

FRANCHISE DISCLOSURE DOCUMENT-UNIT

	Tectum Franchising LLC d/b/a CR3 American Exteriors, a Virginia Limited Liability Company 780 Lynnhaven Parkway Suite 240 Virginia Beach, VA 23452 888-393-9903 www.CR3America.com
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We offer qualified individuals the right to operate a business that offers, sells, and performs roofing and remodeling services for commercial and residential customers under the “CR3 American Exteriors” mark.

The total investment necessary to begin operation of a CR3 American Exteriors franchised business ranges from \$96,400 to \$255,200 which includes \$41,000 that must be paid to us or an affiliate prior to opening.

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

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

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

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

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

Issuance Date: April 29, 2026

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 Exhibits E-1 and E-2.
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 Exhibit C 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 CR3 American Exteriors in the 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 CR3 American Exteriors franchisee?	Item 20 or Exhibits E-1 and E-2 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 Exhibit D.

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 Virginia. Out-of-State mediation, arbitration, or litigation may force you to accept a less favorable settlement to disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Virginia than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or Brand Fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **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.

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.

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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:

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

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

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

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Exhibits to Franchise Disclosure Document

Exhibit	Description
A	State Addenda
B	Franchise Agreement
C	Financial Statements
D	State Administrators/Agents for Service of Process
E-1	List of Franchisees
E-2	List of Former Franchisees
F	Table of Contents-Operations Manual
G	State Effective Dates
H	Receipt

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchisor is Tectum Franchising LLC d/b/a CR3 American Exteriors (referred to in this document as “we,” “us,” “our,” “Franchisor,” or “CR3 American Exteriors”). “You,” “your,” or “Franchisee” means the person or entity to whom we grant a franchise. The terms “you,” “your,” and “Franchisee” also refer to any person or entity that purchases this franchise, including any guarantors. If you are a corporation, limited liability company, or other entity, then “you,” “your,” and “Franchisee” will also include your owners.

The Franchisor

We are a Virginia limited liability company formed on July 12, 2022. Our principal place of business is located at 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452. Our operational support center is located at 1446 Baltimore Street, Suite E, Hanover, PA 17331. We operate under the name, “CR3 American Exteriors” and the trademarks described in Item 13 (the “Marks”). We do not do business or intend to do business under any other names. Our agents for service of process are listed in Exhibit D of this Disclosure Document.

We grant qualified individuals the right to operate a business that offers, sells, and performs roofing and remodeling services to commercial and residential customers under the “CR3 American Exteriors” Mark (the “Franchised Business”). Our affiliate, C3 Roofing & Remodeling, Inc., identified below, has offered the same or similar products and services since 2017 through their outlets. Affiliate locations are company locations for purposes of this Disclosure Document.

We, the franchisor, began franchising in September of 2022. We do not conduct business in any other line of business; however, we do also offer Area Representative franchises to solicit and support unit franchisees. We have not offered and do not offer franchises in any other line of business. We do not have any parents or predecessors. We, the franchisor, have not conducted a business of the type conducted by the franchisee, except through our affiliate C3 Roofing & Remodeling Inc as described below in this Item 1.

Description of the Franchised Business

We offer the opportunity to operate a Franchised Business that offers, sells, and performs roofing and remodeling services for commercial and residential customers within a defined territory (the “Approved Location”). The services provided by the Franchised Business will include (i) roofing services; (ii) gutter systems; (iii) exterior siding; (iv) window and door replacement; and (v) other products and services that we may approve and modify from time to time (collectively, the “Approved Products and Services”).

We are a customer-centric company. We require each Franchised Business to operate according to our proprietary business methods and system (the “System”) while using CR3 American

Exterior's marks, logos, trade dress, (the "Marks"). We continue to develop, use, and control the Marks in public to represent the System's standards of quality, integrity, and respect.

We offer the opportunity to operate a Franchised Business through a Franchise Agreement. Our standard Franchise Agreement is attached to this Disclosure Document as Exhibit B ("Franchise Agreement").

Parents

We do not have a parent company because no company owns a controlling or majority interest in us and no single company has the right to control our operations. Instead, we are owned and controlled jointly (50:50) by Loyalty, LLC, formed on November 6, 2017, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452 and Fryfogle Luterman, LLC, formed on July 11, 2022, with a principal address of 1446 Baltimore Street, Ste. E, Hanover, PA 17331. While neither company individually holds a controlling interest, together they exercise complete control over our operations.

Affiliates

We have an affiliate, ATAX LLC d/b/a ATAX, formed on February 20, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. ATAX offers franchise opportunities for retail tax, bookkeeping and payroll office. ATAX LLC also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since 2019. As of December 31, 2025, ATAX had a total of 110 unit franchised outlets and 32 Area Representative franchised outlets. They do not provide any products or services to you.

We have an affiliate, Cooper's Scoopers LLC d/b/a Cooper's Scoopers, formed on December 26, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Cooper's Scoopers offers franchise opportunities for a professional pet waste management business. Cooper's Scoopers also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since 2025. They do not offer franchises in any other line of business. As of December 31, 2025, Cooper's Scoopers had a total of 4 unit and 0 area representative franchised outlets. They do not provide any products or services to you.

We have an affiliate, Happie Doggie LLC d/b/a Hike Doggie, formed on September 16, 2025, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Hike Doggie offers franchise opportunities for dog hiking. Hike Doggie also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate began offering franchises in 2025. They do not offer franchises in any other line of business. As of December 31, 2025, Cooper's Scoopers had a total of 5 unit and 0 area representative franchised outlets. They do not provide any products or services to you. They do not provide any products or services to you.

We have an affiliate, Loyalty Business Services LLC d/b/a Ledgers, formed on October 30, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Ledgers offers franchise opportunities for compliance, advisory and tax services. Ledgers also offers opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since 2020. They do not offer franchises in any other line of business. As of December 31, 2025, Ledgers had a total of 16 unit franchised outlets and 3 area representative franchised outlets. They do not provide any products or services to you.

We have an affiliate, Loyalty Builds LLC, formed on July 18, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Loyalty Builds LLC has operated under the C3 American Exteriors mark and offered the Approved Products and Services offered in this disclosure document since January 2025, with operations in Virginia Beach, Virginia. Loyalty Builds LLC operates the Virginia company owned outlet (see Item 20). This affiliate took over the Virginia Beach market previously served by Hewitt Construction LLC. They do not offer franchises in any line of business. They do not provide any products or services to you.

We have an affiliate, Primax Services LLC, formed on October 15, 2024, with a principal address of 1446 Baltimore Street, Ste. E, Hanover, PA 17331. Primax Services offers to procure and manage virtual assistants who provide administrative support to business owners. You may, but are not required, to purchase these services from this affiliate. This affiliate has not in the past and does not now offer franchises in any lines of business.

We have an affiliate, Purely Pet LLC d/b/a Salty Dawg formed on May 20, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Salty Dawg offers franchise opportunities for the operation of high-end pet salons providing (A) at present, high-end pet grooming services, retail sales of pet food and pet treats, retail sales of various pet merchandise, and other services related to pet care to pet owners and (B) in the future, may include providing training to groomers and offering groomer certifications. Salty Dawg also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. This affiliate has offered franchises since August 2024. They do not offer franchises in any other line of business. As of December 31, 2025, Salty Dawg had 2 unit franchised outlets and 3 area representative franchised outlets. They do not provide any products or services to you.

We have an affiliate, Whole PM Holdings LLC d/b/a Whole Property Management, formed April 29, 2025, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Whole PM Holdings LLC offers unit franchise opportunities for property management services. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2025. As of December 31, 2025, Whole PM Holdings did not have any unit franchises.

We have an affiliate, Zoomin Groomin USA, LLC d/b/a Zoomin Groomin, formed December 30, 2020, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Zoomin Groomin offers franchise opportunities for pet grooming services. Zoomin Groomin also offers opportunities for Area Representatives to recruit and support unit

franchisees. This affiliate has offered franchises since 2020. They do not offer franchises in any other line of business. As of December 31, 2025, Zoomin Groomin USA, LLC had 257 unit franchised outlets and 56 Area Representative franchised outlets. They do not provide any products or services to you.

Area Representatives

In 2025, we began offering an Area Representative franchise program, through a separate Franchise Disclosure Document, pursuant to which Area Representatives will recruit and support unit franchisees in exchange for a portion of the initial franchise fee and royalty, typically fifty percent (50%) of the initial franchise fee and ongoing royalties. Area Representatives will not have management responsibility related to the franchise. There may be an area representative with area representative rights over your Territory when you sign a Franchise Agreement or during the term. We will provide a roster of any current area representatives upon your reasonable request. As of December 24, 2025, we had a total of 2 Area Representative outlets.

The Market and Competition

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

Your primary customers will be commercial or residential property owners, property managers, and other individuals responsible for the construction, maintenance or repair of commercial or residential property. You will operate year-round; however, the construction industry is generally seasonal, in that more construction activity tends to occur during warmer months and some construction activities may be weather-dependent. Seasonal weather also varies across different regions the country, which can lead to various levels of seasonality in the construction industry. Adverse weather conditions like extreme temperatures, heavy rain, snow, or ice can result in reduced workload, job fluctuations, increased costs, decreased demand, and labor availability issues, particularly for exterior projects like roofing.

Industry Specific Laws and Regulations

In order to operate a Franchised Business, you must comply with all federal, state, and local laws and regulations which apply generally to all businesses and specifically to businesses involving building and construction, including those related to the use of subcontractors. These laws and regulations may require you to register, obtain a general contractor's license, or obtain professional certification from local or state regulators prior to offering the Approved Products and Services. Licensing requirements vary significantly by state and locality, and may require specialty licenses to offer all the Products and Services.

You are responsible for determining which licenses apply to you in your Territory and maintaining all required licenses in good standing. You will also be bound by industry specific laws effecting

the solicitation, contracting, and performance of construction work by you and subcontractors. For example, your state may impose mandatory written contract provisions and disclosures, establish retaining limitations, impose lien waiver requirements, require warranties, or impose bonding and insurance requirements. The work performed will also be subject to national and local building codes and you will be responsible for obtaining any necessary municipality permits and complying with all municipality building and inspection protocols.

Additionally, because the Franchised Business operates primarily using subcontractors to perform installation and construction work, you must comply with all applicable laws governing the use of subcontractors, which vary by state and address issues like subcontractor license verification, workers compensation coverage, prompt payment requirements, wage requirements, or lien and bond requirements.

Your Franchised Business will also be subject to federal, state, and local safety and environmental laws, rules, and regulations. You and your subcontractors must strictly comply with all Occupational Safety and Health Administration (OSHA) requirements and any other state or local rules or regulations relating to jobsite safety at all times during the operation of the Franchised Business. If you or your subcontractors perform renovation, repair, or painting work in pre-1978 residential properties or child-occupied facilities, you must comply with EPA's Lead-Based Paint Renovation, Repair and Painting Rule, which requires certification and use of lead-safe work practices. If you or your subcontractors disturb materials that may contain asbestos, you must also comply with EPA and state asbestos regulations. You must also ensure proper disposal of all construction debris, chemicals, and other potentially hazardous materials.

You are solely responsible for identifying and complying with all applicable laws and regulations in your Territory. We do not provide legal advice regarding regulatory compliance. You should consult with qualified legal counsel in your Territory to ensure full compliance with all applicable laws and regulations and to ensure the contracts you use to engage customers and trading partners comply with these industry specific laws, rules, and regulations.

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ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer: Carnie Fryfogle III

Carnie Fryfogle III has been Chief Executive Officer of CR3 American Exteriors since it was created in 2022. Mr. Fryfogle III has also served as the Chief Executive Officer of the Company's affiliate, C3 Roofing & Remodeling Inc., in Pennsylvania, since 2017.

President: Mark Luterman

Mark Luterman has been President of CR3 American Exteriors since it was created in 2022. Mr. Luterman has also been President of the Company's affiliate, C3 Roofing & Remodeling Inc., in Pennsylvania, since 2019. Previously, Mr. Luterman founded Primax Ventures, LLC, in Maryland, and served as a managing member from 2007 until 2019.

Executive Director: Marci Mayfield

Marci Mayfield as served as our Executive Director since September 2022. Prior to joining CR3 American Exteriors, Ms. Mayfield worked with the Company's affiliate, C3 Roofing & Remodeling Inc., in Pennsylvania, as their Director of Training and Recruitment from April 2019 until transitioning to her current role in September 2022.

Director of Franchise Development: Dylan Rockwell

Dylan Rockwell has served as our Director of Franchise Development since February 2026. Prior to joining CR3 American Exteriors, Mr. Rockwell served as Franchise Development Associate at Loyalty Brands in Virginia Beach, Virginia from October 2025 to February 2026. Previously, he also held multiple roles within a CR3 company outlet in Virginia Beach, Virginia, serving as Area Manager from July 2024 to February 2026 and as Roofing and Sales Project Manager from June 2023 to June 2024. Earlier in his career, Mr. Rockwell worked as Technology Advisor at Technology Advice in Nashville, Tennessee from August 2022 to December 2023. He also served as Senior Certified First Responder for the City of Starkville, Mississippi from August 2020 to October 2022.

Advisor: John T. Hewitt

John T. Hewitt has served as Chief Executive Officer and Chairman of Loyalty Brands, located in Virginia Beach, Virginia, since it was established in September 2017.

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ITEM 3 LITIGATION

CR3 American Exteriors is party to the following material civil actions involving the franchise relationship:

Pending Actions:

Tectum Franchising LLC v. Capital City Roofing LLC, Daryl Strawbridge Jr., and Tiffany Strawbridge (Case No. 02-25-0002-9393) initially filed July 21, 2025 (amended August 5, 2025), before the American Arbitration Association under its Commercial Rules. CR3 American Exteriors is the claimant. The Respondents are Capital City Roofing LLC, a franchisee, and Daryl Strawbridge Jr. and Tiffany Strawbridge, personal guarantors of the franchisee. This arbitration arises out of a franchise agreement between the parties. CR3 American Exteriors alleges that the franchisee failed to properly report gross sales and failed to pay required royalties and marketing fund contributions as required under the Franchise Agreement. CR3 American Exteriors seeks approximately \$171,858.69 in alleged unpaid royalties and marketing fees, together with interest, attorneys' fees, arbitration costs, and such other relief as permitted under the franchise agreement or awarded by the arbitrator. No conclusions of law or fact have been made, and the arbitration is currently pending.

Tectum Franchising LLC v. Tristar Roofing Solutions, LLC and Joe Rhodes Rushing (Case No. 01-25-0004-5904) filed September 11, 2025, before the American Arbitration Association under its Commercial Rules. CR3 American Exteriors is the claimant. The Respondents are Tristar Roofing Solutions, LLC, a franchisee, and Joe Rhodes Rushing, personal guarantor of the franchisee. This arbitration arises out of a franchise agreement between the parties. CR3 American Exteriors alleges that the franchisee failed to properly report gross sales and failed to pay required royalties and marketing fund contributions as required under the franchise agreement. CR3 American Exteriors seeks approximately \$10,708 in alleged unpaid royalties and marketing fees, together with interest, attorneys' fees, arbitration costs, and such other relief as permitted under the franchise agreement or awarded by the arbitrator. No conclusions of law or fact have been made, and the arbitration is currently pending. The Arbitrator has ordered mediation.

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

Pending Actions:

Ira Lubert and John Martinson v. John T. Hewitt, ATAX, LLC, and Loyalty, LLC, Court of Common Pleas of Philadelphia County, Pennsylvania, Case No. 250503829, filed May 30, 2025, amended August 19, 2025. Plaintiffs are minority investors in ATAX, LLC, who allege they were solicited to invest in ATAX as a qualified opportunity zone business and that ATAX failed to qualify. Plaintiffs further allege that Defendants failed to perform certain remedial commitments, including an amendment to ATAX's Operating Agreement and certain financial controls, and that Hewitt caused unauthorized cash transfers from ATAX's accounts to himself and affiliated entities

without Board approval. Plaintiffs assert the following claims: (1) Fraud (against Hewitt); (2) Aiding and Abetting Fraud (against Loyalty); (3) Breach of Fiduciary Duty (against Hewitt and Loyalty); (4) Conversion (against Hewitt and Loyalty); (5) Breach of Contract (against Hewitt, Loyalty, and ATAX); (6) Unjust Enrichment (against Hewitt and Loyalty); (7) Breach of the Virginia Stock Corporation Act (against Hewitt and Loyalty); and (8) Violation of the Pennsylvania Voidable Transfers Act (against Hewitt and Loyalty). Plaintiffs seek rescission of their investments, redemption of their ownership interests at fair value, monetary damages, attorneys' fees, and interest. Defendants deny all allegations and intend to vigorously contest all claims. Trial is scheduled for May 30, 2027.

Fortis Lux Financial, Inc. and Tutum Strategies, LLC v. Loyalty Business Services, LLC a/k/a Ledgers USA, JSM Tax, Inc. d/b/a Ledgers, USA, Loyalty, LLC d/b/a Loyalty Brands and John T. Hewitt, filed May 9, 2025, before the American Arbitration Association for hearing in Virginia (AAA Case No. 01-25-0002-2722). John T. Hewitt was not initially named as a Respondent; however, he was later personally named in Claimant's Statement of Claim and JMS TAX, Inc. was voluntarily removed in an Amended Statement of Claim. The Claimants are an investment advisory and insurance products sales organization, and they entered a joint venture with Ledgers to develop or acquire accounting offices and then convert them to franchise locations. The Claimants filed an Amended Statement of Claim on January 21, 2026, alleging breach of contract, breach of implied duty of good faith and fair dealing, fraud in the inducement, common-law fraud, negligent misrepresentation or in the alternate rescission/restitution. The Respondents deny the allegations and have asserted counterclaims alleging that the Claimant breached the joint venture agreement by failing to enter into franchise agreements, and failing to operate as a franchise and pay advertising fees, royalties, training fees, and other required fees, along with failure to comply with operational requirements, unauthorized use of registered trademarks, false advertising, and failure to pay for certain support services. The Claimant seeks approximately \$1,945,301.11 in damages, together with interest, attorneys' fees, arbitration costs, and such other relief as permitted by law or agreement. The Respondents seek \$225,000 on the counterclaims. No conclusions of law or fact have been made, and an arbitration hearing has been scheduled for November 17-20, 2026.

