENATA TULSIE

88 Columbus Circle, Westmoorings
Trinidad & Tobago, West Indies
+868-684-2757

GERMANY - 1

JOACHIM SCHULZ

Habichtswaldweg 1-3
D-64546 Morfelden-
Walldorf, Germany
+49-6105-4098-15

GHANA - 1

KOJO YANKAH

Yankah Evolutions Limited
P.O. Box CT3579
Cantonments
Accra, Ghana
+233-302-253-952

INDIA - 1

P. NARESH SHOTHAM / LAKSHMI VASAN

#49/6, Sadullah Street
1A Emerald Park
T. Nagar, Chennai 600 017
Tamil Nadu, India
+91-44-2433-2570

~~KENYA, UGANDA, RWANDA, & BURUNDI—1~~

~~IAN NG'ETHE THAIRO~~

~~The Pinnaele Centre
Peponi Gardens, Peponi Road
P. O. Box 1435-00606
Nairobi, Kenya
+254-580-158~~

MOROCCO - 1

MOHAMED BERRADA

VJ1 Dar El Kenz
27223 Dar Bouazza, Morocco
+212-660-450-769

LIST OF CRESTCOM AREA REPRESENTATIVES
December 31, ~~2022~~2023

MOZAMBIQUE - 1

MARIO DA MOTA

Rua Jose J. Gomes Silva,
25 - 1 Esq 4450-171
Matosinhos, Portugal
+351-229-372-199

NIGERIA - 1

KAYODE OLUSUNMADE

51, Ire-Akari Estate Road
Isolo Lagos
Nigeria
+234-1-776-4283

**PUERTO RICO,
DOMINICAN REPUBLIC, &
HAITI - 1**

**MARIA DE LOS ANGELES
ORTIZ**

288 Perusa Street
College Park
San Juan, Puerto Rico
787-462-3335

SOUTH AFRICA - 1

BONILE JACK PAMA

256 Lupton St.
Halfway House, Midrand
Johannesburg, South Africa-1685
+27-11-315-8255

SWITZERLAND - 1

JOACHIM SCHULZ

Habichtswaldweg 1-3
~~D-64546 Morfelden-Walldorf,~~
~~Germany~~

+STEVEN LUTZ

Thunstraße 49-6105-4098-15-
CH - 3661 Uetendorf
0041 79 622 5085

VIETNAM - 1

HOANG NGOC BICH

6F & 7F, Me Linh Tower
No. 2 Ngo Duc Ke
Ben Nghe Ward, District 1
Ho Chi Minh City, Vietnam
011-84-902-788-343

ATTACHMENT G

AREA REPRESENTATIVES WHO HAVE LEFT THE SYSTEM

**CRESTCOM AREA REPRESENTATIVES
WHO HAVE LEFT THE SYSTEM
(January 1, ~~2022~~2023 - December 31, ~~2022~~2023)**

Listed below is the name and last known city, state and telephone number of every Area Representative who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their respective area representative agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

UNITED STATES - 1

~~**JENNIFER GOODRICH**
Signal Mountain, Tennessee
423-280-6604~~

GREGORY LOGUE
Perrysburg, Ohio
567-686-2071

INTERNATIONAL - 2

**KENYA, UGANDA, RWANDA, &
BURUNDI - 1**

IAN NG'ETHE THAIRO
Nairobi, Kenya
+254-580-158

SWITZERLAND - 1

JOACHIM SCHULZ
Morfelden-Walldorf, Germany
+49-6105-4098-15

ATTACHMENT H

FINANCIAL STATEMENTS

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021



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**CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
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YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Member
Crestcom International, LLC and Subsidiary
Greenwood Village, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Crestcom International, LLC and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2023, 2022, and 2021, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022, and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2023 the Company adopted new accounting guidance for the measurement of credit losses on financial instruments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
March 6, 2024

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023, 2022, AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 304,672	\$ 759,695	\$ 1,113,699
Accounts Receivable, Net	654,557	872,716	946,588
Due from Crestcom Holdings	61,568	61,568	61,568
Prepaid Expenses	220,475	113,012	214,136
Deferred Expenses, Current Portion	346,334	351,504	299,375
Total Current Assets	<u>1,587,606</u>	<u>2,158,495</u>	<u>2,635,366</u>
PROPERTY AND EQUIPMENT, NET	90,077	64,451	96,055
RIGHT OF USE ASSET - OPERATING	223,045	332,877	-
OTHER ASSETS			
Intangible Assets, Net	704,869	779,071	856,509
Goodwill	8,672,037	8,672,037	8,672,037
Deferred Expenses, Net of Current Portion	1,069,690	1,012,077	838,298
Total Other Assets	<u>10,446,596</u>	<u>10,463,185</u>	<u>10,366,844</u>
Total Assets	<u>\$ 12,347,324</u>	<u>\$ 13,019,008</u>	<u>\$ 13,098,265</u>
LIABILITIES AND MEMBER'S EQUITY			
CURRENT LIABILITIES			
Accounts Payable	\$ 308,603	\$ 194,908	\$ 210,417
Accrued Liabilities	230,054	509,422	582,667
Deposits from Customers	-	5,000	7,500
Due to Crestcom Holdings	188,420	188,420	188,419
Line of Credit	-	-	300,000
Current Lease Liability - Operating	114,518	106,517	-
Current Portion of Long-Term Debt	259,444	333,333	333,333
Total Current Liabilities	<u>1,101,039</u>	<u>1,337,600</u>	<u>1,622,336</u>
LONG-TERM LIABILITIES			
Other Accrued Liabilities	248,906	209,776	182,022
Long-Term Lease Liability - Operating	111,842	226,662	-
Term Loan, Net of Current Portion	-	259,445	592,778
Senior Subordinated Loan, Net of Deferred Financing Costs	6,512,802	6,282,980	6,210,133
Total Long-Term Liabilities	<u>6,873,550</u>	<u>6,978,863</u>	<u>6,984,933</u>
Total Liabilities	7,974,589	8,316,463	8,607,269
MEMBER'S EQUITY	<u>4,372,735</u>	<u>4,702,545</u>	<u>4,490,996</u>
Total Liabilities and Member's Equity	<u>\$ 12,347,324</u>	<u>\$ 13,019,008</u>	<u>\$ 13,098,265</u>

See accompanying Notes to Consolidated Financial Statements.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

	2023	2022	2021
REVENUES			
Franchise Sales	\$ 1,269,354	\$ 1,525,223	\$ 740,430
Royalties, Fees, and Product Sales	4,579,235	4,637,990	4,799,961
Total Revenues	<u>5,848,589</u>	<u>6,163,213</u>	<u>5,540,391</u>
COST OF REVENUES			
Materials and Commissions	1,647,196	1,352,348	1,175,924
Amortization	322,734	330,580	309,745
Total Cost of Revenues	<u>1,969,930</u>	<u>1,682,928</u>	<u>1,485,669</u>
GROSS PROFIT	3,878,659	4,480,285	4,054,722
OPERATING EXPENSES			
General and Administrative	3,185,703	3,270,382	3,531,202
Depreciation and Amortization	64,954	72,315	89,005
Total Operating Expenses	<u>3,250,657</u>	<u>3,342,697</u>	<u>3,620,207</u>
INCOME FROM OPERATIONS	628,002	1,137,588	434,515
OTHER INCOME (EXPENSE)			
Interest Income	8,662	(4,962)	2,097
Interest Expense	(952,263)	(816,233)	(1,062,954)
Foreign Taxes	(113,227)	(104,844)	(148,529)
Other Income	99,016	-	-
Paycheck Protection Program Loan Forgiveness	-	-	298,541
Total Other Income (Expense)	<u>(957,812)</u>	<u>(926,039)</u>	<u>(910,845)</u>
NET INCOME (LOSS)	<u>\$ (329,810)</u>	<u>\$ 211,549</u>	<u>\$ (476,330)</u>

See accompanying Notes to Consolidated Financial Statements.

**CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021**

BALANCE - DECEMBER 31, 2020	\$ 4,967,326
Net Loss	<u>(476,330)</u>
BALANCE - DECEMBER 31, 2021	4,490,996
Net Income	<u>211,549</u>
BALANCE - DECEMBER 31, 2022	4,702,545
Net Loss	<u>(329,810)</u>
BALANCE - DECEMBER 31, 2023	<u>\$ 4,372,735</u>

See accompanying Notes to Consolidated Financial Statements.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss)	\$ (329,810)	\$ 211,549	\$ (476,330)
Adjustments to Reconcile Net Income (Loss) to			
Net Cash Provided by Operating Activities:			
Paycheck Protection Program Loan Forgiveness	-	-	(298,541)
Depreciation and Amortization	471,419	475,742	452,081
Noncash Lease Expense	3,013	302	-
Accrued Interest Expense Capitalized to Debt	146,089	-	921,508
Provision for Credit Losses	(551,383)	(108,869)	102,706
Effects of Changes in Operating Assets			
and Liabilities:			
Accounts and Notes Receivable, Net	769,542	182,741	(129,991)
Prepaid Expenses	(107,463)	101,124	(90,462)
Deferred Expenses	(52,443)	(225,908)	270,311
Accounts Payable	113,695	(15,509)	(2,024)
Deposits from Customers	(5,000)	(2,500)	3,500
Accrued Liabilities	(240,238)	(45,490)	596,158
Due from/to Crestcom Holdings	-	-	(61,568)
Other Long-Term Accrued Liabilities	-	-	50,000
Net Cash Provided by Operating Activities	217,421	573,182	1,337,348
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Intangible Assets	(274,314)	(283,283)	(264,729)
Purchases of Property and Equipment	(64,798)	(10,570)	(19,501)
Net Cash Used by Investing Activities	(339,112)	(293,853)	(284,230)
CASH FLOWS FROM FINANCING ACTIVITIES			
Line of Credit, Net	-	(300,000)	-
Repayment of Long-Term Debt	(333,332)	(333,333)	(703,333)
Proceeds from Paycheck Protection Program	-	-	298,541
Net Cash Used by Financing Activities	(333,332)	(633,333)	(404,792)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(455,023)	(354,004)	648,326
Cash and Cash Equivalents - Beginning of Year	759,695	1,113,699	465,373
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 304,672</u>	<u>\$ 759,695</u>	<u>\$ 1,113,699</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION			
Cash Paid for Interest	<u>\$ 952,263</u>	<u>\$ 733,194</u>	<u>\$ 247,719</u>
Cash Paid for Foreign Taxes	<u>\$ 113,227</u>	<u>\$ 104,844</u>	<u>\$ 148,529</u>
Debt Issuance Costs Financed with Debt	<u>\$ -</u>	<u>\$ 10,192</u>	<u>\$ 25,965</u>
Accrued Interest Expense Capitalized to Debt	<u>\$ 146,091</u>	<u>\$ -</u>	<u>\$ 921,508</u>

See accompanying Notes to Consolidated Financial Statements.

**CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Crestcom International, LLC (Crestcom) is located in Greenwood Village, Colorado. Crestcom produces and distributes a blended, live-facilitated leadership development experience including videos featuring subject matter experts. The program is delivered to end-users by appointed franchisees located in numerous countries including the United States. Franchisees pay for the right to acquire franchises. In addition, Crestcom receives distribution fees and royalties as a percentage of revenues derived by franchisees from the sale or use of the materials.