Concluded Actions:

JTH Tax LLC d/b/a Liberty Tax Service v. John T. Hewitt, Loyalty LLC, ATAX LLC, ATAX Franchise, Inc. and Yneva Marte (Case No.2:21-cv-00076-RBS-LRL) filed February 4, 2021 in the United States District Court for the Eastern District of Virginia. Plaintiff filed the action alleging that ATAX franchisees maintained signage that is confusingly similar to trade dress and logos of the plaintiff. The Plaintiff also allege that Mr. Hewitt tortiously interfered with certain contractual relations by discussing with existing and former franchisees of the Plaintiff opportunities at ATAX. The complaint alleges that Mr. Hewitt breached his employment agreement by sharing and using trade secrets, confidential and proprietary information for his own benefit or the benefit of a third party by convincing existing and prospective franchisees of the Plaintiff to leave and instead open ATAX franchises. Lastly, the complaint alleges that Mr. Hewitt engaged in a conspiracy to unfairly compete against and damage Liberty Tax by convincing

customers and prospective customers to pick ATAX over Liberty Tax. Plaintiffs sought \$20 million in actual damages, treble damages, costs, and legal fees along with injunctive relief. The Defendants have denied the allegations. The matter was settled on December 31, 2021. Under the Settlement Agreement, Defendants agreed to pay the Plaintiff \$545,000 over 6 years, and to refrain from: (1) unfairly competing with Liberty Tax by tortiously interfering with its franchise agreements; (2) diverting or attempting to interfere with or divert any leases from Liberty; (3) palming off any of ATAX's products or services as those of Liberty; (4) any action or statement that could reasonably cause likelihood of confusion that any ATAX location is associated with Liberty; (5) possessing, misappropriating, using or disclosing Liberty's confidential information; and (6) accessing any of Liberty's computer systems or databases. ATAX agreed to permanently close three specific ATAX locations and use their best efforts to assign leases for those locations to Liberty. The Court retained jurisdiction to enforce the final consent order.

K&A Publicidad, Inc. v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc. d/b/a Siempre Tax and John Hewitt, (Case No. CL17-4169), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff is a company owned and controlled by Kirke Franz Szawronski. Plaintiff alleges that it entered into a contract with Liberty to provide promotional and strategic relationship services to help grow the SiempreTax brand. Plaintiff alleged that defendants breached the contract for failure to pay for services and seeks damages. This matter, along with the Kirke Franz Szawronski matter described below, settled on January 26, 2019, with Liberty agreeing to pay plaintiff \$50,000 to settle both matters, in exchange for a release.

Kirke Franz Szawronski v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc., d/b/a Siempre Tax and John Hewitt, (Case No. CL17-4170), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff was a former employee and filed a lawsuit claiming breach of employment agreement with Plaintiff by failing to pay 6-months' severance. Plaintiff also asserted a claim for defamation. This matter, along with the KK&A Publicidad, Inc. matter described above, settled on January 26, 2019, with Liberty agreeing to pay plaintiff \$50,000 to settle both matters, in exchange for a release.

Asbestos Workers' Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant, (Case No. 2017-0883), filed on December 12, 2017 in the Court of Chancery of the State of Delaware. Plaintiff alleged that Liberty's former CEO, John T. Hewitt ("Hewitt"), breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part. The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with the Erie County matter described just below and then continued under the caption In Re: Liberty Tax, Inc. Stockholder Litigation.

Erie County Employees Retirement. System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant, Case No. 2017-0914, was filed the Court of Chancery of the State of Delaware on December 22, 2017. Plaintiff also alleged that Hewitt breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part.

The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought to enjoin Hewitt from managing LT's business operations and seeks compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with another action into *In Re: Liberty Tax, Inc. Stockholder Litigation* (*see below*).

On December 27, 2017, the two above referenced shareholder matters were consolidated with the caption *In Re: Liberty Tax, Inc. Stockholder Litigation*, (Case No. 2017-0883). The Complaint asserted claims for breach of fiduciary duty and breach of fiduciary duty by violation of the nominating committee charter. A mediation took place on November 12, 2018 but did not result in a resolution. On March 15, 2019, the parties entered into a stipulation of settlement of which the material terms of the settlement are as follows: (i) Liberty Tax agreed to implement an anti-harassment policy; (ii) Liberty Tax will conduct yearly code of conduct training; (iii) Liberty Tax will terminate for cause any employee who violates the anti-harassment policy that has been substantiated as such; (iv) Liberty Tax will revise its audit committee charter to reflect that SEC filings must be pre-approved by the Audit Committee; (v) Liberty Tax will take reasonable steps to be listed on NASDAQ or NYSE; (vi) Hewitt agrees not to solicit company employees; and (vii) No party admits any liability. On June 28, 2019, the Court of Chancery approved a Derivative and Class Action Settlement. All issues have been resolved and the Delaware derivative actions were dismissed with prejudice in 2019 without any finding of liability on the part of the Defendants.

RSL Senior Partners, LLC, derivatively and on behalf of Liberty Tax, Inc. v Brunot et al, (Case No. 2:18-cv-00127-HCM-DEM), filed on March 7, 2018, in the United States District Court for the Eastern District of Virginia. This purported shareholder derivative action was filed on behalf of LT Inc. seeking to address the alleged wrongs of LT Inc.'s directors and officers. The Complaint claimed that certain conduct created an inappropriate tone at the top, resulting in the loss of key executives, employees, directors and otherwise harmed LT Inc. The Complaint asserted claims under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Section 10(b) and Rule 10b-5 and Section 20(a) of the Exchange Act, breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. The Complaint sought the following relief: (a) declaring that the Plaintiff may maintain this action on behalf of LT Inc., and that the Plaintiff is an adequate representative of LT Inc.; (b) declaring that the Individual Defendants have breached and/or aided and abetted the breach of their fiduciary duties to LT Inc.; (c) determining and awarding to LT Inc. the damages sustained by it as a result of the violations set forth above from each of the Individual Defendants, jointly and severally, together with pre-judgment and post-judgment interest thereon; (d) directing LT Inc. and the Individual Defendants to take all necessary actions to reform and improve its corporate governance and internal procedures to comply with applicable laws and to protect LT Inc. and its shareholders from a repeat of the damaging events (e) awarding LT Inc. restitution from Individual Defendants; and (f) awarding the Plaintiff the costs and disbursements of the action, including reasonable attorneys' and experts' fees, costs, and expenses. The parties to this action have agreed that all claims have been settled and agreed to dismiss the action within five business days of the *In Re: Liberty Tax, Inc. Stockholder Litigation* action in Delaware Chancery Court becoming final. On September 11, 2019, the Court conducted a hearing for approval of the settlement and for attorney's fees. On September 12, 2019, the Court found the shareholder notice to be adequate and in compliance with the requirements of rule 23.1(c). The Court approved the

settlement ordered in the *In Re: Liberty Tax, Inc. Stockholder Litigation* which incorporated the Plaintiff's claims in this action and approved the \$295,000 in attorneys' fees, including the case contribution award of \$2,000 to Plaintiff. This matter was dismissed with prejudice.

Bablu Shahabuddin v. JTH Tax, Inc., Siempre Tax, and John Hewitt, (Case No. 2:18-cv-00016-MDS-DEM) filed on January 11, 2018 in the United States District Court for the Eastern District of Virginia. The plaintiff filed suit which, as amended, claimed that JTH Tax and Siempre Tax failed to pay to him certain monies owed under various Purchase and Sale Agreements, that a constructive trust should be imposed on certain monies received by Liberty Tax and Siempre for the subsequent sale of those territories, that the defendants committed fraud in the inducement, and that Hewitt orally guaranteed the Purchase and Sale obligations. Shahabuddin sued for \$600,000 in compensatory damages, \$350,000 in punitive damages, plus pre-judgment and post-judgment interest. The parties reached a settlement of all claims whereby JTH Tax paid \$775,000 and a portion of certain upcoming Net Revenue at offices previously owned by the plaintiff to him. The case was dismissed on November 14, 2018.

Governmental Actions Against John T. Hewitt:

In the Matter of a Consent Order between The Commissioner of Financial Protection and Innovation and John T. Hewitt, before the Commissioner of Financial Protection and Innovation for the State of California. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the Franchise Investment Law (FIL) (Corp. Code, § 31000 et seq.), The Commissioner has determined pursuant to her authority under the FIL that John T. Hewitt is “subject to” the Final Order entered in the matter of United States of America v. Franchise Group Intermediate L 1, LLC d/b/a Liberty Tax Service (Case No. 2:19-cv-00653-RAJ-DEM) filed on or around December 3, 2019 in the United States District Court for the Eastern 25 District of Virginia (the Final Order). John T. Hewitt agreed that he is required to disclose the Final Order in Item 3 of any Franchise Disclosure Document filed by any present or future Franchisor where John T. Hewitt is a director, trustee, general partner, principal officer, or maintains management responsibility relating to the sale or operation of the respective Franchisor, along with disclosure of this governmental action.

Governmental Actions against Unrelated Entities:

United States of America v. Franchise Group Intermediate L 1, LLC d/b/a Liberty Tax Service, (Case No. 2:19-cv-00653-RAJ-DEM) filed on or around December 3, 2019 in the United States District Court for the Eastern District of Virginia. The Department of Justice (DOJ) filed a complaint asserting that Liberty Tax failed to maintain adequate controls over the tax returns prepared by its franchisees and failed to take steps to prevent the filing of potentially false or fraudulent returns prepared by its franchises despite notice of fraud at some of its franchisee stores. The primary focus of the DOJ's investigation that preceded the complaint related to the alleged operational wrongdoing of 12 franchisees. Also on December 3, 2019, the DOJ and Liberty Tax filed a joint motion asking the court to approve a proposed settlement order setting forth certain

enhancements to the Liberty Tax service compliance program and requiring Liberty Tax to retain an independent monitor to oversee the implementation of the required enhancements to the compliance program; and work with Liberty Tax to make further enhancements to improve the compliance program. As part of the proposed order, Liberty Tax agreed not to rehire John T. Hewitt, under whose supervision the alleged conduct at issue occurred. Liberty Tax further agreed not to grant John T. Hewitt any options or other rights to acquire equity in Liberty Tax or to nominate him to the company's board of directors. On December 20, 2019, the court granted the joint motion and the motion to seal, which fully resolved the legal proceedings initiated by the DOJ. Although he is referenced in the court's order, John T. Hewitt was not a named party to this case.

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

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay us an initial fee of \$40,000 (the "Initial Franchise Fee") to obtain the right to establish and operate a single franchise location. This payment is due in full before you attend Initial Training, usually when you sign the Franchise Agreement. We will refund the Initial Franchise Fee paid by you if we do not approve your application or if you do not pass our Initial Training in accordance with our current passing standards, provided that you return all training materials to us. The Initial Franchise Fee is fully earned by us and is non-refundable once we have completed our obligation to provide Initial Training and you have successfully completed Initial Training.

Initial Technology Fee

You must pay us an initial technology setup fee of \$1,000 (the "Initial Technology Package Fee"). This fee includes setup and a one-month license to use a designated third-party technology platform. This fee is due in full before you attend the Initial Training so that you may be trained on the technology platform. We reserve the right to have you pay this fee directly to the underlying technology service providers. This fee is non-refundable once paid.

Conversion Discount

We may offer a reduced Initial Franchise Fee to individuals or entities that convert an existing construction business into a CR3 Franchised Business. These conversion discounts are intended to recognize the operational infrastructure, customer base, and market presence already established by a converting business. Eligibility for a conversion discount and the applicable franchise fee are determined based on the annual gross revenue of the existing business at the time of conversion.

The current conversion franchise fee schedule is as follows:

Gross Revenue of Existing Business	Initial Franchise Fee
More than \$2,000,000	\$35,000
More than \$3,000,000	\$30,000
More than \$4,000,000	\$25,000
\$5,000,000 or more	\$20,000

We determine gross revenue based on financial information provided by the prospective franchisee and may require supporting documentation to verify revenue levels. Conversion discounts are offered at our discretion and may be modified or discontinued at any time.

Affiliate Discounts

We currently offer an incentive program to certain individuals who have previously purchased a franchise opportunity from another franchise brand under the Loyalty Brands umbrella of franchise brands ("Existing Franchisees") and desire to purchase a new franchise from us to be located within the same geographic market area and, where applicable, whose approved territory for the new franchise overlaps with or substantially matches their existing franchise territory with our affiliate (collectively, the "Geographic Requirements"). This program is referred to as our Affiliate Brand Expansion Discount Program (the "Program").

Participation in the Program is subject to the following general eligibility criteria, all of which must be satisfied as of the date of application and continuing through the date of franchise agreement execution:

- (i) The Program is available only to Existing Franchisees who are (a) in good standing with the existing franchisor as of the date of application for this Program and (b) previously paid an initial franchise fee to the existing franchisor at the time of their initial franchise purchase;
- (ii) The Program does not apply to first time franchise buyers;
- (iii) The Program does not apply to the acquisition of additional franchise locations or territories within the same franchise brand that the applicant already operates;

(iv) The Program applies on a brand-by-brand basis and is limited to the number of franchised outlets owned and operated by the Existing Franchisee at the time of acquisition of a new Loyalty Brands franchise brand; and

(v) The Program may not be combined with any other promotional programs, discounts, fee waivers, incentives, or negotiated fee reductions. A franchisee may participate in only one initial franchise fee incentive program for any given franchise acquisition, and no stacking, substitution, or retroactive application of incentives is permitted. Franchisees who qualify for multiple incentive or promotional programs must elect a single discount at the time of sale, and all other promotional offers are deemed waived with respect to that transaction.

If you are approved for the Program in writing, we will reduce the Initial Franchise Fee outlined in this Item 5 to \$20,000, provided all eligibility criteria are met. This reduced fee is subject to all other terms and conditions applicable to the Initial Franchise Fee as set forth in this disclosure document and the franchise agreement.

This Program is discretionary and may be modified, suspended, or discontinued at any time. Therefore, the Program is not a continuing offer and purchasing a franchise through this disclosure document does not guarantee that it will be offered in future years or for future franchise acquisitions by you. We may also modify the eligibility criteria or grant variances in our sole and absolute discretion and on a case-by-case basis. Additionally, not all Loyalty Brands affiliates participate in the Program and/or offer a uniform discount. For the avoidance of doubt, no other franchise brand is offered through this disclosure document. Franchisees should refer to the specific franchise disclosure document for each brand for their disclosure items, including, current fee information, discount terms, and territory definitions. A current list of Loyalty Brands affiliates can be found in Item 1 of this disclosure document. Finally, the Program is not available in all areas and Program opportunities will decrease over time as territories are sold by each franchise brand and the Geographic Requirements can no longer be met due to lack of available overlapping territories. Prospective franchisees should inquire about current Program availability in their desired territory at the time of application. Written approval is required prior to execution of any franchise agreement.

Discounts Generally

From time to time, we may also offer special incentive programs as part of our franchise development efforts. In our last fiscal year, we discounted or waived our fee in some cases based on affiliate discounts, existing business level, business experience, presence in the local market, and similar factors. We reserve the right to offer, modify, or withdraw any incentive program without notice to you.

We may finance the Initial Franchise Fee as provided in Item 10. Except as described in this Item 5 or as required by state law, the Initial Fees are uniformly imposed and non-refundable subject to applicable law.

ITEM 6 OTHER FEES

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE (Note 2)	REMARKS
Royalty Fee	The greater of (i) 6.0% of monthly Gross Revenue collected (the “Royalty Fee”) or (ii) \$2,000.00 per month (the “Minimum Royalty Fee”). (Note 3)	Due by the 10th day of the month, or simultaneous with customer payment. See <u>Note 4</u>	Royalty Fee’s start the first month in operation; however, the Minimum Monthly Royalty Fee, if applicable, will not begin until the 7 th month of operation. Payments are due on the prior month’s revenues.
Ongoing Technology Fee	Currently, \$1,000 per month (can be increased up to 10% per year upon 60 day's written notice)	Monthly	This fee is paid to us and begins after you open for business. See <u>Note 5</u> .
Brand Fund	The Brand Fund Contribution is 1% of previous month’s Gross Revenue	By the 10 th day of the month	See <u>Item 11</u> .
Outbound Appointment Generation	Our then-current fee (currently, \$80 per booked appointment) subject to a maximum of \$250 per booked appointment	As incurred	We may utilize a call center, either directly or through third party providers, to assist with customer outreach and appointment scheduling. From time to time, we may offer franchisees the opportunity to purchase or receive blocks of pre-booked appointments generated through these efforts to provide customers with quotes for projects located within the franchisee’s designated territory, subject to availability and any applicable program terms. See <u>Note 6</u> .
Customer Service Call Fee	\$5 per call	Monthly	Payable to us for customer service calls made by us or our designee to your customers. If we approve (in our sole discretion) your written request to make the follow-up calls yourself, you will not be charged this fee.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE (Note 2)	REMARKS
			We may revoke such approval at any time, with or without cause, and resume making the calls, in which case you must pay this fee.
Accounting and Bookkeeping Service Administration Fee	Actual cost of services charged by accounting or bookkeeping provider plus 10% administration fee	Upon demand	If you fail to engage and maintain a qualified professional accounting or bookkeeping provider for the Franchised Business as required by the Franchise Agreement and our standards, we may, but are not obligated to, arrange for such services on your behalf. If we do so, you must reimburse us for the actual cost of the services plus an administration fee equal to ten percent (10%) of those costs.
Training	You are required to pay your expenses as well as your employees' expenses in attending any initial or ongoing training programs.	Time of Program	Initial Training is conducted in-person in Hanover, Pennsylvania and online (See Item 11). However, we may, in our discretion, offer training at your location.
Transfer Fee	\$10,000 (subject to state law).	Prior to acceptance of the transferee	Payable at closing. We may increase (or decrease) our Initial Franchise Fee in our sole judgment.
Credit Card Processing Fee	Amount charged by third-party credit card processor.	At time of charge	You agree to pay a credit card processing fee if you pay any sums to us by credit card, to the extent permitted by law.
Insufficient Funds Fee	\$50 per transaction.	As incurred	You agree to pay this fee to us if an electronic transfer or other payment from you to us is declined.
Interest on Late Payments	Highest applicable legal rate not to exceed 12% per annum on amounts you owe.	As incurred	Applies to all Royalty Fees, Technology Fee, Brand Fund contributions and any other amounts that are past due for more than 5 days.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE (Note 2)	REMARKS
Audit Fee	Cost of audit plus 18% interest per annum on underpayment and \$50 per month late payment.	As invoiced	Payable if an audit discloses an under reporting of Gross Revenues or underpayment to us by 2% or more.
Indemnification	Actual Costs	As incurred	You will indemnify, hold harmless, and defend us along with our affiliates, officers, directors, members, partners, employees, and agents from and against any claim, cause of action, lawsuit, or demand for damage, liability, cost, or expense including reasonable attorney fees and costs that relates to or arises from your breach or alleged breach of the Franchise Agreement, your negligence, or your willful misconduct.

Note 1: Except as otherwise stated, all fees are imposed by, payable to, and collected by us. We mandate several fees for third party services, and it is your duty to pay such fees directly to such third parties or reimburse us if we pay them on your behalf. All fees payable to us are non-refundable except as required by applicable law. Whether fees paid to third parties are refundable would depend on their policies. The type, amount, and frequency of fees may vary among franchisees based on factors that include the scope of services used, geographic market conditions, vendor pricing, regulatory requirements, system wide initiatives, changes in our costs or operational programs, and the date on which a franchisee joined the System. We will provide you with at least thirty (30) days' prior written notice of any material changes to fee amounts or payment terms.

Note 2: Before you may open for business, you must sign and deliver to us all bank documents needed to permit us to debit your bank account via ACH Electronic Transfer for all fees and payments due to us. If you change your bank account or transfer your account to a different bank, you must notify us within one day, and sign and deliver to us and the bank new documents to permit us to debit your bank account within three days. We require you to execute an Automatic Bank Draft Authorization and pay most fees to us via ACH electronic funds transfer. See Schedule 3 to the Franchise Agreement. We may change the due date for any fee at any time upon 30 days advanced written notice to you.

Note 3: “Gross Revenue” shall mean all revenues that you derive or receive, directly or indirectly, from the operation of the Franchised Business excluding only sales and use taxes.

Note 4: You must use the point-of-sale (“POS”) system designated by us for all transactions of the Franchised Business, including sales, refunds, discounts, and promotions. You may not use any other POS system without our prior written approval. We strongly encourage customers to use electronic payment methods (e.g., credit card, e-check), and we intend for the 6.0% Royalty Fee to be automatically calculated and deducted from each transaction via the designated POS system. These amounts are then remitted directly to us in accordance with our payment processing procedures. However, we understand that not all transactions will be processed electronically. Therefore, at the end of each calendar month, a reconciliation must occur:

- If the total Royalty Fees collected and remitted through the POS system are less than the full 6.0% of Gross Revenues for that month, you must pay the shortfall to us by the 10th day of the following month.
- If the total Royalty Fees remitted through the POS system are less than the applicable Minimum Monthly Royalty (\$2,000.00), you must also pay the difference by the 10th day of the following month.

You are responsible for ensuring full payment of the Royalty Fee (or Minimum Monthly Royalty, if any) each month, whether through automatic deductions or reconciliation. Royalty Fees are calculated on the total Gross Sales, prior to any deduction for merchant or processing fees.

Note 5: The Technology Fee currently includes a license to use a third-party technology platform designed to help businesses streamline their operations, enhance customer experiences, and boost their digital presence. We may change the technology services we provide at any time. We may also increase the Technology Fee by up to a maximum increase of 10% each year. If we increase the Technology Fee, we will give you at least 60 days’ written notice before the change takes effect.

Note 6: We may utilize a call center, directly or through third party providers, to generate and schedule customer appointments within your Territory. From time to time, we may offer you the opportunity to purchase blocks of prescheduled appointments with potential customers who have expressed interest in receiving quotes for Approved Products and Services. As of the Effective Date, the Appointment Booking Fee is \$80 per booked appointment, subject to a minimum purchase of fifteen appointments per order. We may increase this fee up to \$250 per booked appointment upon thirty days written notice, and we may also modify the minimum purchase requirement. Payment for appointments is due at the time of purchase and is nonrefundable. Booked appointments represent scheduling opportunities only and do not guarantee customer conversion, contract execution, or revenue generation. If you elect to purchase appointments, you must timely contact each customer, provide professional service, and make reasonable efforts to convert the opportunity into a sale. Although participation in this program is optional as of the Effective Date, we reserve the right to require your participation in this or similar lead generation programs upon thirty days written notice if your Franchised Business is not meeting performance targets or expectations reasonably established by us.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure*	Low**	High	Method of payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 1)	\$40,000	\$40,000	Check or EFT	At signing of Franchise Agreement.	Us
Initial Technology Package Fee	\$1,000	\$1,000	Check or EFT	Before Initial Training	Us
Real Estate/Security Deposit (Note 2)	\$4,500	\$9,000	As Incurred	Before beginning operations	Lessor
Leasehold Improvements (Note 3)	\$3,000	\$10,000	As Incurred	Before beginning operations	Third Parties
Computer Systems (Note 4)	\$400	\$2,900	As Incurred	Before beginning operations	Third Parties
Vehicles (Note 5)	\$0	\$60,000	As Incurred	Before beginning operations	Third Parties
Initial Equipment (Note 6)	\$2000	\$15,000	As Incurred	Before beginning operations	Us and/or Third Parties
Branding, Equipment and Supplies (Note 7)	\$500	\$1,000	As Incurred	Before beginning operations	Third Parties
Certificates, Licenses, and Permits (Note 8)	\$0	\$2500	As Incurred	Before beginning operations	Government Agents
Insurance (Note 9)	\$10,000	\$22,000	As Incurred	Before beginning operations	Third Parties
Professional Fees-Legal & Accounting (Note 10)	\$500	\$3,500	As Arranged	Before Beginning Operations	Attorney, Accountant

Type of Expenditure*	Low**	High	Method of payment	When Due	To Whom Payment is to be Made
Utility Deposits (Note 11)	\$0	\$1,000	As Incurred	Before beginning operations	Suppliers
Initial Training (Note 12)	\$500	\$3,900	As Incurred	As incurred	Third Parties
Telecommunications Services (Note 13)	\$0	\$400	As Incurred	As Incurred	Third Parties
Initial Advertising (Note 14)	\$8,000	\$15,000	As Incurred	As incurred	Third Parties
Additional Funds – 3 months (Note 15)	\$26,000	\$68,000	As incurred	Before and after opening	Employees, Third Parties
Total	\$96,400 to \$255,200				

*The initial fees listed above which are paid to us are nonrefundable as paid. Whether such fees paid to third parties are refundable would depend upon their policies.

**The low-end estimate is for conversion of an existing business offering similar products and services into a CR3 Franchised Business. The low-end estimate will not apply to you if you do not have a similar business to convert. We provide this range because we anticipate as of the Issuance Date that the majority of new franchised outlets will be converting an existing business at the time they sign a Franchise Agreement with us. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your business. We base this estimate upon the years of experience our management team has in the industry.

Note 1: Initial Franchise Fee. The initial franchise fee is \$40,000.00 for a single franchise location. We base the table above on the purchase of a single franchise, without any discount. As described in Item 10, we may finance all or a portion of the Initial Franchise Fee at an interest rate of 12% per annum. The financed amount, together with accrued interest, would be repaid in monthly installments over a period to be agreed upon at the time of financing. For example, if you financed \$20,000 over a period of twenty-four months, your monthly installment would be approximately \$941.47. See Item 10 for additional terms and conditions applicable to our financing program, including security requirements and default provisions.

Note 2: Real Estate/Security Deposit. You will need a commercial office/warehouse space of approximately 1,000-1,500 square feet in size (See [Item 11](#)). The cost for rent and security deposits will depend on the size and location of the space you choose to rent and your credit worthiness, among other things. If you are converting an existing business and already have a suitable space, then you can continue to operate from the same space. The low end and high end estimates include (i) payment of a security deposit equal to one (1) month's rent, and (ii) payment of two (2) months of rent.

Note 3: Leasehold Improvements. Your office space must be outfitted to meet our branding standards and specifications.

Note 4: Computer Systems. This estimate is for your initial costs in obtaining the computer hardware, software, and point of sale systems that we specify (see Item 11).

Note 5: Vehicles. We do not require any vehicle used by you to meet specifications regarding year, make, or model. If you already own or rent a vehicle, you will not incur the expense of purchasing a vehicle; however, once you begin operations you will be required to outfit your vehicle with our branding and marks. We have included the estimated cost of branding in the category for Additional Funds – 3 months.

Note 6: Initial Equipment. You will need certain required equipment to provide the Products and Services. If you already own sufficient equipment, you will not incur this expense.

Note 7: Branding, Office Equipment, and Supplies. This estimate includes branding materials, signage, furniture & equipment and initial inventory of forms, stationery, and office supplies. If you already have these, you will not incur the purchase expense; however, you may be required to outfit materials with our branding.

Note 8: Certificates, Permits and Licenses. If you already own an existing business and already possess all required certificates, permits and licenses to provide the Products and Services then you will not incur this expense. States and localities will set costs for certificates, permits and licenses.

Note 9: Insurance. The cost of your premiums will depend on the insurance carrier's charges, terms of payments, and your insurance, risk and payment histories. See Item 8 for the required insurance. We reserve the right to require you buy your insurance through an approved vendor/affiliate in the future. This is an estimate for annual policies, but you may be able to pay quarterly or bi-annually. The cost of insurance generally increases as your business revenue increases.

Note 10: Professional Fees. This estimate is for costs associated with the engagement of professionals such as attorneys and accountants for advisories consistent with the start-up of a Franchised Business.

Note 11: Utility Deposits. If you do not already own an existing business with connected utilities, you may be required to pay security deposits required by your landlord and utility or other companies.

Note 12: Training Travel and Living Expenses. If any in-person training is required, the franchisee is responsible to pay for the travel, lodging, meals, and wages of attendees at Initial Training.

Note 13: Telecommunication Services. This estimate includes the security deposits and service fees for your telecommunications system. If you have an existing telephone line that you will use for your Franchised Business, you will not incur these costs.

Note 14: Initial Advertising. We have developed the CR3 Quick Start Program ("Program") designed to support initial market entry and early growth. Under this Program, we recommend that you invest between \$8,000 and \$15,000 in local advertising during the initial launch phase of the business. This initial advertising spend is intended to establish brand awareness, generate early customer demand, and support a successful opening. Following the launch period, we recommend that you continue investing in local advertising on an ongoing basis to support sustained growth. As a general guideline, you should expect to make an ongoing investment in advertising spend of no less than \$20,000 per year or approximately two to three percent (2-3%) of gross revenue, whichever is greater. As part of your advertising efforts, we may require you to consult with a preferred advertising vendor and to develop both an initial and an ongoing advertising plan that is approved by us.

Note 15: Additional Funds-3 months. The estimate of additional funds is based on your general operating expenses for the first three months of operation. The estimate of additional funds does not include job-material costs, royalties, interest expenses, or owner's salary or draw. The low-end assumes no jobs will be completed in the first 3-months in operation, and therefore no subcontractor or direct labor expenses. The high-end includes an estimate of payroll or independent contractor expenses of \$27,000 which assumes that you complete five (5) jobs within the first 3-months in operation and an average payroll or independent contractors' expense of \$5,400 per job.

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ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Goods or Services Required to be Purchased or Leased

Advertising and Marketing. All advertising and promotion by you, in any manner or medium, must be conducted in a dignified manner and must conform to our standards and specifications. You will need to display the Marks in the manner required by us on all promotional materials used in the Franchised Business.

You must submit to us, for our prior written approval, samples of all advertising and promotional plans and materials that you desire to use that have not been prepared or previously approved by us. We have 15 days from the date that we receive your proposed advertising materials to approve or disapprove them. If we do not respond to you within 15 days of our receipt of your advertising materials, those materials are deemed disapproved.

Computer Hardware and Software

You must use the computer hardware and software that we specify in our Manual. You may need to purchase computer equipment, or you may need to upgrade your current computer equipment to meet our specifications. Further, you must subscribe to such software as we specify for workflow management, bookkeeping, accounting, and other needs.

Building Supplies, Equipment, and Inventory

You must use building supplies, equipment, and inventory that meet or exceed industry standards for quality and safety. We issue specifications and standards to our franchisees and provide approved vendors and suppliers.

Vehicle.

Any motor vehicle operated by the Franchised Business must comply with our branding requirements and display our Marks. We do not provide specifications for the make and model of vehicles used by you; however, we issue specifications and standards to our franchisees and provide approved vendors and suppliers for branding.

Insurance.

You must obtain and maintain, at your own expense, the insurance coverages specified below from a carrier with a rating of at least A- VII as rated in the current edition of A.M. Best's Insurance Guide. All policies must be in force at least 30 days before opening your CR3 American Exterior Business or upon signing a lease for the Approved Location or commercial office/warehouse or flex space, whichever is earlier.

We currently require the following minimum coverage types and amounts:

Type	Minimum Amount
Comprehensive General Liability	You must maintain occurrence-based General Liability insurance. This policy must meet the following requirements: Each Occurrence requirement with minimums of \$1,000,000; General Aggregate requirement with minimums of \$2,000,000; Products / Completed Operations Aggregate requirement with minimums of \$2,000,000; Personal & Advertising Injury requirement with minimums of \$1,000,000; Damage to Rented Premises requirement with minimums of \$50,000; and Medical Expenses requirement with minimums of \$5,000. The policy must include coverage for Contractual Liability, Independent Contractors Liability, and Stop Gap coverage for monopolistic states. The Franchisor must be designated as an Additional Insured, be provided with a Waiver of Subrogation, and the coverage must be Primary & Non-Contributory.
Commercial Automobile Liability	You must maintain Commercial Auto insurance covering all owned, hired, and non-owned vehicles. This policy must meet the following requirements: Combined Single Limit requirement with minimums of \$1,000,000; Uninsured Motorist requirement with minimums of \$1,000,000; and Underinsured Motorist requirement with minimums of \$1,000,000. Comprehensive and Collision deductibles must not exceed \$1,000. The Franchisor must be designated as an Additional Insured, be provided with a Waiver of Subrogation, and the coverage must be Primary & Non-Contributory.
Contractors Errors & Omissions	You must maintain Contractors Errors & Omissions insurance. This policy must meet the following requirements: Each Occurrence requirement with minimums of \$1,000,000 and an Aggregate requirement with minimums of \$1,000,000. The policy may be claims-made or occurrence-based.
Workers Compensation	You must maintain Workers' Compensation insurance in compliance with the laws of the state in which your Franchised Business is located, and this coverage must be in place regardless of the number of employees. The policy must also meet the following Employers Liability requirements: Bodily Injury by Disease, Each Accident requirement with minimums of \$1,000,000; Bodily Injury by Disease, Policy Limit requirement with minimums of \$1,000,000; and Bodily Injury by Disease, Each Employee requirement with minimums of \$1,000,000. The policy must not exclude owner-operators, must include coverage for uninsured independent contractors, and must provide a Waiver of Subrogation in favor of the Franchisor.
Contractors Pollution Liability	You must maintain Contractors Pollution Liability insurance. This policy must meet the following requirements: Each Occurrence requirement with minimums of \$1,000,000 and an Aggregate requirement with minimums of \$1,000,000. The policy may be claims-made or occurrence-based.
Property /Business Interruption *We will waive this requirement upon written request if you are in a low-risk area according to	You must maintain Property insurance on an all-risk basis. This policy must meet the following requirements: Business Personal Property requirement with minimums of \$10,000 at full replacement cost value; Tenant Improvements requirement at full replacement cost value; and full coverage for Equipment. The policy must also include Business Interruption coverage with minimums of \$25,000 and must include coverage for Franchisor Royalties.

the National Risk Index for Natural Hazards	
Cyber Liability	You must maintain Cyber Liability insurance. This policy must meet the following requirements: Each Occurrence requirement with minimums of \$250,000; Aggregate requirement with minimums of \$250,000; and 3rd Party Liability requirement with minimums of \$250,000.
Employment Practices Liability	You must maintain Employment Practices Liability insurance. This policy must meet the following requirements: Occurrence requirement with minimums of \$250,000; Aggregate requirement with minimums of \$250,000; and Wage & Hour coverage with minimums of \$25,000. The policy must include 3rd Party Liability coverage, and the maximum deductible shall not exceed \$10,000.
Any other insurance required by federal, state, or local law	

We currently recommend, but do not require the following minimum coverage types and amounts:

Type	Minimum Amount
Umbrella	Excess liability insurance is recommended with an Occurrence limit of \$1,000,000 and an Aggregate limit of \$1,000,000, following form over the General Liability policy. This coverage should be procured from a carrier with a rating of at least A- VII as rated by AM Best
Crime	Crime coverage is recommended with a limit of at least \$100,000 per claim on a Loss Discovered form, including coverage for 3rd party crime.
Trailer Coverage	Trailer Coverage is recommended with a limit of at least \$50,000.

Additional Requirements

You must ensure that the Franchisor, its affiliates, and their respective officers, directors, and employees are named as Additional Insureds on your General Liability policy. This Additional Insured status must provide coverage for liability arising out of your operations, ongoing and completed. This coverage must be on a primary and non-contributory basis, meaning it will pay before any other applicable insurance the Additional Insureds may have. The required endorsement shall be provided as required by written agreement.

You must also ensure that the Franchisor, its affiliates, and their respective officers, directors, and employees are named as Additional Insureds on your Commercial Auto policy. This coverage must also be primary and non-contributory. The required endorsement shall be provided as required by written agreement.

You must provide a Waiver of Subrogation in favor of the Franchisor on your General Liability, Commercial Auto, and Workers' Compensation policies. This endorsement waives the insurer's right to recover any payments made on a claim from the Franchisor, preventing the insurer from seeking recovery from the Franchisor for any claims arising from your operations. This waiver shall be provided as required by written agreement.

The franchisor reserves the right to update the insurance requirements for franchisees as needed to address changing exposures and risk factors. This flexibility ensures that the franchisee and franchisor remain adequately protected as the business environment and industry landscape evolve. Franchisees will be notified of any changes to the insurance requirements and are expected to comply with the updated coverage standards to maintain their franchise agreement.

Description of Operations (Certificate of Insurance)

The Certificate Holder, Franchisor, its affiliates, officers, directors, and employees are included as Additional Insureds on the General Liability and Commercial Auto policies with respect to liability arising out of the named insured's operations. This coverage is primary and non-contributory to any other insurance available to the Additional Insureds. A Waiver of Subrogation applies in favor of the Certificate Holder for the General Liability, Commercial Auto, and Workers' Compensation policies. All endorsements are as required by written agreement.

Site. We require you to obtain a commercial office space approximately 1,000-1,500 square feet as described in our Operations Manual.

Whether We or Our Affiliates are Approved Suppliers

We are an approved supplier of advertising material, our online software system, our website services, and training services and the only approved supplier of our online software system, our website services, and training services. Our software system and our website services are provided to franchisees as part of the Technology Fee.

Officer Interests in Suppliers

Our officers own an interest in us. Otherwise, there are no approved or designated suppliers in which our officers hold an ownership interest. From time to time our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

Alternative Suppliers:

We apply certain general criteria in approving (or revoking) a proposed supplier, including the supplier's quality and pricing of products or services, reputation, ability to provide products or services that meet our specifications, responsiveness, ability to provide products or services within the parameters required by the CR3 American Exteriors System, quickness to market with new items, financial stability and insurance coverage, credit program for franchisees, freight costs and the ability to provide support to our franchisees. To the extent we make these general criteria available to franchisees, we will do so through the Operations Manual or other written communication.