Crestcom South Africa, Limited (Crestcom SA), a company formed under the laws of South Africa, is a wholly owned subsidiary of Crestcom. Crestcom SA was formed to collect franchise fees and royalties from franchisees in South Africa. The accompanying consolidated financial statements include the accounts of Crestcom and Crestcom SA (collectively referred to as the Company). Crestcom SA is included in these consolidated financial statements under accounting principles generally accepted in the United States of America (U.S. GAAP). Intercompany transactions have been eliminated in consolidation.

The Company is owned by Crestcom International Holdings, LLC (Crestcom Holdings).

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions relate to the valuation allowance for accounts receivable, useful lives and recoverability of long-lived assets, valuation of intangible assets and goodwill. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

Cash and Cash Equivalents

The Company considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains its cash and cash equivalents in accounts with various financial institutions. These accounts at times may exceed federally insured limits. The Company has not experienced any losses in these accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable reflect amounts billed to franchisees, net of an allowance for credit losses. The Company establishes an allowance for credit losses to present the net amount of accounts receivable expected to be collected. The allowance represents the estimate of expected credit losses based on historical experience, current economic conditions, and certain forward-looking information. The Company also considers any specific customer collection issues. Since the Company's trade receivables are largely similar, the Company evaluates its allowance for credit losses as one portfolio segment. At origination, the Company evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, probabilities of default, industry trends and other internal metrics. On a continuing basis, data for each major customer is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses; actual write-offs are charged against the allowance. Management writes off uncollectible receivables when all attempts to collect have failed; collection efforts, however, may continue. The allowance for credit losses was \$1,074,608, \$1,625,991, and \$1,727,220 at December 31, 2023, 2022, and 2021, respectively.

The Company charges interest on past due amounts in accordance with franchise agreement terms. The Company may grant promissory notes to franchisees for the purchase of licenses. Payment terms on the notes receivable are generally 60 days or less.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Office furniture and equipment are depreciated over 3 to 7 years. Leasehold improvements are amortized over the shorter of their useful lives or the lease term. Expenditures for major renewals and betterments, which extend the useful lives of property and equipment, are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Impairment is recognized when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. Impairment is measured as the amount an asset's net book value exceeds its estimated fair value. The Company continually evaluates the carrying value and the remaining economic useful life of all long-lived assets and will adjust the carrying value and the related depreciation and amortization period if and when appropriate. The Company determined that no impairment loss needed to be recognized at December 31, 2023, 2022 and 2021.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets are recorded at cost. Product development costs consist primarily of costs to produce and translate audio and video training programs, including related training materials. Amortization of capitalized product development costs begins when the product is available for general release and marketing. Unamortized product development costs determined to be in excess of net realizable value of the product is expensed immediately.

Amortization of intangible assets is provided using the straight-line method over the following estimated useful lives:

Franchise Agreements	5 Years
Trademarks and Product Development Costs	5 Years
Copyrights	5 Years

Research and development costs for new products are charged to expense as incurred. However, the costs incurred for the development or translation of new audio and video training programs, including related training materials, that will be sold, leased, or otherwise marketed are capitalized when technological feasibility has been established. These capitalized costs are subject to an ongoing assessment of recoverability based on anticipated future revenues.

Intangible assets with estimable useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized when the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount.

The Company continually evaluates the carrying value and the remaining economic useful life of all intangible assets and will adjust the carrying value and the related amortization period if and when appropriate. The Company would also vigorously defend any copyright infringement. The Company determined that no impairment loss needed to be recognized for intangible assets at December 31, 2023, 2022, and 2021.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. Goodwill is not amortized, but instead tested for impairment at least annually. Measurement of goodwill impairment is based on the excess of the carrying amount of the asset over the fair value calculated using discounted expected future cash flows and a market analysis of other training companies. As a result of the annual impairment analysis, the Company concluded goodwill was not impaired as of December 31, 2023, 2022, and 2021.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Financing Costs

Debt issuance costs are presented in the consolidated balance sheets as a deduction from the carrying amount of the related liability, rather than as a deferred asset. As of December 31, 2023, 2022, and 2021, the gross amount of debt issuance costs was \$427,775, \$427,775, and \$417,583, respectively, which is related to financing fees associated with the Company's long-term debt (see Note 6).

Amortization related to the deferred financing costs was \$83,731, \$83,039, and \$78,727, and is included in interest expense for the years ended December 31, 2023, 2022, and 2021, respectively. Accumulated amortization was \$364,942, \$281,211, and \$198,172, respectively, at December 31, 2023, 2022, and 2021.

Revenue Recognition

The Company recognizes revenue when its franchisees obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that are within the scope of ASC 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

Under ASC 606, initial franchise fees have been recognized as the Company satisfies the performance obligation over the franchise term on a straight-line basis, which is generally seven years. The unrecognized portion of initial franchising fees is recorded as deferred revenue. Similarly, commissions are an incremental cost of obtaining a contract under ASC 606, which are capitalized as deferred expenses and amortized over the term of the franchise agreement.

In 2022, the Company adopted FASB issued Accounting Standards Update (ASU) 2021-02 *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606)*. ASU 2021-02 provides a practical expedient for franchisors to account for certain pre-opening services as distinct from the franchise license when identifying performance obligations under ASC 606. The Company has elected to treat the pre-opening services as a single performance obligation. The Company elected to apply ASU 2021-02 retroactively to the financial statements presented. See Note 13 for further information about the adoption of the new guidance and the cumulative effect of the adjustments.

Upon the sale of initial franchising fees, the Company is obligated to provide franchisees the right to proprietary programs, copyrighted materials and trademarks, tools, and support associated with their franchise business. These pre-opening services provided by the Company are a single performance obligation and the franchise fee is recognized upon satisfaction and completion of the pre-opening services by the Company. Generally pre-opening services are complete upon the opening of the franchisee's location. If the pre-opening services are not complete or are in process, the Company records the franchise fee received as a contract liability.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Company recognizes distribution fees and royalties as earned when the franchisees report the associated revenue to the Company. The Company recognizes revenue associated with product sales when the product is shipped to the franchisees.