We may permit franchisees to contract with alternative suppliers who meet the franchisor's criteria. There are no fees associated with our review of alternative suppliers or our approval to purchase from alternative suppliers. If you wish to propose another supplier, you must do so by

sending a request in writing to CR3 American Exteriors, 780 Lynnhaven Pkwy, Ste 240, Virginia Beach, VA 23452.

We will review the proposed supplier to determine whether to consider adding the supplier to our list of approved vendors. We reserve the right to approve or revoke approval of any supplier. We will notify you within 30 days of receipt of our request if we approve or disapprove of an alternative supplier. If we have not responded within 30 days, then the request is deemed approved if the alternative supplier meets the requirements as specified in the Operations Manual. If we revoke approval for a supplier, we will provide written notice to you.

Issuance and Modification of Specifications:

We issue and modify specifications and standards to franchisees or approved suppliers through our Operations Manual or through informational bulletins we issue from time to time.

Revenue from Required Purchases:

We have the right to receive fees, payments, rebates, commissions or other consideration from third-party manufacturers, suppliers and/or distributors (collectively, "Rebates") which may or may not be reasonably related to services we provide to these third parties. We have the right to receive fees and payments from third- party manufacturers, suppliers, and/or distributors of up to 15% or more of each of these third parties' sales of equipment, products, services, materials and supplies to CR3 America Exteriors franchisees. We have the right to increase or decrease this percentage in the future. We will retain and use any fees, payments, rebates, commissions or other consideration as we deem appropriate or as required by a particular manufacturer, supplier or distributor.

During the fiscal year ended December 31, 2025, we earned \$49,111.05 in revenue from Rebates. Our total revenue was \$944,977, meaning approximately 5.2% of our revenue came from required purchases or leases. Our affiliates did not sell or lease any products or services to our franchisees and therefore did not earn any revenue from required purchases or leases. Likewise, our area representatives did not earn any revenue from required purchases or leases.

Required Purchases as a Proportion of Costs:

We estimate that your Required Purchases will account for approximately 45% to 50% of your total costs incurred in establishing your CR3 American Exterior Business, and approximately 15% to 35% of your ongoing costs to operate the CR3 American Exterior Business after the initial start-up phase.

Purchase Agreements and Cooperatives:

We may, in our discretion, negotiate purchase agreements, including price terms, for the benefit of franchisees, with approved and designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of

some or all of the CR3 American Exterior Franchised Businesses under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from and we may designate one vendor as your sole supplier. Presently there are purchase and supply agreements in effect with various approved manufacturers and distributing partners for source restricted products or services. However, there are currently no purchasing or distribution cooperatives.

Material Benefits:

We may, from time to time, offer a limited incentive program designed to encourage and reward franchisee compliance with the Franchise Agreement and our system standards. Under this program, we may share a portion of the Rebates we received with franchisees who are eligible and in good standing under the program. Participation in any incentive or rebate program is not guaranteed. The terms, eligibility requirements, calculation methods, and percentage of rebates shared with franchisees may change, be reduced, suspended, or discontinued at any time, with or without notice. We are not obligated to offer any particular program, to maintain any program for a specific duration, or to share rebates at any fixed or uniform percentage. However, details for these programs will be included in our Operations Manual or documented in a policy statement issued to our franchisees. Additionally, when your franchise is up for renewal, to continue your franchise rights, we require you to be in compliance with your Franchise Agreement which includes compliance with any supplier standards that are contained in our Operations Manual.

ITEM 9 **FRANCHISEE'S OBLIGATIONS**

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

Franchisee's Obligations	Section In Franchise Agreement	Item in Disclosure document
a. Site selection and acquisition/lease	5.3	11
b. Pre-opening purchases/leases	4	7, 8
c. Site development and other pre-opening requirements	5	11

Franchisee's Obligations	Section In Franchise Agreement	Item in Disclosure document
d. Initial and ongoing training	5.4, 6.2	11
e. Opening	3.1	11
f. Fees	4	5, 6, 7, 8, 11
g. Compliance with standards and policies/Manual	6.1, 6.3	8, 11
h. Trademarks and proprietary information	3.14, 6.7, 8.6	13, 14
i. Restrictions on products/services offered	6.1(B)	8, 16
j. Warranty and customer service requirements	6.1, 6.3	6
k. Territorial development and sales quotas	2, 4.2	12
l. Ongoing product/service purchases	3, 4.3	8
m. Maintenance, appearance & remodeling requirements	None	Not Applicable
n. Insurance	6.6	8
o. Advertising	3.2	8, 11
p. Indemnification	6.5	8/15
q. Owner's participation/management/staffing	6.1	15

Franchisee's Obligations	Section In Franchise Agreement	Item in Disclosure document
r. Records and reports	6.4	11
s. Inspections and Audits	4.11, 6.4	11
t. Transfer	7.0	17
u. Renewal	1.2	17
v. Post-termination obligations	8.6	15, 16, 17
w. Non-competition covenants	8.7	15, 16, 17
x. Dispute resolution	9	17

ITEM 10 **FINANCING**

We offer the following financing program:

Item Financed ¹	All or a Portion of the Initial Franchise Fee.
Source of Financing ²	Us
Down Payment	Varies
Amount Financed	Up to 100%
Interest Rate/Finance Charge	12% per annum (including finance charges)
Period of Repayment	Varies

¹ **Discretionary**-We may in our sole discretion provide financing to you.

² **Form**-Schedule 7 of the Franchise Agreement contains the form of Promissory Note that you must sign for us to extend financing to you.

Security Required	The Franchised Business including all accounts, equipment, furniture, and assets and any earnings from any financial services business; Personal guarantee.
Whether a Person Other than the Franchisee Must Personally Guarantee the Debt ³	If the franchisee is an entity, its owners must personally guarantee the debt
Prepayment Penalty	None
Liability Upon Default	Accelerated obligation to pay the entire amount due, pay our court costs and attorney fees incurred in collecting the debt, and termination of the franchise.
Waiver of Defenses or Other Legal Rights	Waiver of right to jury trial; homestead and other exemptions; waiver of presentment, demand, protest, notice of dishonor.
Intent to Sell ⁴	There is no intent to sell, assign or factor the debt to a third party.
Consideration for placement of financing ⁵	None

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

Initial Training. We provide an Initial Training program in Hanover, Pennsylvania, online, or at another designated area, at our choosing. The topics covered in Initial Training are described in the chart below in this Item 11. (Franchise Agreement, Section 5.4). The Initial Training must be completed within 60 days of signing the Franchise Agreement. If any in-person training is required, the franchisee will be responsible for their travel, hotel, and food. (Franchise Agreement, Section 6.2).

³ **Corporate Guarantee-** If the franchisee is a corporation, each officer and shareholder of the franchisee must execute a personal guaranty for the note, agreeing to be personally and jointly and severally liable for its repayment. Schedule 7 has the Promissory Note that must be executed. We do not guarantee your notes, leases, or obligations.

⁴ **Intent to Sell-**We do not have any past or present practice to sell, assign or discount to any third party, any note, contract or other instrument signed by you, but we reserve the right to do so.

⁵ **Commissions/Rebates-**We do not receive any direct or indirect payments or other consideration for placing financing.

Site Selection. We do not provide site selection services. However, we may give guidance regarding site selection. You will need to lease approximately 1,000-1,500 square feet of separate commercial office/warehouse or flex space for your equipment, supplies, and inventory. We must approve any site you select before you sign a lease for that location. We do not select the site. We will typically approve or disapprove a proposed site within 14 days of your submission to us of the information required by us on the proposed site. Any proposed site within your Territory will be deemed approved if we do not approve or disapprove within 30 days. If you do not locate a site to begin operations within 4 months of signing the franchise agreement, we may, in our sole discretion: (1) allow more time; (2) terminate the Franchise Agreement without any refund to you; or (3) require you to immediately begin making monthly payments of an amount equal to the Minimum Monthly Royalty Fee. (Franchise Agreement, Section 3.1).

We consider the following factors when reviewing a proposed site: (i) population density, (ii) income levels, (iii) demographics, (iv) competition, (v) visibility, (vi) accessibility, (vii) traffic, (viii) size, (ix) condition and character, (x) parking, and (xi) available signage.

We do not generally own the premises and lease it to you and we do not provide assistance with your lease or purchase negotiation.

Conforming and Buildout. We do not provide assistance with conforming the premises to local ordinances and building codes. We do not provide assistance with obtaining any building permits, or with constructing, remodeling, or decorating the premises.

Assistance to Hire and Train Employees. You are solely responsible for hiring, firing, compensating, withholding, and remitting applicable payroll taxes and day-to-day supervision and control over your employees. The Operations Manual may recommend best practices on how to hire and train employees; however, nothing in the Operations Manual will be construed to shift control over your employees to us. We do not provide further assistance with hiring or training employees. (Franchise Agreement 5.5).

Assistance to Obtain Equipment, Signs, Fixtures, Opening Inventory, and Supplies. We provide guidance to obtain equipment, signs, fixtures, opening inventory, and supplies. We provide the names of approved vendors or specifications for these items. We do not deliver or install these items. (Franchise Agreement. Section 5.6).

Operations Manual. We provide access to our Operations Manual, franchisee portal or dashboard, and other written and visual materials (collectively, our “Manuals”) to offer guidance in the operation of your Franchised Business. You are required to operate your Franchised Business in compliance with the current and any future versions of the Manuals. (Franchise Agreement, Section 5.1).

Length of Time Before Opening: The typical length of time between signing of the Franchise Agreement and opening of your outlet is 2-4 months. You agree to begin operations and be open for business no later than 4 months from the time both parties execute the Franchise Agreement. If you do not begin operations within this timeframe, we may, in our sole discretion: (1) allow

more time; (2) terminate the Franchise Agreement without any refund to you; or (3) require you to immediately begin making monthly payments of an amount equal to the Minimum Monthly Royalty Fee. (Franchise Agreement, Section 3.1).

Factors that can affect the time length in which to be open for business include: the time needed to (1) obtain financing; (2) enter into a lease or purchase agreement; (3) comply with zoning; (4) obtain licenses and permits; (5) perform construction/remodeling; (6) weather conditions; (7) acquire and install furniture, fixtures, equipment, and signage; and (8) hire and train staff.

During the Operation of the Franchise:

Marketing Support. We offer marketing assistance and support. (Franchise Agreement, Section 3.13).

Additional Training or Seminars. We may elect to require or offer additional training or seminars. (Franchise Agreement, Section 5.4.B).

Establishing Prices. We do not establish prices at which the franchisee must sell its products and services. We may make pricing recommendations based on industry wide standards and the going rates in the particular market as part of the initial and ongoing training. We may also include such pricing recommendations in the Manuals. This information is solely for training and educational purposes. Each franchisee is solely responsible for establishing their own prices.

Financial Records and Professional Bookkeeping. You must maintain complete and accurate financial books and records for the Franchised Business in accordance with generally accepted accounting principles or other standards we establish. You must engage and continuously maintain a qualified professional accounting or bookkeeping provider to prepare and maintain the books and records for the Franchised Business. The provider must be capable of producing timely and accurate financial statements and reports in the format and frequency we require. We may establish reasonable standards regarding the provider's qualifications, reporting format, chart of accounts, timeliness, software compatibility, data security, and integration with our required reporting systems. Upon request, you must provide information sufficient for us to verify that your provider meets our standards. If you fail to retain or maintain a qualified provider that meets our standards, we may arrange for such services at your expense as described in Item 6.

The Advertising Program for the Franchise System:

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

Corporate Website. We will develop and maintain a website to advertise, market and promote your Franchised Business, the services your Franchised Business offers and sells, and/or the Franchised Business Franchise Opportunity. Within the website, we will that contains your location's contact information. (Franchise Agreement, Section 3.4)

Digital Marketing. We may create, operate, and promote websites, social media accounts (including, but not limited to, Facebook, Twitter, LinkedIn, TikTok and Instagram), applications, digital advertising (including pay-per-click and display ads) or other means of digital marketing to promote the brand, Franchised Business, Marks and franchise opportunities. We have the sole right to control all aspects of any digital marketing including all digital marketing related to your Franchised Business. (Franchise Agreement, Section 3.5).

Digital Campaigns. We may negotiate contracts with vendors such as Google AdWords. If you choose to participate, you must pay your pro-rata share either directly to the vendor or reimburse us if we are paying the vendor. (Franchise Agreement, Section 3.8).

Print Material. We supply you with templates of fliers, coupons, and other print material. (Franchise Agreement, Section 3.7).

Use of Your Own Advertising Material. Your advertising promotion and marketing must be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically prescribe. You may use your own advertising materials provided that you submit them to us and we approve them, in writing, and they adhere to federal, state and local law. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. (Franchise Agreement, Section 3.8).

Private Websites. You are not allowed to have an independent website or obtain or use any domain name (Internet address) for your Franchised Business without first obtaining our written approval. (Franchise Agreement, Section 3.10).

Local Advertising. We do not direct your local advertising, but we establish initial and ongoing recommendations on your local advertising efforts (see Item 7). (Franchise Agreement, Section 3.2(A)).

Brand Fund. We maintain a brand development fund (the "Brand Fund"). You are required to contribute one percent (1%) of your Gross Revenues per month into our Brand Fund. Company outlets are not required to contribute to the Brand Fund. We administer the Brand Fund. The Brand Fund will not be audited.

The Brand Fund, all contributions thereto, and any earnings thereon, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor or its affiliate believes will enhance the image of the System and support franchisee sales growth, including, among other things, the costs of preparing and

conducting telephone, radio, cable television, print, and Internet-based advertising campaigns; utilizing Social Media Accounts and other emerging media or promotional tactics; developing, maintaining, and updating a Website on the Internet; review of locally produced advertisements; door hangers, mailers, inserts and coupons; brochures and promotional materials; market research, market surveys, and sponsorships; web site design and maintenance; public relations and related retainers; mystery shoppers for the System and competitors; celebrity endorsements; trade shows (including costs of travel and personnel expenses, trade booths, and specialty entertainment); association dues; search engine optimization; employing advertising and/or public relations agencies; purchasing promotional items; product and service development; providing promotional and other marketing materials and services to the businesses operating under the System.

Brand Fund contributions will not be used to solicit new franchise sales.

An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

It is anticipated that all contributions to and earnings of the Brand Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions. We may discontinue the Brand Funds; however, we will not discontinue the Brand Fund until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

In our last fiscal year ending December 31, 2025, the Brand Fund spent all of the funds collected, which were spent as follows:

Category	Percent
Administrative Expenses (includes production cost)	29%
Media Placement	8.7%
General Marketing Tools, Subscriptions and Direct Marketing (general purpose tools, services and platforms used to support, direct and manage marketing efforts)	62.3%

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

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

Computer Systems:

You must comply with our computer hardware, software, and point of sale specifications, which includes designated vendors, as provided in our Operations Manual. As of the Issuance Date we require the following smart technologies and computer systems:

Description	Purpose	Current Cost
Computer with high-speed internet and video conferencing capabilities	Manage the Franchised Business	\$500-\$1,500
Phone	Manage the Franchised Business	\$500-\$1,000
Designated CRM Platform (includes booking and point of sale systems you must use to process each transaction)	Manage customer relations, schedule grooms, and process payments	\$397/mo for 3 seats + \$97/mo per additional seat

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of the CRM Software or any replacements thereto. We may attempt to negotiate group rates for the benefit of our franchisees, but we do not control vendor pricing for software and hardware. You will also utilize Google Workspace.

We currently do not require that you purchase a maintenance, repair, upgrade, or update service contract for the computer system, but we reserve the right to do so in the future. The current annual cost of a service contract is about \$1,500.

Independent Access to Information. There are no contractual limits imposed upon our access to a your computer information. We have and you are required to provide independent access to the information that will be generated or stored in your computer systems which includes, but is not limited to, customer, transaction, and operational information. We may retrieve, download, analyze and store such information and data at any time You must at all times give us unrestricted and independent electronic access to your computer systems and information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. If, as part of a review of your business, we request a copy of any business records, you must send us at your expense these records within five business days of receiving our request. (Franchise Agreement, Section 6.4(B)).

Operations Manual. The Operations Manual is provided in digital format through a web-based portal, which also contains the other written and visual materials. The Manuals along with all other information posted on our web-based portal is confidential and remains our property. Exhibit

F contains the Table of Contents to the Operations Manual. The Operations Manual is available to our franchisees online and contains approximately 307 pages.

Initial Training Program. After you sign the Franchise Agreement and no later than six weeks before the opening of your Franchised Business, we provide an Initial Training Program as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on-the-job Training	Location ¹
CR3 American Exteriors Overview	2.00	0.00	Hanover, PA
Financials 101	2.00	0.00	Hanover, PA
Marketing	4.00	0.00	Hanover, PA
Pricing to job	2.00	0.00	Hanover, PA
Vendor Relationships	4.00	0.00	Hanover, PA
Supplies and Materials	1.00	0.00	Hanover, PA
Technology	2.00	0.00	Hanover, PA
Due Diligence	1.00	0.00	Hanover, PA
In Field Training	2.00	0.00	Hanover, PA
Sales Training	4.00	0.00	Hanover, PA
Financing	1.00	0.00	Hanover, PA
Operations	4.00	0.00	Hanover, PA
Getting Started	4.00	4.00	Hanover, PA, on-line or Your location
Post-In-Person Training - Operations	0.00	4.00	On-line or Your Location
Total	33.00	8.00	

Note 1- We presently hold Initial Training in Hanover, PA or online, at our choosing.

Instructors:

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

<u>Instructor</u>	<u>Years of Experience in Subject Taught</u>	<u>Years of Experience with the Franchisor</u>
Mark Luterman	6	2

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

We hold Initial Training classes quarterly, or more often if necessary.

The instructional material includes the Manual, lectures, demonstrations, discussions, practice, and forms.

We do not charge for you to attend Initial Training, but you are responsible for travel, lodging, transportation, meal costs, and your employees' wages to attend Initial Training. (Franchise Agreement, Section 6.2(A)).

We require that you or, in the case of an entity, your principals, attend Initial Training. You may enroll your management personnel upon our approval. Your successful completion of Initial Training to our satisfaction is required to operate a franchise within 60 days of signing the Franchise Agreement. We advise you during or immediately after Initial Training if you have successfully completed the course. (Franchise Agreement, Section 6.2(A)).

Additional Training or Seminars. We may elect to offer and require you to attend, either live or electronically, additional training and seminars that we may offer. You must pay any travel and living expenses that you or we incur to attend training or certification. (Franchise Agreement, Section 6.2(B)).

ITEM 12

TERRITORY

Under the Franchise Agreement, we will grant to you the right to develop and operate one (1) Franchised Business within a designated geographic region (your "Territory").

The franchise is for a specific location to be approved by us. The scope and size of your Territory will vary from the scope and size of the operating territories of other franchisees in our System and will be determined by us based on population density, demographics, and geographical boundaries. While there is no minimum size for an operating territory, your Territory will, generally, be a geographic area that contains a population of approximately 500,000 people. Our determination as to population within your Territory will be made at the time of signing your Franchise Agreement and will be based on estimates provided by a commercially available mapping tool that utilizes data, demographics, estimates, projections, and other factors to define a geographical region. We may identify your Territory by zip code, boundary streets, highways, county lines, census tracts, designated market area, and/or other recognizable demarcations. We will provide you with a territory report utilizing a commercially available mapping platform as a supplement to this disclosure document during the territory selection process and your selected Territory will be defined and attached to the Franchise Agreement.

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

While you will not receive an exclusive territory, your Territory will be protected in that we will not establish a company-owned location or allow another person to establish a franchised outlet selling the same or similar goods or services under the same or similar trademarks or service Marks within your Territory, except as described in this Item 12.

Our territories are not entirely exclusive, because you (and other franchisees of ours) may accept customers outside of your (or their) territory through general networking or referrals from existing customers. However, other activity outside of the Territory is restricted. You may not solicit clients outside of your Territory, through the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing. We will permit you to utilize internet and social media marketing; however, you must take commercially reasonable efforts to ensure such marketing is geocentric and tailored to your Territory. Further, if more than 25% of your Gross Revenues are derived from approved operations from outside your Territory in any 12-month period during the term of your franchise agreement, then you must either purchase an additional franchise and execute a separate franchise agreement for such territory or purchase the right to expand the geographical boundaries of your existing Territory.

We may approve relocation of the Franchised Business if we feel that conditions have changed such that a relocation represents a sound business decision.

We may grant to you the approval to open additional outlets within your Territory if circumstances so permit, such as within other businesses with whom we have formed a relation, or if there is a

population increase. We may grant you additional franchise Territories if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate another Territory.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

Continuation of your territorial rights during the term of the Franchise Agreement does not depend on achieving a certain sales volume, market penetration, or other contingency, and we may not alter your franchise Territory, even if there is a population increase in your Territory. However, your right to operate a Franchised Business in the Territory is subject to certain rights reserved by us. We, our parent, and our affiliates reserve all rights not expressly granted in the Franchise Agreement. For example, we, our parent, and our affiliates have the right to:

- (a) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept customers within your Territory using our principal trademarks (or another trademark) without any compensation to you;
- (b) to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one Territory, yet work in another, and other cross-territorial situations;
- (c) to establish and operate, and grant rights to others to establish and operate a Franchised Business or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;
- (d) to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement;
- (e) to operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere;
- (f) to negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,
- (g) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

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

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ITEM 13

TRADEMARKS

The Franchise Agreement licenses to you the right to use the following principal trademarks (“Marks”) registered with the U.S. Patent and Trademark Office (“USPTO”):

Description of Mark	Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
 The logo for R3 American Exteriors features a stylized 'R3' in white and orange on a black background, followed by the words 'AMERICAN EXTERIORS' in white capital letters on an orange banner.	7,233,884	Principal	December 5, 2023

We intend to file all affidavits and to renew registration for the Marks when they become due.

You must use the Marks in strict compliance with the rules we prescribe and only in connection with the conduct of the Franchised Business. We prohibit you from using the Marks in connection with the sale of any unauthorized service, or in any manner not expressly authorized in writing by us.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

There are no currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We are not required to take affirmative action when notified of these uses or claims.

We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or

judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorably to you.

If we discontinue or modify our Marks, you must adopt and use any new Marks as required by us. Any expenses you incur because of adopting and using these Marks are your responsibility.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Marks anywhere.

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ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

At this time, we do not hold any patents. We claim a copyright to our Operations Manual, all other content of our Manuals, marketing material such as our website text, and other printed material, although we have not presently filed a registration of those copyrights. We consider all of these items confidential and proprietary. Upon termination of your Franchise Agreement, you must return to us our Operations Manuals and any confidential information.

There are no material determinations of the U.S. Copyright Office or a court regarding our copyrights. There are no agreements that limits the use of our copyrights, except the confidentiality duties in your Franchise Agreement, which requires you to keep our confidential information confidential. We have no duty to protect our copyrights or defend you against claims arising from your use of our copyrighted items. We do not know of any copyright infringement that could materially affect you. We are not required to participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses copyright or patent rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

You will not directly or indirectly disclose, publish, disseminate or use our “Confidential Information” except as authorized in the Franchise Agreement. You may use our Confidential Information to perform your obligations under the Franchise Agreement, but in doing so you will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information. We may share performance data of your Franchised Business between us, our employees and affiliates, our franchisees and their employees. You agree to keep such performance data confidential.

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

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

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

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

Unless we approve your employment of an on-site general manager to operate your CR3 American Exteriors Franchise, you (if you are an individual) or one of your principal owners, officers, directors, or employees approved by us (if you are a legal entity) must actively participate in the actual operation of the franchise, and devote as much of your time as may be reasonably necessary for its efficient operation. If we agree to your employment of a general manager to supervise the day-to-day operation of your franchise, then the general manager will be the contact for the franchise, must have full authority to make decisions on your behalf and take actions as we may require in the operation of the Franchised Business and agree to abide by the terms of confidentiality and non-competition in the Franchise Agreement. You must not hire any general manager without our prior written approval of his or her qualifications. Each general manager and successor general manager must attend and successfully complete our Initial Training program for your franchise. The use of a general manager in no way relieves you of your obligations to comply with the Franchise Agreement and to ensure that your CR3 American Exteriors Franchise is operated properly.

If you fail to adhere to the above obligations, such failure will be deemed a default under the Franchise Agreement and, to ensure the continued integrity of the Marks and franchise system generally, we may service and manage all client accounts of the business on a temporary basis until you cure the default.

Obligations of Owners.

If your CR3 American Exteriors is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you transfer your Franchise Agreement or any related interest to a business entity you own, you will remain personally bound by the terms of the Franchise Agreement. However, your spouse is not required to guarantee your performance under the Franchise Agreement.

You and your owners must at all times faithfully, honestly and diligently perform your and their obligations under the Franchise Agreement. You and they must continuously exert your and their best efforts to promote and enhance your franchise. Neither you nor your owners can engage in any other business or activity that may conflict with your or their obligations under your Franchise Agreement. You and any designated manager must pass a background check. However, your designated manager is not required to have an equity interest in the franchisee if it is an entity.

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

Obligations of Managers.

There is no requirement that your general manager own an interest in your CR3 American Exteriors franchised business; however, he or she cannot have any interest in or business relationship with any business competitor of your franchise, and must sign a Brand Protection Agreement on the form provided in Schedule 9 to the Franchise Agreement which contains restrictive covenants and imposes a duty to maintain confidential the proprietary information and may be updated from time to time.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

If you operate a CR3 American Exteriors, you must offer, sell, and perform only those services and products we require or have approved from time to time. You must not offer or sell any products or perform any services that we have not authorized.

You may offer your services to any customers consistent with your territorial rights.

You must offer all services that we designate as required for all franchisees. Our System Standards may regulate required or authorized Products and Services. We have the right to change or add new or additional Products and Services that you must offer at your CR3 American Exteriors Franchise. There are no restrictions or limitations on our right to do so.

You will not, during the duration of the Franchise Agreement and for a period of two (2) years after expiration or termination of the Franchise Agreement, in the Territory or within twenty-five (25) miles of the boundaries of the Territory (“Restricted Market”), provide or offer to provide prospective clients services of a similar kind or nature (“Restricted Activities”). For the avoidance of doubt, Restricted Activities include directly or indirectly owning, managing, or providing services to a third party that sells offers or provides a similar service as your Franchised Business. This restriction applies even if you sell your Franchise Business.

You must operate the Franchised Business in strict conformity with all applicable federal, state, and local laws, ordinances, and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction and are amendable and may be implemented or interpreted in different manners over time. It is solely your responsibility to apprise yourself of the existence and requirements of all laws, ordinances, and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE
RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section In Franchise Agreement	Summary
a. Length of the franchise term	1.2.A	10 years.
b. Renewal or extension of the term	1.2.B	Can be renewed for successive terms if you are in compliance with your Franchise Agreement (“Agreement”).
c. Requirements for you to renew or extend	1.2.B	Renewing your Franchise Agreement means that you are able to continue your operations as a franchisee for an additional term. You must notify us in writing at least 180 days before the expiration, sign a new Franchise Agreement along with a general release of claims, and pay a renewal fee (if any). Currently, there is no renewal fee. The new Franchise Agreement will not contain materially different terms and conditions than your original contract. This entire provision is subject to state law.
d. Termination by franchisee	8.2	You may terminate the agreement if you sell the franchise pursuant to the terms of the Franchise Agreement, do not renew, or under any grounds permitted by applicable state law.
e. Termination by franchisor without cause	None	Not applicable
f. Termination by franchisor with cause	8.3	We can terminate only if you default, subject to state law.
g. “Cause” defined – curable defaults	8.4	Violate the agreement, Manual, any other agreement with us, or owe monies to us more than 30 days past

Provision	Section In Franchise Agreement	Summary
		due, and do not cure such breach within 30 days after notice. This entire provision is subject to state law.
h. “Cause” defined – non-curable defaults	8.3	Do not pass Initial Training, fail to obtain our approval of a site or open on time, become insolvent, commit a material violation of law, abandon the Franchised Business, submit a materially false Franchise Application, fraud, uncured default of other agreement, you or your principals, employees, or affiliates engage in, encourage, or threaten acts of violence, harassment, or intimidation against us, our employees, other franchisees or customers, fail to pay suppliers an amount exceeding \$3,000 for more than 60 days; fail to permit us to inspect or audit your franchise; intentionally understate payment amounts to us, fail to pay amounts due within 5 days if an audit reveals you understated payment amounts to us, or commit three or more breaches within 12 months. This entire provision is subject to state law.
i. Franchisee’s obligations on termination/renewal	8.6	Cease operations and stop using our Marks; deliver to us business records; pay debts due to us; cancel or assign telephone numbers to us; assist in lease transfer and our purchase of your assets, at our option; return Manual and Confidential Information to us; cancel fictitious names; adhere to other post term duties; execute any necessary documents. This entire provision is subject to state law.
j. Assignment of contract by franchisor	7.1	We may assign to a successor an interest who remains bound by terms of the franchise agreement.
k. “Transfer” by franchisee - defined	7.2	Includes transfer of Franchise Agreement, any interest of the Franchise Agreement, or substantially all of the assets of the Franchised Business, subject to state law.
l. Franchisor’s approval of transfer by franchisee	7.2	We have the right to approve all transfers, subject to state law.
m. Conditions for franchisor’s approval of transfer	7.2	You must be: -current in monetary obligations; -in compliance with the Franchise Agreement; -execute a transfer agreement containing a general release of all claims and a noncompetition provision; -provide to us a copy of the proposed transfer documents; -transferee must meet our criteria;

Provision	Section In Franchise Agreement	Summary
		-transferee must execute our then-current Franchise Agreement; -pay to us the Transfer Fee; -transferee must satisfactorily complete our Initial Training program; -comply with the post-termination provisions; -transferee must obtain necessary licenses and permits; -obtain any lessor approval for transfer; -the transfer must be made in compliance with any laws that apply to the transfer; -the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation; -you must request that we provide the prospective transferee with our current Franchise Disclosure Document. This entire provision is subject to state law.
n. Franchisor's right of first refusal to acquire franchisee's business	7.6	We have a right of first refusal to match any purchase offer for your franchise, any interest in the franchise, or substantially all the assets of the Franchised Business.
o. Franchisor's option to purchase franchisee's business	7.6.C	We will have the right to purchase the Franchise Business or interest in the Franchise Business for the price and upon the terms in the Third-Party Offer. However, we may substitute cash for any non-cash form of payment proposed and we will have sixty (60) days after the exercise of our Right of First Refusal to close the said purchase. This entire provision is subject to state law.
p. Death or disability by franchisee	7.7	Transfer must be commenced within 60 days, completed within 6 months; we must approve the transferee, transferee must attend and successfully complete training, and sign our current agreement.
q. Non-competition covenants during the term of the franchise	8.7	No competition allowed in the United States and its territories (subject to applicable state law).
r. Non-competition covenants after the franchise is terminated or expires	8.7.A	You may not compete in the Territory or within 25 miles of the Territory (or any other outlet of ours) for 2 years (subject to applicable state law).

Provision	Section In Franchise Agreement	Summary
		A "Competitive Business" is a business that offers, sells, and performs roofing and/or remodeling services for commercial and/or residential customers.
s. Modification of the agreement	10.2	No modifications except to our Manuals or as you and we may mutually agree in writing. Revisions to the Manual will not unreasonably affect the franchisee's obligations, including economic requirements, under the agreement.
t. Integration/merger clause	10.1	Only the terms in the Franchise Agreement are binding (subject to federal or state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in any Franchise Agreement(s) is intended to disclaim the representations made in this Franchise Disclosure Document (subject to applicable state law).
u. Dispute resolution by arbitration or mediation	9	You are required to first attempt to resolve claims through mediation with our CEO. If not resolved, then you must submit any dispute to mediation before a third-party mediator. If not resolved through mediation, then you must submit the dispute to arbitration (subject to applicable state law). We utilize the same dispute process, except that we have the right to bring claims for violation of a restrictive covenant in court without utilizing any alternative dispute resolution.
v. Choice of forum	9.5	All claims not subject to mediation and arbitration must be brought before the state or federal court closest to our corporate office (subject to applicable state law), except that we have the right to commence action against you for violation of restrictive covenants in any court of competent jurisdiction.
w. Choice of Law	9.6	Virginia law governs the Agreement, subject to the following exceptions: (a) federal law, including without limitation the Lanham Act, 15 U.S.C. § 1051 et seq., as it may be amended, governs all matters relating to trademarks, service marks, trade dress, unfair competition, and any other claims arising under federal intellectual property law; (b) the Virginia Retail Franchising Act, Virginia Code §

Provision	Section In Franchise Agreement	Summary
		13.1-557 et seq., as it may be amended, along with any other Virginia laws regulating the offer or sale of franchises, business opportunities, or governing the franchisor-franchisee relationship, applies only if the Franchised Business is located in Virginia or the jurisdictional prerequisites of that Act are otherwise satisfied; and (c) if a particular provision of this Agreement is unenforceable under Virginia law and the Franchised Business is located outside of Virginia, that provision will be interpreted and construed under the laws of the state in which the Franchised Business is located. This provision is subject to state law.

ITEM 18 **PUBLIC FIGURES**

We do not use any public figure to promote our franchises.

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The following tables present historical financial information for our company-owned outlets and franchised outlets from January 1, 2025, through December 31, 2025 (the "Measurement Period"). Only outlets that were open and operating for the entire Measurement Period are included (the "Reporting Criteria"). These representations are based on information reported to us by our affiliates and each of our franchisees and without regard to territory or geographic location.

On January 1, 2025, we had a total of four (4) company-owned outlets which remained open for the Measurement Period. Three (3) of the four (4) company-owned outlets are operated by our affiliate C3 Roofing & Remodeling Inc., which operates as one collective business in Maryland,

Pennsylvania and South Carolina, all operated from their office in Hanover, Pennsylvania. The remaining company-owned outlet is operated by Loyalty Builds LLC in Virginia Beach, Virginia.

On January 1, 2025, we had twelve (12) operating franchised outlets. During 2025, five (5) outlets opened and five (5) outlets ceased operations, resulting in twelve (12) total outlets as of December 31, 2025. Of these, seven (7) outlets were open and operating for the entire Measurement Period and are included in this analysis. The five (5) outlets that opened during 2025 and the five (5) that ceased operations in 2025 are excluded from the data below.

Table 1 below lists the annual Gross Revenues and Number of Projects Sold for the company-owned outlets in operating during the Measurement Period.

Table 1 Company-Owned Outlets January 1, 2025, to December 31, 2025	
Affiliate	Gross Revenue
C3 Roofing & Remodeling Inc.	\$10,339,249.46
Loyalty Builds LLC	\$284,485.32

Table 2 reports revenue statistics across the seven (7) franchised outlets that operated throughout the Measurement Period:

Table 2 Franchised Outlets January 1, 2025, to December 31, 2025 (Summary of Revenue Statistics)					
Metric	Amount	Number Below	% Below	Number Above	% Above
Average Annual Revenue	\$1,252,425.43	3	43%	4	57%
Median Annual Revenue	\$1,263,427.75	3	50%	3	50%

Table 3 reports the revenue distribution across the seven (7) franchised outlets that operated throughout the Measurement Period:

Table 3 Franchised Outlets January 1, 2025, to December 31, 2025 (Revenue Distribution)		
Annual Gross Revenue Range	Number of Entities	Percentage of Entities
\$0 to \$500,000	1	14.29%
\$500,000 to \$1,000,000	1	14.29%
\$1,000,000 to \$2,000,000	5	71.43%
Total	7	100%

Table 4 reports the revenue range across the seven (7) franchised outlets that operated throughout the Measurement Period:

Table 4 Franchised Outlets January 1, 2025, to December 31, 2025 (Revenue Range)	
Metric	Amount
Highest Annual Revenue	\$1,965,773.24
Lowest Annual Revenue	\$274,634.93

Some outlets have earned this much. Your individual results may differ. There is no assurance that you'll earn as much.

NOTES APPLICABLE TO ALL TABLES:

1. The term "Gross Revenues" includes all revenue, excluding only sales tax, refunds and discounts, and do not reflect the costs of operating the franchised business.
2. Written substantiation for the financial performance representations described above will be made available to you on reasonable request. Please carefully read all of the information in these financial performance representations, and the notes following the tables, in conjunction with your review of the historical data. The information presented above has not been audited.
3. We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a CR3 American Exteriors Franchised Business.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of any company-owned or franchised outlets. We also do not authorize our employees or representative 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 the franchisor's management at 1446 Baltimore Street, Suite E, Hanover, PA 17331, or by contacting the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2023	0	8	+8
	2024	8	13	+4
	2025	13	13	0
Company-Owned*	2023	5	3	-2
	2024	3	4	+1
	2025	4	4	0
Total Outlets	2023	5	11	+6
	2024	11	17	+5
	2025	17	17	0

*Company-Owned outlets are operated by our Affiliates as described in Item 1.

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchise Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Ter- minations	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
Arizona	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	1	1
	2025	1	0	0	0	0	1	0
Colorado	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Connecticut	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Delaware *	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Georgia	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	1	0
Maryland	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Michigan	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New York	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	1	0
	2025	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2

North Carolina	2024	2	2	0	0	0	0	4
	2025	4	1	0	0	0	2	3
Ohio	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Tennessee	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	1	1
	2025	1	0	0	0	0	1	0
Texas	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Virginia	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	1	0
	2025	0	0	0	0	0	0	0
Total	2023	0	8	0	0	0	0	8
	2024	8	9	0	0	0	4	13
	2025	13	5	0	0	0	5	13

*The Delaware outlet operates within Delaware and Maryland. Although reported as two outlets for purposes of this Item 20, this franchisee operates between the neighboring states as one CR3 American Exteriors outlet.