In 2016, the Company implemented its new product development strategy of releasing one new module of Crestcom L.E.A.D.R. (previously called Bullet Proof Manager) each quarter. Concurrently, using the updated modules, the Company launched the Crestcom Continuing Education Program which enabled franchisees to offer the new content as continuing education subscriptions to those participants who had already completed the Crestcom L.E.A.D.R. training. Franchisees are required to pay a material surcharge in order to access each new module. Revenue related to surcharge fees is recognized once access to a new module is granted. For the years ended December 31, 2023, 2022, and 2021, the Company recognized revenue of \$168,000, \$162,600, and \$178,100 in product surcharge fees, respectively, which is included in product sales.

Grant Revenue

The Company recognizes revenue from grants in accordance with ASC 958, *Not-for-Profit Entities*. Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. Revenue is recognized as the related expenses are incurred or as the grant funds are received, depending on the terms of the grant agreement. Any unearned revenue is recorded as deferred revenue until the related expenses are incurred or the funds are used for the specified purpose.

Advertising Costs

Advertising costs are expensed as incurred. The Company incurred approximately \$122,000, \$120,000, and \$164,000 in advertising costs for the years ended December 31, 2023, 2022, and 2021, respectively.

Income Taxes

The Company is a single member limited liability company and is considered a disregarded entity for tax purposes. As a result, the Company does not file a federal or Colorado income tax return. The Company is a pass-through entity for income tax purposes whereby any income tax liabilities or benefits are attributable to the Company's owner. Therefore, no provision or liability for income taxes has been included in the accompanying consolidated financial statements. Instead, the members are liable for income taxes on their pro rata share of the Company's income, deductions, losses, and credits.

The Company is required to remit foreign taxes to certain countries based upon amounts received from its franchisees in those countries.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The standard increased transparency and comparability among organizations by requiring the recognition by lessees of right-of-use assets (ROU) and lease liabilities on the balance sheet.

The Company adopted the requirements of the standard effective January 1, 2022, including electing to adopt the package of practical expedients available for the year of adoption.

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the ROU Assets and lease liabilities, the Company uses rates implicit in the lease, or if not readily available, the Company elects by class of underlying assets to use either the incremental borrowing rate or the risk-free interest rate. The interest rate used to determine the present value of the lease payments is based on the information available at commencement date.

The Company's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment and is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by Company assets. Determining a credit spread secured by Company assets may require significant judgment.

The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the accompanying balance sheets.

The Company has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Adoption of New Accounting Standards

Effective January 1, 2023, the Company adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's consolidated financial statements but did change how the allowance for credit losses is determined. See note above for the adoption of the allowance for credit losses policy.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 6, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets represent amounts related to the contractual right to consideration for completed performance obligations. Contract liabilities include payments received in advance of performance under the contract. The following table presents the Company's contract assets and liabilities.

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Assets:				
Accounts and Notes Receivable, Net	\$ 654,557	\$ 872,716	\$ 946,588	\$ 857,735
Liabilities:				
Deposits from Customers	-	5,000	7,500	4,000

NOTE 3 PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following at December 31:

	2023	2022	2021
Office Equipment	\$ 571,309	\$ 506,511	\$ 495,941
Leasehold Improvements	-	1,200	1,200
Subtotal	571,309	507,711	497,141
Less: Accumulated Depreciation	(481,232)	(443,260)	(401,086)
Total Property and Equipment, Net	<u>\$ 90,077</u>	<u>\$ 64,451</u>	<u>\$ 96,055</u>

Depreciation expense for the years ended December 31, 2023, 2022 and 2021 totaled \$39,172, \$42,174 and \$51,179, respectively.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 4 INTANGIBLE ASSETS, NET

Intangible assets, net, consist of the following at December 31:

	2023	2022	2021
Franchise Agreements	\$ 4,606,000	\$ 4,606,000	\$ 4,606,000
Trademarks and Product Development Costs	3,848,341	3,603,910	3,336,091
Copyrights	377,733	347,849	332,386
Subtotal	8,832,074	8,557,759	8,274,477
Less: Accumulated Amortization	(8,127,205)	(7,778,688)	(7,417,968)
Total Intangible Assets, Net	<u>\$ 704,869</u>	<u>\$ 779,071</u>	<u>\$ 856,509</u>

Amortization expense for the years ended December 31, 2023, 2022, and 2021 was \$348,516, \$360,700 and \$347,569, respectively. Aggregate amortization expense for the next five years subsequent to December 31, 2023 is estimated as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 268,498
2025	190,455
2026	139,716
2027	88,296
2028	17,904
Total	<u>\$ 704,869</u>

NOTE 5 LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	2023	2022	2021
Term Loan	\$ 259,444	\$ 592,778	\$ 926,111
Senior Subordinated Loan	6,575,635	6,429,544	6,429,544
Subtotal	6,835,079	7,022,322	7,355,655
Less: Current Portion	(259,444)	(333,333)	(333,333)
Less: Net Deferred Financing Costs	(62,833)	(146,564)	(219,411)
Long-Term Portion	<u>\$ 6,512,802</u>	<u>\$ 6,542,425</u>	<u>\$ 6,802,911</u>

Term Loan and Line of Credit

The Company and Crestcom Holdings (Parent) entered into a \$2,000,000 term loan agreement with a financial institution on March 29, 2019. Interest on the term loan is equal to the bank's prime rate plus 1% and is due monthly. At December 31, 2023, 2022, and 2021, the interest in effect per annum was 4.25%. The term loan is collateralized by first rights to substantially all assets of the Company.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

At December 31, 2023, 2022, and 2021, total outstanding borrowings was \$259,444, \$592,778, and \$926,111, respectively, which is payable in monthly principal payments of \$27,778 through February 29, 2024, with the remaining balance due on March 29, 2024, the maturity date of the term loan.