Table No. 4
Status of Company-Owned Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year*
Delaware	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Maryland	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
North Carolina	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
	2025	0	0	1	0	0	1
Pennsylvania	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year*
	2025	1	0	0	0	0	1
South Carolina	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
	2023	0	0	0	0	0	0
Virginia	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
	2023	5	0	0	0	2	3
Total	2024	3	1	0	0	0	4
	2025	4	0	0	0	1	5

*Company owned outlets are operated by our Affiliates as described in Item 1.

Table No. 5
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	0	0
Florida	0	2	0
Georgia	0	2	0
Maryland	0	2	0
Massachusetts	0	1	0
Michigan	0	3	0
New York	0	2	0
North Carolina	1	1	0
Ohio	2	2	0
South Carolina	1	1	0
TOTALS	4	16	0

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

Exhibit E-2 contains the name and last known address and telephone number of every franchisee who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal

year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

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

ITEM 21

FINANCIAL STATEMENTS

Exhibit C contains our audited financial statements for fiscal year ending December 31, 2025, 2024, and 2023.

Our fiscal year end is December 31.

ITEM 22

CONTRACTS

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

Exhibit B - Franchise Agreement

Schedule 1-Territory

Schedule 2-Minimum Requirements

Schedule 3-Automatic Bank Draft Authorization

Schedule 4-Telephone Number Assignment

Schedule 5 Personal Guaranty

Schedule 6-Release

Schedule 7-Promissory Note

Schedule 8-Washington Addendum to the Franchise Agreement and Related Agreements

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.

ITEM 23
RECEIPTS

Exhibit H contains two copies of a Receipt of our Disclosure Document. You must sign, date and deliver one copy of the Receipt Page to us for our records.

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EXHIBIT A-
STATE SPECIFIC ADDENDA TO THE FRANCHISE DISCLOSURE
DOCUMENT AND FRANCHISE AGREEMENT

The following State Specific Addendum applies to the Tectum Franchising LLC d/b/a CR3 American Exteriors Disclosure Document and may supersede certain portions of the Franchise Agreement and all related agreements in the following states: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, South Dakota, Rhode Island, Virginia, Washington, and Wisconsin.

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CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Agreement contains provisions that are inconsistent with the law, the law will control.

The Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 *et. seq.*).

The Franchise Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a *et. seq.*, suspending or expelling such persons from membership in such association or exchange.

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

The Franchise Agreement require application of the laws of Virginia. This provision may not be enforceable under California law.

The franchise agreement requires a shortened statute of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

OUR WEBSITE, www.cr3america.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PRETECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

The highest interest rate allowed by law in California is ten percent (10%) annually.

Item 5 of the FDD is modified with the addition of the following language: “The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.”

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.”

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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HAWAII

Item 5 of the Franchise Disclosure Document and Item 4.1 of the Franchise Agreement are modified with the addition of the following language: ‘The franchisor defers the collection of all initial fees from Hawaii franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

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ILLINOIS

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

Illinois law governs the Franchise Agreement.

- a In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- b The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.
- c In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

Item 5 of the FDD and Item 4 of the Franchise Agreement are modified with the addition of the following language:

“Payment of the Initial Fees will be deferred until Franchisor has met its obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.”

The Franchisor reserves the right to implement “cross-territorial protocols”. Make sure you ask and understand how such protocols will impact your franchised business and territory.

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.

See the last page of this Exhibit A for your signature.

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INDIANA

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

1. Item 8, “Restrictions on Sources of Products and Services,” is supplemented by the addition of the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, “Other Fees” and Item 9, “Franchisee’s Obligations”, are supplemented, by the addition of the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee’s reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented, by the addition of the following:

A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

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MARYLAND

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Franchise Disclosure Document (FDD) and/or Franchise Agreement (FA) are inconsistent with the terms below, the terms below control.

Item 17.b. of the FDD and Section 1.2.B of the FA is modified to also provide,

“The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability *under the Maryland Franchise Registration and Disclosure Law*.

Item 17.u. of the FDD and Section 9 of the FA is modified to also provide,

“This Franchise Agreement provides that disputes are resolved through arbitration. However, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17.v. of the FDD and Section 9.4.A of the FA is modified to also provide,

“Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

Item 5 of the FDD and Section 4.1 of the FA are modified with the addition of the following language,

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.”

The Franchisee Agreement is amended to provide,

“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.”

The provision in the FA which provides for termination upon bankruptcy of the franchisee may not be enforceable under the federal bankruptcy law (11 U.S.C. Section 1010 et seq.).

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.

Litigation History. The litigation history of certain members of the management team may increase the risk of your investment. You should do your own research. Be sure to review the litigation disclosure (Item 3) in the FDD and do an Internet search of the franchisor and its officers.

This Addendum must be executed simultaneously with the Franchise Agreement by signing the State-Specific Addendum Acknowledgment located on the last page of Exhibit A.

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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:

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

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

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

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

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

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

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

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MINNESOTA

THESE FRANCHISES HAVE 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 BY THE COMMISSIONER 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.

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

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

FDD: Item 17

FA: Section 9.10

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

FDD: Item 17

FA: Section 8

3. The Disclosure Document and the agreement must state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name.

FDD: Item 13

FA: Section 5

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

FDD: Item 17

FA: Section 1.2.B

5. Minn. Rule 2860.4400J prohibits termination penalties.

FDD: Item 17

FA: Section 8

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

FDD: Item 17

FA: Section 9.5.A

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

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

FA: Section 2.1 is modified to provide, "Payment of the Initial Fee is deferred until you have opened the franchised business."

8. Franchisors training is designed to teach you to operate the franchised business but is not designed to teach you to install (or construct) the Products and Services offered by the franchised business.

Special Risks to Consider About *This Franchise*: The Special Risks to Consider

About *This* Franchise Cover Page is modified to add:

Additional Construction Experience Required. The training program provided by the franchisor (see Item 11) is not designed to provide the knowledge and skills that will be necessary to operate the franchise business. Franchisees will either need to possess the additional knowledge and skills themselves, or hire employees that possess the knowledge and skills, to be able to provide the franchise's required products and services professionally and safely.

9. "NSF checks and related interest and attorneys' fees are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees."

FDD: Item 5

FA: Section 4

10. "Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable."

FDD: Item 15

FA: Section 6

11. "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."

FDD: Item 22

FA: Section 10.7

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NEW YORK

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Cover Page

The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “**Summary**” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “**Summary**” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “**Summary**” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise

or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

As to franchises governed by the North Dakota Franchise Investment Law, if any of the terms of the Disclosure Document and/or Franchise Agreement are inconsistent with the terms below, the terms below control.

Item 17(c) of the Franchise Disclosure Document, and Section 1.2.B of the Franchise Agreement (FA) require franchisee to sign a general release upon renewal of the franchise agreement. The general release required as a condition of renewal, sale, and/or assignment /transfer shall not apply to any liability under the North Dakota Franchise Investment Law.

FDD: Item 17(c)

FA: Section 1.2.B

To the extent that Item 17 (r) of the Disclosure Document and Section 8.7 the Franchise Agreement conflict with the provisions of North Dakota law regarding restrictive covenants (N.D.C.C., Sec. 9-08-06), such covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

To the extent that Item 17 (u) of the Disclosure Document, Section 9.10 of the Franchise Agreement require a Franchisee to agree to arbitration or mediation of disputes be held in Virginia, they are hereby amended to expressly permit arbitration or mediation be held in North Dakota for claims arising under the North Dakota Franchise Investment Law.

FDD: Item 17(u)

FA: Section 9.10

The Franchise Disclosure Document and Franchise Agreement require a Franchisee to sue in a State other than North Dakota and are hereby amended to expressly permit a Franchisee to file a civil lawsuit in North Dakota for claims arising under the North Dakota Franchise Investment Law.

FDD: Item 17 (v)

FA: Section 9.10

Item 17 (w) of the Disclosure Document, and Section 9.9 of the Franchise Agreement provide that Virginia law governs the document and agreement except for certain provisions. As required by North Dakota law, the North Dakota Franchise Investment Law will prevail over Virginia law to the extent of any conflict.

Section 9.8.A of the Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. This provision is inconsistent with Section 51-19-09 of the North Dakota Franchise Investment Law and is hereby amended to state that the statute of limitations under North Dakota law will apply.

Section 9.8.C of the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This provision is inconsistent with Section 51-19-09 of the North Dakota Franchise Investment Law and is deleted in its entirety.

Item 5 of the FDD and Item 2.1 of the Franchise Agreement are modified with the addition of the following language: 'The franchisor defers the collection of all initial fees from North Dakota franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

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RHODE ISLAND

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.

Item 5 of the FDD and Item 2.1 of the Franchise Agreement are modified with the addition of the following language: 'The franchisor defers the collection of all initial fees from Rhode Island franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.'

[Remainder of Page Left Intentionally Blank]

SOUTH DAKOTA

Item 5 of the FDD and Item 2.1 of the Franchise Agreement are modified with the addition of the following language: ‘The franchisor defers the collection of all initial fees from South Dakota franchisees until the franchisee is open for business.’” Please see the attached Exhibit A.

[Remainder of Page Left Intentionally Blank]

VIRGINIA

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

Additional Disclosure: The following statements are added to 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 ground for default or termination stated in the franchise agreement does 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.

Item 5 of the Disclosure Document and Section 4 of the Franchise Agreement is modified to also provide:

“The franchisor defers the collection of all initial fees from Virginia franchisees until the franchisor has completed all its pre-opening obligations.”

The Disclosure Document and Franchise Agreement are modified to add:

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.

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WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

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

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Item 5 of the Franchise Disclosure Document and Section 4.1 of the Franchise Agreement are amended to add: “the Franchisor will defer collection of all initial franchise fees until the Franchisor has fulfilled its pre-opening obligations to the franchisee and the franchisee is open for business.”

20. Section 7 of the Franchise Agreement is modified to state the Franchisor may not unreasonably withhold its consent to transfer.

21. Section 8.9 of the Franchise Agreement is modified to state that the following language does not apply:

“the existence of any Matter or cause of action by either Party to this Agreement against the other, whether based upon this Agreement or otherwise, will not constitute a defense to the enforcement of these obligations.”

22. Section 9.4(A) of the Franchise Agreement does not apply.

23. Section 10.8 of the Franchise Agreement does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

24. Section 9.4(B) of the Franchise Agreement does not apply.
25. Item 6 of the Franchise Disclosure Document and Section 3.1 and Schedule 2 (Minimum Requirements) are modified in that the Minimum Monthly Royalty Fee does not apply.
26. Franchisor has been required to supplement Item 3 in Washington in furtherance of the objectives of the Washington Franchise Investment Protection Act. Accordingly, Franchisor makes the following additional disclosures related to its litigation history:

Asbestos Workers' Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant, (Case No. 2017-0883), Erie County Employees Retirement. System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant, Case No. 2017-0914, and RSL Senior Partners, LLC, derivatively and on behalf of Liberty Tax, Inc. v Brunot et al, (Case No. 2:18-cv-00127-HCM-DEM).

Description of the allegations of misconduct: It was alleged that John Hewitt ("Hewitt") maintained romantic relationships with company employees and franchisees and gave them preferential treatment.

John Hewitt's post termination involvement: Hewitt was Chairman of the Board and CEO at liberty tax. Although he was terminated as CEO, Hewitt remained Chairman of the Board because he was the sole holder of the Class B common stock of Liberty. During a period of in-fighting, Hewitt replaced two of the directors of the board and another member resigned. The Chief Financial Officer also resigned. Ultimately, Hewitt reached an agreement to sell his ownership interest in Liberty and relinquish control of the Board. It was alleged that Hewitt continued to interact with franchisees and area representatives for Liberty during the transition. The Audit Committee of the Board of Directors of Liberty oversaw the investigation of the allegations and the report prepared by the Audit Committee was not provided to Hewitt.

Description of KPMG's reasons for resigning as independent auditor: Liberty filed a Form 8-K on December 11, 2017 with the SEC to publicly disclose that KPMG's resignation was accepted and approved by the Audit Committee of the Board of Directors of Liberty. The 8-K contains a description of the reasons provided by KPMG for his resignation. A copy of the 8-k is attached and incorporated into this Addendum by reference.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): December 11, 2017 (December 8, 2017)

LIBERTY TAX, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-35588
(Commission File Number)

27-3561876
(I.R.S. Employer Identification Number)

1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454
(Address of Principal Executive Offices) (Zip Code)

(757) 493-8855
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☒ X ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 4.01. Changes in Registrants Certifying Accountant.

On December 8, 2017, KPMG LLP ("KPMG") resigned as the independent registered public accounting firm of Liberty Tax, Inc. (the "Company"), effective immediately, and KPMG's resignation was accepted and approved by the Audit Committee of the Board of Directors of the Company (the "Board"). The Company is currently in the process of finding a successor independent registered public accounting firm in the hope that the Company's financial statements for the second quarter ended October 31, 2017 can be completed with as little delay as possible.

KPMG's reports on the Company's financial statements for the fiscal years ended April 30, 2017 and April 30, 2016 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. In addition, there were no disagreements between the Company and KPMG on accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to the satisfaction of KPMG, would have caused them to make reference to the disagreement in their reports for such periods, or any subsequent interim period preceding KPMG's resignation. The Company will authorize KPMG to respond fully to the inquiries of the successor independent registered public accounting firm, which has yet to be selected.

KPMG expressed to the Audit Committee and Company management its concern that the actions of former Chief Executive Officer John T. Hewitt, who remains the Chairman of the Board and controlling stockholder as the sole holder of the Company's outstanding Class B common stock, have created an inappropriate tone at the top which leads to ineffective entity level controls over the organization. Prior to the termination of Mr. Hewitt's employment as Chief Executive Officer of the Company on September 5, 2017, the Audit Committee oversaw an investigation of allegations of misconduct by Mr. Hewitt. In particular, KPMG noted that Mr. Hewitt took actions to replace two independent members of the Board around the time information relating to this investigation appeared in media reports. KPMG also noted that following the replacement by Mr. Hewitt of two Class B directors, the chair of the Audit Committee retired from the Board, the Company's Chief Financial Officer announced her intention to resign from the Company, and another independent member of the Board announced that he would not stand for reelection at the Company's next annual meeting. Further, KPMG was made aware that following his termination as Chief Executive Officer, Mr. Hewitt may have continued to interact with franchisees and area developers of the Company. Although Mr. Hewitt stated to KPMG during a meeting on November 9, 2017 that he would not reinsert himself into the management of the Company, in light of Mr. Hewitt's actions and his ability to control the Board as the sole holder of the Class B common stock, KPMG informed the Audit Committee and management that it has concerns regarding the Company's internal control over financial reporting as related to integrity and tone at the top and such matters should be evaluated as potential material weaknesses.

Specifically, KPMG informed the Audit Committee and management that Mr. Hewitt's past and continued involvement in the Company's business and operations, including his continued interactions with franchisees and area developers of the Company, has led it to no longer be able to rely on management's representations, and therefore has caused KPMG to be unwilling to be associated with the Company's consolidated financial statements. In notifying the Company of its resignation, KPMG advised the Audit Committee and management that it is not aware of any information that cause it to question the integrity of current management, but rather that the structural arrangement by which Mr. Hewitt controls the Company is the cause of KPMG's concerns. KPMG also noted that because certain information known to the Board regarding the reasons that the Board terminated Mr. Hewitt as Chief Executive Officer had not been disclosed to the current Chief Executive Officer and Chief Financial Officer, KPMG was uncertain as to whether it could continue to rely on management's representations.

The Company has provided KPMG with a copy of the disclosures required by Item 304(a) of Regulation S-K contained in this Current Report on Form 8-K, and has requested that KPMG furnish the Company with a letter addressed to the Securities and Exchange Commission (the "SEC") stating whether it agrees with the statements made by the Company in this Current Report on Form 8-K and, if not, stating the respects in which it does not agree. A copy of KPMG's letter, dated December 11, 2017, confirming KPMG's agreement with these statements is filed as Exhibit 16.1 to this Current Report on Form 8-K.

Item 8.01. Other Events.

On December 11, 2017, the Company issued a press release announcing the resignation of KPMG as the Company's independent registered public accounting firm and that the Company will delay the filing of its Quarterly Report on Form 10-Q for the quarter ended October 31, 2017. A copy of the press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Forward Looking Statements

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, which provides a "safe harbor" for such statements in certain circumstances. The forward-looking statements include statements or expectations regarding potential impacts of KPMG's resignation, ability and timing to complete the accounting review and audits, comprehensiveness of the Company's accounting review and ability to engage an independent accounting firm and related matters. These statements are based upon current expectations, estimates, projections, beliefs and assumptions of Company management, and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties and speak only as of the date on which they are made, actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to loss of key personnel or inability to engage accounting personnel as needed; inability to address the previously disclosed accounting matters; identification of additional material weaknesses or significant deficiencies; disagreements or additional reportable events that KPMG may identify in a letter addressed to the SEC pursuant to Item 304 of Regulation S-K; failure to engage an independent accounting firm, complete the audits and re-audits and file any required restatements and periodic reports; adverse effects resulting from the Company's common stock being delisted from the Nasdaq Stock Market LLC; risks relating to the substantial costs and diversion of personnel's attention and resources due to these matters and related litigation and other factors discussed in greater detail in the Company's filings with the SEC. You are cautioned not to place undue reliance on such statements and to consult the Company's most recent Annual Report on Form 10-K and other SEC filings for additional risks and uncertainties that may apply to the Company's business and the ownership of the Company's securities. The Company's forward-looking statements are presented as of the date made, and the Company does not undertake any duty to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
<u>16.1</u>	<u>Letter from KPMG LLP dated December 11, 2017.</u>
<u>99.1</u>	<u>Press Release dated December 11, 2017.</u>

1/11/23, 8:52 AM

https://www.sec.gov/Archives/edgar/data/1528930/000117184317007565/f8k_121117.htm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIBERTY TAX, INC.

Date: December 11, 2017

By: /s/ Vanessa Szajnoga
Vanessa Szajnoga
Vice President and General Counsel

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee Representative

WISCONSIN

The State of Wisconsin has a statute, the Wisconsin Franchise Investment Law, Wis. Stat. § 553.01, et. seq., and Wis. Adm. Code Chapter DFI-Sec. 31.01, et seq., which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Wisconsin Franchise Investment Law, Wis. Stat. § 553.01, et. seq., and Wis. Adm. Code Chapter DFI-Sec. 31.01, et seq., shall prevail.