The term loan is subject to an excess cash flow payment, which requires the Company to pay up to 75% of excess cash flow as defined in the loan agreement. The purpose of the excess cash flow payment is to accelerate the repayment of the term loan. During 2020, the Company entered into a forbearance agreement which extended the excess cash flow payment due at December 31, 2020 to 2021. During 2021, the Company paid \$185,000 of the 2019 excess cash flow payment and the remainder was waived as part of the terms of the amendment (see below) to the term loan. There was no excess cash flow payment due for 2021, 2022 and 2023.

The term loan agreement includes a revolving line of credit with a maximum available balance of \$500,000. Interest on the term loan is equal to the bank's prime rate plus 1% and is due monthly. At December 31, 2023, 2022, and 2021, the interest in effect per annum was 4.25%. At December 31, 2023, there were no outstanding borrowings under the revolving line of credit. At December 31, 2021, there was outstanding borrowings of \$300,000 under the revolving line of credit for each year. The revolving line of credit (as amended) expired on July 31, 2022, and was not renewed. There was no balance outstanding at December 31, 2023 and 2022. The revolving line of credit is collateralized by first rights to substantially all assets of the Company.

Senior Subordinated Loans

The Company and Crestcom Holdings entered into a \$5,400,000 senior subordinated loan agreement with a financial institution on March 29, 2019, which was used to pay off the prior loan as noted below. Interest on the loan is 12.5% per annum and matures on September 29, 2024. The Company is required to make monthly interest only payments with the principal and final interest payment due at maturity. The loan is collateralized by substantially all assets of the Company and is subordinated to the term loan above. In addition, this lender acquired \$400,000 of convertible preferred units in Crestcom Holdings.

Effective December 23, 2020, the Company entered into an amendment and forbearance agreement to allow deferral of interest only payments and waiver of debt covenant requirements through December 31, 2021, and capitalization of accrued interest added to the principal balance of the debt. This amendment also increased the interest percentage to the default rate of 15%.

Effective December 31, 2021, the senior subordinated loan agreement was amended to among other requirements to 1) allow for payment of interest at the non-default rate of 12.5% as long as certain covenants were met 2) require the accrued and unpaid interest to be paid on maturity of the loan and 3) modified or waived certain covenants as specified in the amended agreement.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

Effective February 28, 2024, the senior subordinated loan agreement was amended to among other requirements to 1) allow for payment of interest at the non-default rate of 12.5% as long as certain covenants were met 2) require the accrued and unpaid interest to be paid on maturity of the loan 3) modified or waived certain covenants as specified in the amended agreement and 4) extended the maturity date of the loan to June 30, 2025.

Future maturities of long-term debt are as follows for the years ending December 31:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 259,444
2025	6,575,635
Total	<u>\$ 6,835,079</u>

Loan Covenants

The term loan and senior subordinated loan agreements includes affirmative and negative covenants, including certain minimum financial covenants. As of December 31, 2023, the Company believes it was in compliance or had obtained waivers for all applicable covenants.

NOTE 6 PAYCHECK PROTECTION PROGRAM

On February 18, 2021 the Company received a loan from Texas Capital Bank in the amount of \$298,541 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). Under the PPP Flexibility Act and subsequent regulations supersede the loan agreement the PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

On September 3, 2021, the Company received communication from the SBA that the PPP Loan and all related accrued and unpaid interest was forgiven. The Company recognized \$298,541 of other income related to this agreement during the year ended December 31, 2021, which represents the portion of the PPP loan funds for which forgiveness was granted.

The SBA may subsequently review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any subsequent review will not have a material adverse impact on the Company's financial position.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended December 31, 2023, the Company complied with the conditions of Employee Retention Credit (ERC) and recognized the refund received in the amount of \$103,980 in connection with the program. The credit received is included in other income in the accompanying consolidated statement of operations.

The IRS has the right to review grant eligibility for up to three years from the date amended returns were filed. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

NOTE 8 CONCENTRATIONS OF CREDIT RISK

At December 31, 2023, 2022 and 2021, one franchisee comprised 21%, 15% and 12%, respectively, of net accounts receivable.

For the years ended December 31, 2023, 2022, and 2021, foreign franchisees comprised 54%, 54%, and 51% of total sales, respectively.

NOTE 9 RETIREMENT PLAN

Employees who complete service requirements are eligible to participate in the Crestcom 401(k) Plan (the Plan). The Plan is a defined contribution plan in which eligible employees may elect to defer a portion of their salary. The Plan is a safe harbor plan in which employees are immediately fully vested in the employer contributions they receive. For the years ended December 31, 2023, 2022, and 2021, matching contributions were 100% of the eligible employee's deferral up to a maximum of 3% of each eligible employee's compensation, plus 50% of the eligible employee's deferral up to 5%. Total contributions charged to expense for the years ended December 31, 2023, 2022, and 2021 were approximately \$48,000, \$37,000, and \$35,000, respectively.

NOTE 10 FRANCHISE INFORMATION

The Company sells executive franchises for \$75,000 in the United States. Prices in foreign countries vary depending on location. There were 163, 160, and 151 franchises at December 31, 2023, 2022, and 2021, respectively, of which 51, 52, and 43 are in the United States as of December 31, 2023, 2022, and 2021, respectively.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 FRANCHISE INFORMATION (CONTINUED)

Changes in the number of franchises during the years ended December 31, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
Franchises Open at January 1, 2023, 2022, and 2021, Respectively	160	151	161
Opened During the Year:			
Domestic	9	14	6
Foreign	13	7	6
Closed During the Year:			
Domestic	(5)	(5)	(5)
Foreign	(14)	(7)	(17)
Franchises Open at December 31, 2023 2022, and 2021, Respectively	<u>163</u>	<u>160</u>	<u>151</u>

NOTE 11 COMMITMENTS

Operating Leases – ASC 842

The Company leases office space for its headquarters in Greenwood Village, Colorado, under long-term, noncancelable lease agreements. The lease is considered as an operating lease. The lease expires in November 2025. In the normal course of business, it is expected that the lease will be renewed or replaced by a similar lease. The lease provides for increases in future minimum annual rental payments based on monthly rates per the agreements.

The following table provides quantitative information concerning the Company's operating leases.

	2023	2022
Lease Costs:		
Operating Lease Costs	\$ 121,169	\$ 117,854
Other Information:		
Operating Cash Flows from Operating Leases	\$ 118,156	\$ 117,552
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liability	-	341,841
Weighted-Average Remaining Lease Term - Operating Leases	1.9 Years	2.8 Years
Weighted-Average Discount Rate - Operating Leases	3.98%	3.98%

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 11 COMMITMENTS (CONTINUED)

Operating Leases – ASC 842 (Continued)

The Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for operating lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 121,471
2025	114,388
Total Lease Payments	235,859
Less: Interest	(9,197)
Subtotal	226,662
Less: Current Portion of Lease Liability - Operating	(114,518)
Lease Liability - Operating, Net of Current Portion	<u>\$ 111,842</u>

Operating Lease – ASC 840

The Company elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, was made under prior lease guidance in FASB ASC 840.

Rent expense paid under this lease was \$115,888 for the year ended December 31, 2021.

Management Fees

The Company has a management service agreement with an entity that is under common ownership and control with the members of Crestcom Holdings. In connection with the debt restructuring, the related entity amended the management service agreement requiring quarterly payments equal to the greater of \$25,000 or a percentage of a defined operating measure to be paid in advance for the quarter. Previously the agreement required quarterly payments equal to the greater of \$50,000 or a percentage of a defined operating measure. In addition to the management fee, the Company pays a monthly corporate overhead rate of \$5,000. The agreement expires on March 29, 2029, but may be terminated earlier according to the terms of the agreement.

For the years ended December 31, 2023, 2022 and 2021, the Company incurred \$160,000 each year in management fees and overhead allocations. At December 31, 2023, 2022, and 2021, the Company had a payable of \$150,000, \$150,000, and \$150,000, respectively, due under the management service agreement and is included with other accrued liabilities on the accompanying consolidated financial statements.

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 RELATED PARTY TRANSACTIONS

The Company has related party balances with their parent company, disclosed in the consolidated balance sheets as of December 31, 2023, 2022, and 2021 as "Due from/to Crestcom Holdings."

The Company and its parent, Crestcom Holdings, entered into loan agreements with financial institutions as disclosed in Note 6.

The Company has a management service agreement with an entity that is under common ownership and control with the members of Crestcom Holdings as disclosed in Note 11.

NOTE 13 ADOPTION OF NEW ACCOUNTING STANDARD

The Company adopted ASC 606 effective January 1, 2019, using the modified retrospective method. In 2021, the FASB issued ASU 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606) – Practical Expedient*. FASB Subtopic 952-606 creates a practical expedient allowing franchisors that are not public business entities to account for certain pre-opening services enumerated in FASB ASC 952-606-25-2 as distinct from the franchise license when identifying performance obligations under ASC 606. The Company has elected to treat the pre-opening services as a single performance obligation.

The Company adopted the requirements of the ASU 2021-02 guidance in 2022 retroactively to the date ASC 606 was adopted and elected to recognize certain pre-opening services as a single performance obligation. The adoption of the new guidance resulted in changes to the accounting policies for revenue recognition related to initial franchise sales and deferred initial franchise sales.

Consolidated Balance Sheets – December 31, 2022 and 2021

The following are the line items from the balance sheets as of December 31, 2022 and 2021 that were affected by the adoption of ASU 2021-02.

	Without Applying ASU 2021-02	Effects of Applying ASU 2021-02	As Reported
<u>December 31, 2022</u>			
Deferred Revenue	\$ 3,466,687	\$ (3,466,687)	\$ -
Members Equity	5,376,883	(674,338)	4,702,545
	As Previously Reported	Effects of Applying ASU 2021-02	As Restated
<u>December 31, 2021</u>			
Deferred Revenue	\$ 2,792,349	\$ (2,792,349)	\$ -
Members' Equity	1,698,647	2,792,349	4,490,996

CRESTCOM INTERNATIONAL, LLC AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, AND 2021

NOTE 13 ADOPTION OF NEW ACCOUNTING STANDARD (CONTINUED)

Consolidated Statements of Operations – December 31, 2022 and 2021

The following are the line items from the consolidated statements of operations for the years ended December 31, 2022, and 2021 that were affected by the adoption of ASU 2021-02.

		Balances Without Applying	Effects of Applying	
	<u>December 31, 2022</u>	<u>ASU 2021-02</u>	<u>ASU 2021-02</u>	<u>As Reported</u>
Franchise Sales		\$ 850,885	\$ 674,338	\$ 1,525,223
Net Income (Loss)		(462,789)	674,338	211,549

		As Previously Reported	Effects of Applying	
	<u>December 31, 2021</u>		<u>ASU 2021-02</u>	<u>As Restated</u>
Franchise Sales		\$ 1,083,472	\$ (343,042)	\$ 740,430
Net Income (Loss)		(133,288)	(343,042)	(476,330)

Consolidated Statements of Cash Flows – December 31, 2022 and 2021

The following are the line items from the consolidated statements of cash flows for the years ended December 31, 2022 and 2021 that were affected by the adoption of ASU 2021-02.