1. The Franchise Disclosure Document and Franchise Agreement require a Franchisee to sue in a State other than Wisconsin and are hereby amended to expressly permit a Franchisee to file a civil lawsuit in Wisconsin for claims arising under the Wisconsin Franchise Investment Law.

FDD: Item 17

FA: Section 9.10

2. Item 17 of the Franchise Disclosure Document and Section 8 of the Franchise Agreement permit Franchisor to terminate, cancel, not renew, or make a substantial change in competitive circumstances in the Franchise Agreement, without cause under certain circumstances. These provisions are prohibited by the Wisconsin Fair Dealership Law, § 135.04. Accordingly, Item 17 of the Franchise Disclosure Document and Section 8 of the Franchise Agreement are hereby amended to prevent the termination, cancellation, non-renewal, or substantial change in competitive circumstances of the Franchise Agreement without good cause.

FDD: Item 17

FA: Section 8

3. Item 17 of the Franchise Disclosure Document and Section 8.3 of the Franchise Agreement permit the Franchisor to terminate the Franchise Agreement without providing the Franchisee ninety (90) days prior notice of the proposed termination or sixty (60) days to cure the deficiency. These provisions are prohibited by the Wisconsin Fair Dealership Law, § 135.04. Accordingly, Item 17 of the Franchise Disclosure Document and Section 8.3 of the Franchise Agreement are hereby amended to require that prior to the termination of the Franchise Agreement Franchisor must provide Franchisee ninety (90) days written notice of a proposed termination, which states all the reasons for the termination, cancellation, non-renewal or substantive change in circumstances, and the Franchisee shall be given sixty (60) days from the date of delivery or posting of such notice to rectify any claimed deficiency. If the deficiency is rectified within the sixty (60) days, the notice shall be void. The notice provisions shall not apply if the reason for termination, cancellation or non-renewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation or non-renewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall still be entitled to (90) days written notice, as referenced above,

however, Franchisee shall only have ten (10) days in which to remedy such default from the date of delivery or post of such notice.

FDD: Item 17

FA: Section 8.3

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ACKNOWLEDGMENT

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

This Acknowledgment is inapplicable to Washington franchisees and the Washington Addendum applies for Washington franchisees.

DATED this _____ day of _____, 20__.

FRANCHISOR:

FRANCHISEE:

CR3 American Exteriors LLC

By:

By:

Title:

Title:

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EXHIBIT B-
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT



SUMMARY PAGE

- | | | | |
|----|-----------------------|----------|-------|
| 1. | Franchisee Entity | Business | _____ |
| 2. | Initial Franchise Fee | \$ | _____ |
| 3. | Territory Name | | _____ |
| 4. | Opening Deadline | | _____ |
| 5. | Principal Executive | | _____ |
| 6. | Franchisee's Address | | _____ |
| 7. | Outlet # | | _____ |

SINGLE UNIT FRANCHISE AGREEMENT

This contract ("Agreement") is between Tectum Franchising LLC d/b/a CR3 American Exteriors ("CR3 American Exteriors", "we", "us", or "our") and the entity and all Signators identified on the signature page, in your personal capacity, (collectively "Franchisee", "you", or "your").

RECITALS

CR3 American Exteriors has developed, owns, and operates a distinctive and proprietary business system (the "Franchise System") for offering, selling, and performing roofing and remodeling services for commercial and residential customers. The Franchise System includes proprietary methods, procedures, specifications, standards, operating systems, marketing and advertising programs, and quality control measures, all of which are identified by the proprietary marks and trademarks owned or controlled by CR3 American Exteriors (collectively, the "Marks").

We seek to identify and recruit candidates with the ability to deliver outstanding Client service in a defined Territory who are willing to own at least one Franchised Business.

Franchisee desires to obtain a franchise to establish and operate a franchised business (the "Franchised Business") using the Franchise System and Marks within a designated territory. Franchisee acknowledges and understands that: (i) success in operating the Franchised Business requires substantial effort, adherence to the Franchise System, and compliance with all standards and procedures established by CR3 American Exteriors; (ii) the Franchised Business will be independently owned and operated; and (iii) Franchisee will benefit from the training, assistance, and ongoing support provided by CR3 American Exteriors.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and undertakings set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both parties, CR3 American Exteriors and Franchisee (collectively, "the Parties") agree to be bound by the following terms and conditions:

1. Scope

1.1. Franchise Relationship

A. Grant of Franchise

CR3 America Exteriors grants you the right to operate a company ("Franchised Business") using our Franchise System and our Marks to provide Services solely within the geographical boundaries identified in Schedule 1 (the "Territory") by and through the Franchisee Business Entity identified on the Summary Page and signature page of this Agreement (or as a sole proprietor or partnership if there is no business entity), subject to the terms and conditions of this Agreement.

B. Independent Contractors

Your relationship with us is that of an independent contractor. This Agreement does not create a partnership, joint venture, or any other entity between the Parties. Neither Party

has a fiduciary duty or other special duty respect to the other Party. You are not a third-party beneficiary to any contract between us and any other franchisee.

C. Your Employees

As a separate Franchise Business, you have sole and exclusive control over your employees. Neither you nor your employees and agents may make a claim as employees or agents of us for any purpose including participation in an employee benefit plan, stock option program, or workers compensation law.

D. No Unauthorized Commitments.

Similarly, you will not make any promises, guarantees or warranties to any third party that would create a binding obligation for us without our prior written consent.

E. Reserved Rights.

We, our parent, and our affiliates reserve all rights not expressly granted in the Franchise Agreement. For example, we, our parent, and our affiliates have the right to:

- (i) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept customers within your Territory using our principal trademarks (or another trademark) without any compensation to you;
- (ii) implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one Territory, yet work in another, and other cross-territorial situations;
- (iii) establish and operate, and grant rights to others to establish and operate a Franchised Business or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;
- (iv) own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement;
- (v) operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere;
- (vi) negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,
- (vii) engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

1.2. Term and Renewal

A. Term.

This Agreement will be effective for a ten (10) year term beginning on the Effective Date specified in this Agreement.

B. Renewal and Subsequent Renewals.

You may renew for another term, consistent with the standard term in the then existing model Franchise Agreement, by signing our then current Franchise Agreement if you are in compliance with this Agreement and meet the other conditions for renewal. You may also renew future Franchise Agreements for additional terms, consistent with the standard term in the then existing model Franchise Agreement, if you are in compliance with such Agreements and meet the other conditions for renewal by signing our then current Franchise Agreement. To renew, you must exercise a general release of all claims that you might have against us. Other terms, conditions, and fees may vary. If you wish to renew, you must notify us in writing at least one-hundred and eighty (180) days before the expiration of this Agreement.

2. Territory

2.1. Territory Description

We will grant you a Territory for a specific geographic region that we define by zip codes, natural, or political boundaries as set forth on Schedule 1 to this Agreement. A Territory will normally include a minimum population of approximately 500,000 residents, as determined by the U.S. Census Bureau or mapping software that we feel is reliable. We may approve relocation of the Franchised Business if we feel that conditions have changed such that a relocation represents a sound business decision.

2.2. Dual Distribution

A. Non-Exclusive

You will not receive an exclusive Territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control as set forth in this Agreement. However, the Territory will be protected in that we will not establish a company-owned location or allow another person to establish a franchised outlet selling the same or similar goods or services under the same or similar trademarks or service Marks within the boundary of your Territory.

B. Client Choice

You and other franchisees may accept customers from outside of your (or their) Territory if those customers are obtained through general networking or referrals from existing customers. However, you and other franchisees may not actively solicit clients

outside of your (or their) Territory, including through the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing. If you engage in internet or social media marketing, you must take commercially reasonable efforts to ensure such marketing is geocentric and tailored to your Territory.

C. Profit Passover

We or an affiliate reserves the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept customers within your Territory using our principal trademarks; however, we would normally direct inquiries for services from within your Territory to your outlet. We are not obligated to pay compensation to you for soliciting or accepting customers from inside your Territory.

D. Cross-Territorial Protocols

We also reserve the right to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one territory, yet work in another, and other cross-territorial situations. You agree to abide by any such cross-territorial protocols.

E. Other Brands

We or an affiliate may make sales within your Territory using trademarks different from the ones you will use under this Agreement. Neither we nor an affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which such business sells or will sell goods or services similar to those you will offer, but we reserve the right to do so.

F. Development

We or an affiliate may develop, acquire, be acquired by, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Territory.

2.3. Additional Outlets and Territories

We may grant to you the right to purchase additional franchises and open new outlets in new markets if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate another franchised business, and subject to the availability of markets. As our franchise system grows, markets may be sold to other franchisees and will no longer be available for purchase. Each additional franchise will require you to execute a separate franchise agreement with us. You do not have options, rights of first refusal, or similar rights to acquire additional franchises.

2.4. Minimum Requirements

Continuation of your territorial rights during the term of this Agreement does not depend on achieving a certain sales volume, market penetration, or other contingency, and we may not alter your franchise Territory during the term, even if there is a population increase in your Territory, except upon termination or expiration of this Agreement.

3. Operation

3.1. Start

You must open for business within your Territory within four (4) months from the Effective Date of this Agreement. For purposes of this Agreement, "open for business" means the date on which you: (i) have obtained all necessary licenses, permits, and insurance required to operate the Franchised Business; (ii) have completed Initial Training to our reasonable satisfaction; (iii) have secured an approved location or office space (if required); (iv) have implemented the required technology systems; and (v) are available to accept and service customers within your Territory. If you do not begin operations within this timeframe, we may, in our sole discretion: (1) allow more time; (2) terminate the Franchise Agreement without any refund to you; or (3) require you to immediately begin making a monthly payment of an amount equal to the Minimum Monthly Royalty Fee.

3.2. Advertising

A. Local Advertising and Promotions.

Your advertising and promotions will conform to the following requirements:

- (i) You will advertise and promote only in a manner that will reflect favorably on us.
- (ii) You will participate in all promotional programs and that we create, offer or advertise.
- (iii) Your advertising must comply with federal, state, and local laws.

Local marketing is a critical component of launching and growing the Business. To establish brand awareness, generate initial customer demand, and support early market penetration, we recommend that you deploy between \$8,000 and \$15,000 in local advertising during the initial launch phase of the Business pursuant to the CR3 Quick Start Program. Following the launch period, and to support sustained growth, we recommend that you continue investing in local advertising and promotional efforts in accordance with our guidelines in an amount equal to the greater of (a) two to three percent of Gross Revenue or (b) a minimum of \$20,000 per year.

B. Participation in Brand Fund

You will contribute one percent (1%) of your Gross Revenues per month into a system-wide Brand Fund (the "Brand Fund") on a continuing basis. Franchisor owned outlets do

not have to contribute to the Brand Fund. We administer the Brand Fund. The Brand Fund is not audited; however, an annual unaudited financial statement of the Brand Fund will be made available to you upon written request. The Brand Fund, all contributions thereto, and any earnings thereon, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor or its affiliate believes will enhance the image of the System, including, among other things, the costs of preparing and conducting radio, cable television, print, and Internet-based advertising campaigns; utilizing Social Media Accounts and other emerging media or promotional tactics; developing, maintaining, and updating a Website on the Internet; review of locally produced advertisements; door hangers, mailers, inserts and coupons; brochures and promotional materials; market research, market surveys, and sponsorships; web site design and maintenance; public relations and related retainers; mystery shoppers for the System and competitors; celebrity endorsements; trade shows (including costs of travel and personnel expenses, trade booths, and specialty entertainment); association dues; search engine optimization; employing advertising and/or public relations agencies; purchasing promotional items; product and service development; providing promotional and other marketing materials and services to the businesses operating under the System.

It is anticipated that all contributions to and earnings of the Brand Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions. We may discontinue the Brand Funds; however, we will not discontinue the Brand Fund until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions. We will not use Brand Fund contributions for any purpose designed primarily to solicit new franchise sales.

3.3. Our Obligation to Conduct Advertising

We use monies in the Brand Fund to advise you in the conduct of advertising or conduct advertising ourselves using online, radio, television, direct mail, billboards, print or other advertising. We may use local, regional, or national advertising. We may produce advertising material in-house or through outside agencies. We are not required to spend any amount on advertising in the area or Territory where you will be located.

3.4. Corporate Website.

We will develop and maintain a comprehensive website that contains your location's contact information.

3.5. Digital Marketing.

We have the sole right to control all aspects of any digital marketing including all digital marketing related to your Franchised Business. We may create, operate and promote websites, social media accounts (including, but not limited to, Facebook, Twitter, and Instagram), applications, digital advertising (including pay-per-click and display ads) or

other means of digital marketing to promote the brand, Franchised Business, Marks, and franchise opportunities.

3.6. Digital Campaigns.

We may negotiate contracts with vendors such as Google AdWords. If you choose to participate, you must pay your pro-rata share either directly to the vendor or reimburse us if we are paying the vendor.

3.7. Print Material.

We will supply you with templates of fliers, coupons, and other print material in our sole and absolute discretion and as required under our marketing plan.

3.8. Use of Your Own Advertising Material.

You must use our advertising templates or, if you wish to use your own advertising materials, you may do so if:

- (i) you submit them to us;
- (ii) they conform to the Manuals;
- (iii) they adhere to federal, state, and local law; and
- (iv) we approve them, in writing. If our written approval is not received within fourteen (14) days that we receive the request, then the material is deemed disapproved.

3.9. Business cards.

You may purchase business cards to use in the operation of your Franchise Business in accordance with the Manuals.

3.10. Private Websites.

You are not allowed to have an independent website or obtain or use any domain name (Internet address) for your Franchised Business, without first obtaining our written approval.

3.11. Social Media.

Any social media used to promote the Franchise Business must be in accord with our Manuals.

3.12. Publicity.

Except as required by law, you may not make any press release or other public announcement respecting the subject matter of this Agreement without our written consent as to the form of such press release or public announcement.

3.13. Marketing Support

We will provide marketing assistance and support to help you promote and grow your Franchised Business, which may include: (i) access to marketing templates, materials, and creative assets; (ii) guidance on developing local and regional marketing strategies; (iii) training on marketing best practices and effective promotional techniques; (iv) recommendations for approved marketing vendors and service providers; and (v) consultation on your marketing plans and initiatives. The scope, format, and frequency of marketing support may vary based on system-wide needs and your specific circumstances, and we reserve the right to modify the marketing support we provide at any time.

3.14. Trademarks

A. Use of our Marks.

We grant you a non-exclusive, non-transferable license to use our Marks solely during the term of this Agreement to identify and operate your Franchised Business to the public. You will use only our Marks as we develop them for this purpose. Use of our Marks must be in accordance with our Manuals. This license automatically terminates upon expiration or termination of this Agreement.

B. Changes to the Marks

We may update or change our Marks. We may replace, modify, or add to our Marks. If we replace, modify, or add additional Marks, you will update or replace your supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such an update.

C. Marks Within a Company Name.

You may not use the words “CR3 American Exteriors” in your corporate name but it must be your “doing business as” name for an entity which is created or used for this Franchised Business, sometimes also called your “assumed name,” “trading as” name, or “fictitious name”. The corporation used for CR3 American Exteriors may not be used for any other business activity and must be used for the Franchised Business.

D. No Confusingly Similar Marks.

You will avoid using any Marks that could be confused with our Marks.

E. Infringement Claims.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us.

F. Control of Proceedings.

We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

G. Name and Likeness.

You give us permission to use your name and likeness in all forms and media for advertising, trade, and any other lawful purposes.

4. Fees

4.1. Initial Franchise Fee

Upon execution of this Agreement, you will pay us an initial fee of \$40,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is non-refundable once we have provided Initial Training and you have successfully completed it.

4.2. Royalty Fee

You will pay to us a monthly fee equal to the greater of:

- (i) 6.0% of your monthly Gross Revenues (the "Royalty Fee"), or
- (ii) \$2,000.00 per month (the "Minimum Monthly Royalty").

For purposes of this Agreement, "Gross Revenues" means all revenues that you derive or receive, directly or indirectly, from the operation of the Franchised Business, calculated before deducting any merchant or processing fees, and excluding only sales and use taxes.

The Royalty Fee will begin accruing in your first month of operations. However, the Minimum Monthly Royalty will not apply until your seventh (7th) month of operations, after which you will be required to pay the greater of the Royalty Fee or the Minimum Monthly Royalty each month.

You must use the point-of-sale ("POS") system designated by us for all transactions of the Franchised Business, including sales, refunds, discounts, and promotions. You may not use any alternative or supplemental POS system without our prior written consent.

We intend for the 6.0% Royalty Fee to be automatically calculated and deducted from each transaction through the designated POS system and remitted directly to us in accordance with our payment processing procedures. If we are unable to collect the full Royalty Fee through the POS system for any reason, you must pay any shortfall to us by the 10th day of the following month. Additionally, if the total Royalty Fees collected through the POS system in any given month are less than the Minimum Monthly Royalty, you must pay the difference to us by the 10th day of the following month.

4.3. Technology Fee:

You will pay us an initial technology fee of \$1,000 prior to attending Initial Training, which will provide you with a one-month license to use our designated technology platform. This technology must be setup before training because it is utilized during our Initial Training program. After Initial Training, you will pay us our then-current monthly technology fee ("Technology Fee"). The current Technology Fee is \$1,000 per month and includes a license to utilize a third-party technology platform designed to help businesses streamline their operations, enhance customer experiences, and boost their digital presence. We may change the technology services we provide at any time. We may increase the cost of the Technology Fee up to a maximum of 10% each year. If we increase the Technology Fee, we will give you at least 60 days' written notice before the change takes effect.

4.4. On-Site Training Fee

If we provide on-site services at your request, then you will pay to us for travel and living expenses for our staff to travel to you.

4.5. Annual Convention

Either you or a designated person that we approve must attend the Annual Convention. While there will be no admission fee, you are responsible for any travel related expenditures such as lodging, meals and transportation.

4.6. Brand Fund Contribution

You will contribute 1% of your prior month's Gross Revenue into the Brand Fund.

4.7. Third Party Charges

If we incur third party charges on your behalf, you must reimburse us for the full amount of those charges. These charges may include, by way of example and without limitation, amounts we pay to engage or retain professional bookkeeping or accounting services for your business if you fail to do so, payments we make to vendors, suppliers, or service providers to procure goods or services for your operation, or amounts we advance to maintain required vendor relationships, system access, subscriptions, or other operational services necessary for the continued operation of the Franchised Business. For the avoidance of doubt, any such charges will be solely for products or services provided directly to you or for your benefit. In addition to reimbursing the actual third-party costs, you must pay us an administrative fee equal to ten percent (10%) of the total amount of such charges to cover our costs of arranging, administering, and managing these payments, due on demand.