		Balances Without Applying	Effects of Applying	
	<u>December 31, 2022</u>	<u>ASU 2021-02</u>	<u>ASU 2021-02</u>	<u>As Reported</u>
Net Income (Loss)		\$ (462,789)	\$ 674,338	\$ 211,549
Deferred Revenue		(674,338)	674,338	-

		As Previously Reported	Effects of Applying	
	<u>December 31, 2021</u>		<u>ASU 2021-02</u>	<u>As Restated</u>
Net Income (Loss)		\$ (133,288)	\$ (343,042)	\$ (476,330)
Deferred Revenue		(343,042)	343,042	-

ATTACHMENT I

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 One Sansome Street, Suite 600 San Francisco, California 94104-4448 (415) 972-8565 2101 Arena Boulevard Sacramento, California 95834 (916) 445-7205 (866) 275-2677 (toll free) www.dfpi.ca.gov ask.dfpi@dfpi.ca.gov	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)
FLORIDA	Florida Department of Agriculture and Consumer Services Division of Consumer Services Attn: Finance & Accounting 407 South Calhoun Street Tallahassee, Florida 32399-0800 (850) 410-3800	None
HAWAII	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Indiana Secretary of State Division of Securities 302 West Washington Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
IOWA	Iowa Secretary of State 321 E. 12 th Street Des Moines, Iowa 50319 (515) 281-5204	Same
MARYLAND	Office of Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Attorney General Franchise Section - Consumer Protection Division G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, Michigan 48933 P.O. Box 30213 Lansing, Michigan 48909 (517) 373-7117	Michigan Department of Commerce Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	None
NEW YORK	New York State NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State of the State of New York 99 Washington Avenue Albany, New York 12231 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue, Fifth Fourteenth Floor, Dept 414 Bismarck, North Dakota 58505- 0150 (701) 328-4712	North Dakota Securities Commissioner Same Address
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140	Director of Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities Same Address

STATE	STATE AGENCY	AGENT FOR SERVICE OF PROCESS
RHODE ISLAND	State of Rhode Island and Providence Plantations Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex - Building 69-1 Cranston, Rhode Island 02920 (401) 462-9500	Director of Rhode Island Department of Business Regulation Same Address
SOUTH DAKOTA	South Dakota Division of Insurance, Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director of South Dakota Division of Insurance Same Address
TEXAS	Secretary of State Statutory Documents Section James E. Rudder Building 1019 Brazos Street Austin, Texas 78701 P.O. Box 13550 Austin, Texas 78711 (512) 463-5705	None
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South, 2 nd Floor Salt Lake City, UT 84114 801-530-6601	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 41200 Olympia, Washington 98507-8760 98504-1200 (360) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 P.O. Box 1768 Madison, Wisconsin 53701-1768 (608) 266-8557	Administrator, Division of Securities Same Address

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

ATTACHMENT J

STATE ADDENDA TO DISCLOSURE DOCUMENT

**STATE LAW ADDENDA TO THE
CRESTCOM INTERNATIONAL, LLC
AREA REPRESENTATIVE FRANCHISE
DISCLOSURE DOCUMENT**

The following modifications are to the Crestcom International, LLC ("Crestcom") Area Representative Franchise Disclosure Document for the states noted below.

HAWAII

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE STATE AUTHORITY LISTED IN ATTACHMENT I.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE AREA REPRESENTATIVE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE AREA REPRESENTATIVE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY AREA REPRESENTATIVE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY OF ONLY CERTAIN MATERIAL PROVISIONS OF THE AREA REPRESENTATIVE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH FRANCHISOR AND AREA REPRESENTATIVE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(303) 586-2722

1. The following statement is added at the end of Item 5:

All initial fees payable to us and any of our affiliates shall be deferred until we have fulfilled all of our initial obligations to you.

2. The following paragraph is added to Item 17:

Section 482E-6(3) of the Hawaii Revised Statutes provides that upon termination or refusal to renew the Franchise, we are obligated to compensate you for the fair market value, at the time of the termination or expiration of the Franchise, of your inventory, supplies, equipment and furnishings purchased from us or a supplier designated by us; provided that personalized materials which have no value to us need not be compensated for. If we refuse to renew a Franchise for the purpose of converting your business to one owned and operated by us, we, in addition to the remedies provided above, shall compensate you for the loss of goodwill. We may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings pursuant to this requirement, and may offset from such compensation any monies due us.

3. The following list reflects the status of our franchise registration in the states which require registration:

A. The states in which this proposed registration is effective: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, ~~New York~~, North Dakota, Rhode Island, South Dakota, Virginia, ~~Washington~~ and Wisconsin.

B. The states in which this proposed registration is or will be shortly on file: None.

C. The states, if any, which have refused, by order or otherwise, to register these franchises: None.

D. The states, if any, which have revoked or suspended the right to offer these franchises: None.

E. The states, if any, in which the proposed registration of these franchises has been withdrawn by us: None.

ILLINOIS

1. Special Risks to Consider About This Franchise:

Minimum Performance Requirements. The Area Representative Agreement contains performance requirements. Failure to meet the performance requirements may result in the payment of a minimum level of royalty fees to the Franchisor. Failure to make minimum payments or failure to refer the minimum number of franchisees to the Franchisor may result in the termination of your agreement.

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.

2. The following statement is added at the end of Item 17.v:

Section 4 of the Illinois Franchise Disclosure Act of 1987 (the "Illinois Act") provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of the State of Illinois.

3. The Summary column of Item 17.w is deleted and replaced by the following:

17.w: Federal and Illinois laws.

4. Section 41 of the Illinois Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.”
5. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. 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.

INDIANA

The following modifications are made to the Disclosure Document only to the extent required by the Indiana Franchises Act, IND. CODE § 23-2-2.5, and the Indiana Deceptive Franchise Practices Act, IND. CODE § 23-2-2.7:

1. The following statement is added to Item 12:

Indiana law prohibits us from establishing a Crestcom-owned outlet engaged in a substantially identical business within your exclusive territory, or if no exclusive territory is designated, that competes unfairly with you within a reasonable area.

2. The Summary columns of Items 17.r and 17.w are deleted and replaced by the following:

17.r: Prohibited for 30 months from owning or operating a competing business located or operating within your Territory.

17.w: Except to the extent governed by federal law, disputes related to a violation of the Indiana Franchises Act or the Indiana Deceptive Franchise Practices Act shall be governed by those laws, and all other matters regarding the Area Representative Agreement shall be governed by Federal and Colorado laws. The Colorado Consumer Protection Act does not apply.

The amended language has been included in Item 17.w of this Disclosure Document as a condition to registration. We and you do not agree with the above language and believe that each of the provisions of the Area Representative Agreement, including all venue provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Area Representative Agreement and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal preemption under the Federal Arbitration Act.

MINNESOTA

1. Special Risks to Consider About This Franchise:

MINNESOTA STATUTES §80C.21 AND MINNESOTA RULES 2860.4400(J) PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA, REQUIRING WAIVER OF A JURY TRIAL, OR REQUIRING THE FRANCHISEE TO CONSENT TO LIQUIDATED DAMAGES, TERMINATION PENALTIES OR JUDGMENT NOTES. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE (1) ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR (2) YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

2. The following statements are added to the Cover Page:

THIS FRANCHISE HAS BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

3. The following statement is added at the end of Item 13:

We will protect your right to use our Marks to the extent required under Minnesota law. The Minnesota Department of Commerce requires franchisors to indemnify franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's marks infringes upon the trademark rights of the third party.

4. The following statements are added at the end of Item 17:

Minnesota Rules 2860.4400(D) prohibits us from requiring you to assent to a general release from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided, it does not bar the voluntary settlement of disputes.

We will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that you be given 90 days notice of termination (with 60 days to cure) and

180 days notice for non-renewal of the Area Representative Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. §80C.17, subd. 5 provides that any claims and actions based on a violation of Chapter 80C of the Minnesota statutes or any rule or order thereunder shall be commenced within three years from the occurrence of the facts giving rise to such claim or action.

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. The above language has been included in this Disclosure Document as a condition to registration. We and you do not agree with the above language and believe that each of the provisions of the Area Representative Agreement, including all choice of law provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Area Representative Agreement, and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

5. 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.

NORTH DAKOTA

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

RHODE ISLAND

1. The following paragraph is added at the end of Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The preceding language has been included in this Disclosure Document as a condition to registration. We and you do not agree with the above language and believe that each of the provisions of the Area Representative Agreement, including all choice of law provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Area Representative Agreement, and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA

1. The following sentences are added to the end of Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Area Representative Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WISCONSIN

1. **REGISTRATION OF THIS FRANCHISE IN THE STATE OF WISCONSIN DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.**

2. The conditions under which the Area Representative Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

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
<u>California</u>	<u>NOT FOR USE IN</u>
Hawaii	March 31, 2023 <u>PENDING</u>
Illinois	March 24, 2023 <u>PENDING</u>
Indiana	May 1, 2023 <u>PENDING</u>
<u>Maryland</u>	<u>NOT FOR USE IN</u>
Michigan	March 31, 2023 <u>PENDING</u>
Minnesota	April 10, 2023 <u>PENDING</u>
<u>New York</u>	<u>NOT REGISTERED</u>
North Dakota	April 12, 2023 <u>PENDING</u>
Rhode Island	April 16, 2023 <u>PENDING</u>
South Dakota	March 24, 2023 <u>PENDING</u>
Virginia	March 28, 2023 <u>PENDING</u>
<u>Washington</u>	<u>NOT REGISTERED</u>
Wisconsin	March 31, 2023 <u>PENDING</u>

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

RECEIPT

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

If Crestcom International, LLC ("Crestcom") offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale.

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

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If Crestcom does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Attachment I.

Crestcom authorizes the parties identified on Attachment I to receive service of process for Crestcom in the particular state.

The following Franchise Sellers were involved in the offering of this franchise:

The following employee(s) of Crestcom, having a principal business address and telephone number the same as Crestcom: _____
_____.

The following independent sales agent (Crestcom requests that the prospective area representative fill in the information if known): _____, having a principal business address at _____, telephone number _____.

| Issuance Date: March 31, ~~2023~~2024.

| I received a Disclosure Document dated March 31, ~~2023~~2024, that included the following Attachments:

Area Representative Agreement with Addenda and Exhibits (Attachment A); Nondisclosure and Noncompetition Agreement (Attachment B); Form of Promissory Note (Attachment C); Form of Successor Rider to Area Representative Agreement (Attachment D); Current Form of General Release (Attachment E); List of Area Representatives (Attachment F); Area Representatives Who Have Left the System (Attachment G); Financial Statements (Attachment H); List of State Agencies/Agents for Service of Process (Attachment I); and State Addenda to Disclosure Document (Attachment J).

DATE: _____

Prospective Area Representative

Print Name: _____

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DATE: _____

Prospective Area Representative
Print Name: _____

IMPORTANT: PLEASE IMMEDIATELY SIGN THIS PAGE AND E-MAIL IT TO USMAAN.KHAN@CRESTCOM.COM AND RACHEL.ANDERSON@CRESTCOM.COM, THEN PROMPTLY RETURN THIS PAGE BY MAIL OR COURIER TO CRESTCOM INTERNATIONAL, LLC, 6900 EAST BELLEVIEW AVENUE, SUITE 100, GREENWOOD VILLAGE, COLORADO 80111.