4.8. Transfer Fee

You will pay to us a fee of \$10,000 if you wish to transfer ownership of the rights under this Franchise Agreement, or a majority of the rights under this Franchise Agreement or in an entity holding this Agreement (the "Transfer Fee"). We do not charge a Transfer Fee for the transfer of a minority interest in the Franchised Business or if the Parties of this Agreement transfer this Agreement into an entity with the same Parties who hold the same percentages of shares. If you engage a broker or intermediary to assist with the transfer of your franchise, you are solely responsible for engaging such broker directly and paying any broker fees or commissions. We are not responsible for any broker fees or commissions related to your transfer.

4.9. Client Refunds

If you do not resolve a client service complaint and we believe a reasonable basis exists for a refund to the client all or a portion of the client's fees, we may pay the client directly and bill you. You will pay the charges incurred.

4.10. Audit Fee

If an audit conducted pursuant to Section 6.4.D reveals that you have understated any payments to us in any report by two percent (2%) or more, you will pay to us: (i) our reasonable costs of performing the audit; (ii) a Late Fee of \$50 per month; and (iii) interest at a rate of 18% per annum on any underreported amount.

4.11. Assistance Fee

In the event of your death or incapacity, we have no obligation to operate or assist in the operation of your Franchised Business. However, if we are able and elect to do so, we are entitled to reimbursement from you or your estate for any reasonable expenses incurred continuing operation of your Franchised Business, plus 10% of Gross Revenues for the period in which we operate or assist in the operation of the Franchised Business.

4.12. Insurance

You are required to maintain the insurance coverages as provided for in the Manuals, which may be updated from time to time.

4.13. Outbound Appointment Generation

We may utilize a call center, either directly or through third-party providers, to assist with customer outreach and appointment scheduling within your Territory. From time to time, we may offer you the opportunity to purchase blocks of pre-scheduled appointments generated through these efforts with potential customers located within your Territory who have expressed interest in receiving quotes for the Approved Products and Services, subject to availability and any applicable program terms. If you elect to purchase appointments, the current fee (the "Appointment Booking Fee") is \$80 per booked appointment, with a minimum purchase requirement of fifteen (15) appointments per order. We reserve the right to modify the minimum purchase requirement and to increase the Appointment Booking Fee up to a maximum of \$250 per booked appointment upon thirty (30) days' written notice. Payment for appointments is due at the time of purchase and is non-refundable. You acknowledge that booked appointments represent scheduled opportunities to provide quotes only and do not guarantee customer conversion, contract execution, or revenue generation. If you accept appointments, you must contact each customer within the timeframe specified by us, provide professional service, and make reasonable efforts to convert the appointment into a sale. While this service is currently optional as of the Effective Date, we reserve the right to require your participation in this program or similar lead generation programs as a mandatory System standard, upon thirty (30) days' written notice if we determine that your Franchised Business is not meeting performance targets or expectations as reasonably established by us.

4.14. Customer Service Call Fee

We may make customer service calls to customers of your Franchised Business to ensure satisfaction and protect brand standards. You must pay us \$5 for each customer service call made by us or on our behalf. A "call" includes a live call with a customer and any attempted call, whether or not we reach the customer (including no answer or voicemail). We may charge this fee for up to 4 calls per customer per calendar year. Upon your written request, we may allow you to make customer service calls instead of us, subject to our approval. If

we grant approval, you must make the calls in accordance with our instructions. We may revoke such approval at any time, with or without cause, and resume making the calls, in which case you will be required to pay this fee. You will not owe this fee for any calls that you make with our prior approval.

4.15. Sales, Excise or Gross Receipts Tax

If required by the federal government, state, or locality in which your Franchised Business is located, the initial franchise fee, royalties, and other fees and costs may be subject to sales, excise, gross receipts or similar type tax, which you will pay to us at the same time and in the same manner as you pay these fees and costs to us.

4.16. Credit Card Fee

If we allow you to pay any fee to us by credit card, you also reimburse us for the actual amount charged by the credit card processor unless prohibited by law.

4.17. Insufficient Funds Fee

You will pay to us a minimum of \$50 per transaction if an electronic transfer or other payment from you to us is declined.

4.18. Late Fees

For overdue amounts, you will pay to us the lesser of twelve percent (12%) per annum or the maximum rate permitted by law on any late payments you owe to us.

4.19. Payment Terms

Recurring fees and reports are due by the 10th day of each month, or if the 10th falls on a weekend or legal holiday, on the next business day. We reserve the right to modify the payment methods, payment schedule, and due dates upon thirty (30) days' prior written notice to you, which may be provided through updates to the Manuals. We reserve the right to offset and deduct any amounts that you owe to us against any amounts we may owe to you, and to remit to you only the net amount owed after such offset, or to charge you for any net amount you owe to us after such offset. Before you may open for business, you must execute and deliver to us an Automatic Bank Draft Authorization in the form attached as Schedule 3, granting us the right to initiate electronic funds transfers from your designated bank account for all amounts due under this Agreement. If you change your bank account, you must provide us with a new executed Automatic Bank Draft Authorization within three (3) business days of such change.

5. Duties of Franchisor

5.1. Operation Manuals

We provide you access to our proprietary and confidential operations manual, franchisee dashboard or portal, and any other manuals, policies, procedures, and materials prepared by us for your use in operating a Franchised Business (collectively, the "Manuals"). The Manuals may be disseminated electronically through various formats including, but not limited to, digital documents, videos, interactive training modules, webinars, email communications, policy statements, bulletins, and other electronic or online materials. You

acknowledge that the Manuals may be provided through password-protected websites, cloud-based platforms, mobile applications, or other digital delivery systems that we designate.

5.2. Modifications

We may modify the Manuals at any time to adjust for competitive changes, technological advancements, legal requirements, operational improvements, and continuous enhancement of the System.

5.3. Site Selection

We do not provide site selection services. However, we may give advice regarding site selection. You will need to lease approximately 1,000 -1,500 square feet of separate commercial office/warehouse or flex space for your equipment, supplies, and inventory. We must approve any site you select before you sign a lease for that location. We do not select the site. We will typically approve or disapprove a proposed site within 14 days of your submission to us of the information required by us on the proposed site.

We consider the following factors when reviewing a proposed site: (i) population density, (ii) income levels, (iii) demographics, (iv) competition, (v) visibility, (vi) accessibility, (vii) traffic, (viii) size, (ix) condition and character, (x) parking, and (xi) available signage.

We do not purchase the facility and lease it to you and we do not provide assistance in lease or purchase negotiation.

5.4. Training

A. Initial Training.

We will provide you an Initial Training course. The Initial Training course will cover fundamental skills necessary to operate your Franchised Business as a business, including business management, marketing, customer relations, and use of our systems and processes. The Initial Training is not designed to teach construction work, installation techniques, or to provide the technical or professional education necessary to obtain licenses or certifications required in your state. We presently hold Initial Training in Hanover, PA or online, at our choosing. Successful completion of the Initial Training is mandatory. We do not charge for training, but you must pay any travel, transportation, lodging, and meal costs you incur if we offer in-person training in the future. The Initial Training must be completed within sixty (60) days of signing the Franchise Agreement.

B. Additional Training or Seminars.

We may elect to offer and require you to attend, either live or electronically, additional training and seminars that we may offer. You must pay any travel and living expenses that you incur to attend training or certification.

5.5. People Management

You are solely responsible for hiring, firing, compensating, withholding, and remitting applicable payroll taxes and day-to-day supervision and control over your employees. The

Manuals may recommend best practices on how to hire and train employees; however, nothing in the Manuals will be construed to shift control over your employees to us.

5.6. Signage, Supplies and Sourcing

You agree to follow the Signage, Supplies and Sourcing Policies as defined in our Manuals.

6. Duties of Franchisee

6.1. Commitment

A. Involvement.

You must operate the Franchise Business personally, unless you submit to us a General Manager who attends and successfully completes our initial Franchisee training course, and who is not later disapproved by us; however, you will be responsible to ensure that the General Manager fulfills all your responsibilities under this Agreement. Delegation of tasks to a General Manager does not reduce any liability that you may have under this agreement.

If you fail to adhere to the above obligations, such failure will be deemed a default under the Franchise Agreement and, to ensure the continued integrity of the Marks and franchise system generally, we may select someone to manage your Franchised Business on a temporary basis until you cure the default. We do not require that the General Manager have an equity interest in your franchise, but he or she cannot have any interest in or business relationship with any business competitor of the Franchised Business and must sign a written agreement to maintain confidential the proprietary information described in Item 5.1 and conform with the covenants not to compete.

B. Products and Services

You must offer, sell, and perform the (i) roofing services; (ii) gutter systems; (iii) exterior siding; (iv) window and door replacement; and (v) other products and services that we may approve and modify in writing from time to time (collectively, the “Approved Products and Services”). You must not offer or sell any products or perform any services that we have not authorized. You are solely responsible for possessing or obtaining the necessary construction expertise, technical knowledge, and all required licenses and certifications to provide the Approved Products and Services.

C. In-Term Non-Competition Covenant

During the Term of this Agreement, you will not, anywhere in the United States or its Territories, directly or indirectly:

- (i) own, operate, engage in, or have any interest in any business that offers, sells, or performs the Approved Products and Services or any competitive products or services;
- (ii) offer, sell, perform, market, or advertise any Approved Products and Services except solely through and on behalf of the CR3 American Exteriors Franchised Business; or

- (iii) divert or solicit any customers, leads, inquiries, or business opportunities away from the Franchised Business to any other business.

6.2. Training

A. Initial Training.

You and any General Manager working for you must attend and successfully complete our initial franchisee training before you may operate the Franchise Business. Successful completion means meeting our reasonable passing standards as communicated during the training program. If you or your General Manager do not successfully complete the Initial Training on the first attempt, you may retake the training at the next regularly scheduled training session at no additional tuition cost, though you remain responsible for all travel and living expenses. Alternatively, you may designate a different General Manager to attend the next regularly scheduled training session in place of the individual who did not pass, subject to our approval. We do not charge tuition for Initial Training, but you must pay for any travel and living expenses to attend. The Initial Training must be completed within sixty (60) days of signing the Franchise Agreement; however, if you or your General Manager must retake training or send a replacement General Manager, we may extend this deadline in our reasonable discretion to accommodate the next available training session. If any in-person training is required, the franchisee will be responsible for their travel, hotel, and food.

B. Advanced Training.

You will attend any advanced or refresher training that we may require either through electronic means or in person. If any in person training is required, the franchisee will be responsible for their travel, hotel, and food.

C. Employee Training.

You will ensure that your employees have any training, licenses, or certifications required by applicable law. We encourage you to send your employees to any training that we provide.

6.3. Operations

A. Adherence to Standards and Specifications

To ensure that the highest degree of quality and service is maintained, Franchisee will operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals.

B. Modification

We may modify the Manuals at any time to adjust for competitive changes, technological advancements, legal requirements, operational improvements, and continuous enhancement of the System. Modifications to the Manuals may be communicated to you through updates posted to the online Manual or portal, email notifications, policy statements, bulletins, video announcements, or other written or electronic communications. You will implement those changes as if they were present when you signed this Agreement.

You are responsible for regularly checking the online Manual, portal, and your email for updates and ensuring compliance with all modifications. Unless otherwise specified in the communication, modifications will become effective immediately upon posting or transmission to you.

C. Acknowledgment

You acknowledge and understand that the day-to-day operational duties, procedures, standards, and specifications for operating the Franchised Business are set forth in the confidential Manuals rather than in this Agreement for important business and legal reasons. This structure serves multiple critical purposes. First, the Manuals contain proprietary and confidential information that is critical to the success of the Franchise System and represents valuable trade secrets and business methodologies developed by us. The confidential nature of the Manuals protects the integrity and competitive advantage of the entire Franchise System, which in turn protects your investment and the investments of all franchisees. Unlike this Agreement, which may be subject to disclosure in various legal and business contexts, the Manuals remain confidential and proprietary at all times. Second, the Manuals provide the operational flexibility necessary to: (i) respond quickly to changing market conditions, competitive pressures, and customer expectations; (ii) implement new technologies, products, and services as they become available; (iii) ensure compliance with evolving legal and regulatory requirements; (iv) incorporate improvements and best practices discovered through the operation of the Franchise System; and (v) maintain uniform standards and quality control across all franchised locations. Because these operational matters require frequent updates and refinements that would be impractical to accomplish through formal amendments to this Agreement, and because the specific operational details constitute valuable proprietary information that must be protected from disclosure, they are properly contained in the confidential Manuals, which can be modified as described in Section 6.3 (C) of this Agreement. You further acknowledge and agree that all standards, specifications, procedures, and requirements set forth in the Manuals are binding and enforceable obligations under this Agreement with the same legal effect as if they were expressly written into this Agreement itself. You agree to maintain the strict confidentiality of all information contained in the Manuals in accordance with your obligations under Section 6.9 of this Agreement.

D. Variance

We have the right, in our sole discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of a particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition which we deem to be of importance to the successful operation of any particular franchised business. We will not be required to disclose or grant to you a like or similar variance.

6.4. REPORTS AND REVIEW

A. Financial Records and Professional Bookkeeping.

You must maintain complete and accurate financial books and records for the Franchised Business in accordance with generally accepted accounting principles or other standards we establish. You must engage and continuously maintain a qualified professional accounting or bookkeeping provider to prepare and maintain the books and records for the Franchised Business. The provider must be capable of producing timely and accurate financial statements and reports in the format and frequency we require. We may establish reasonable standards regarding the provider's qualifications, reporting format, chart of accounts, timeliness, software compatibility, data security, and integration with our required reporting systems. Upon request, you must provide information sufficient for us to verify that your provider meets our standards. If you fail to retain or maintain a qualified provider that meets our standards, we may arrange for such services at your expense.

B. Reports.

You must send us such reports at the frequency and manner that is specified in the Manuals. Presently, you must send to us the reports in the following table:

Name of Report	When Due
Revenue Report	By the 10 th day of each month for the prior month
Annual Budget	October 31 st of each year
Annual Profit & Loss Statement and Balance Sheet	For Calendar Year Operations: By March 1 of each year as to income and expenses incurred in the prior year. For Fiscal Year Operations: By the first day of the 3 rd month.

C. Independent Access to Information.

You acknowledge that we have and that you will provide independent access to information generated or stored through (i) the designated technology platforms and POS system required under this Agreement (as described in Section 4.3), and (ii) your computer systems used in operating the Franchised Business. This information includes, but is not limited to, customer data, transaction records, sales data, operational information, and financial reports. You must at all times give us unrestricted and independent electronic access to such platforms, systems, and information for purposes of monitoring compliance with this Agreement, providing support services, and protecting the System. Additionally, we retain the right to physically inspect and obtain copies of local business records, including paper and electronic records maintained at your location, as further described in Section 6.4(D). You must also provide us with access to security camera systems used at the Franchised Business location.

D. Inspection and Audit.

We and our designated agents will have the right at all reasonable times to review your business operations, in person, by mail, or electronically, and to inspect your operations

and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. This includes the right to send in secret shoppers. And this also includes the right to inspect and copy all books, records, accounts, tax returns and bank statements that may show revenues from the Franchised Business. We also have the right to require that you implement a plan to resolve issues that we discern from any review we conduct, and to immediately collect the Audit Fee as provided in Section 4.11 of this Agreement. Additionally, we are permitted to terminate this Agreement without notice and the opportunity to cure if you intentionally understate any payment amount on any report to us.

6.5. Indemnity

You will indemnify, hold harmless, and defend us along with our affiliates, officers, directors, members, partners, employees, and agents (the “Indemnified Parties”) from and against any claim, cause of action, lawsuit, or demand (collectively “Claim”) for damage, liability, cost, or expense including reasonable attorney fees and costs (collectively “Damages”) that relates to or arises from your:

- (i) breach or alleged breach of this Agreement;
- (ii) negligence, or
- (iii) willful misconduct.

The obligations in this Section are effective during the Term and extend to any post termination obligation.

6.6. Insurance

You will maintain policies of insurance with appropriate limit to cover the risk in this section. Minimum limits are defined in the Manuals. You must name us as “additional insured” and provide a certificate of insurance annually.

6.7. Intellectual Property

A. Ownership

We exclusively own the Franchise System and any related copyright, trademark, service mark, trade secret, patent right, domain name, website, telephone number or other intellectual property (collectively “Intellectual Property”). You will not undertake to obtain Intellectual Property with respect to the Franchise System. To the extent you have gained or later obtain any Intellectual Property in the Franchise System, by operation of law or otherwise, you will disclaim such Intellectual Property and will promptly assign and transfer it entirely and exclusively to us.

B. Client Data

We retain all right, title, and interest in and to the Client Data during and after the Term. You may use Client Data during the Term as permitted by this Agreement and our Manual as long as the use is consistent with applicable law. “Client Data” means any and all

information about Clients that may be collected in connection with their use of your Services including, but not limited to, name, telephone number, address, and email address.

6.8. Suggestions

We may incorporate into our Franchise System any suggestions, enhancement requests, recommendations, or other feedback provided by you or anyone else. We will have sole and exclusive rights and title to such suggestions.

6.9. Confidentiality

A. Definition

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

B. Confidentiality

You will not directly or indirectly disclose, publish, disseminate, or use our Confidential Information except as authorized herein. You may use our Confidential Information to perform your obligations under this Agreement, but in doing so will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information.

C. Use

You may only use Confidential Information to perform your obligations under this Agreement. You will avoid using Confidential Information for your own benefit or to our detriment. For the avoidance of doubt, Confidential Information cannot be used in a competing business that is detrimental to us.

D. Storage

You will store Confidential Information in secure location whether physically or electronically. You must notify us if the Confidential Information is lost or stolen, regardless of fault.

E. Return

Upon termination or expiration of this Agreement, you will return to us all of our Confidential Information embodied in tangible form, and will destroy, unless otherwise agreed, all other sources that contain or reflect any such Confidential Information. Notwithstanding the foregoing, you may retain Confidential Information as needed solely for legal, tax, and insurance purposes, but the information retained will remain subject at all times to the confidentiality restrictions of this Agreement.

7. Transfer

7.1. Assignment by Us

We may assign this Agreement to an assignee who remains bound by its terms. We do not permit a sub-license of the Agreement.

7.2. Transfer by You

We have the right to approve all transfers. You may transfer your interest in this Agreement or your interest in the Franchise Business if you provide Notice to us and:

- (i) you are in full compliance with the Agreement,
- (ii) you are current in all monies owed to us,
- (iii) we approve of the individual or entity to which you are transferring ("Transferee"), which our consent will not be unreasonably withheld,
- (iv) Transferee meets the requirements of Section 7.8.
- (v) you execute a transfer agreement on a form acceptable to us, which shall include (i) a general release of all claims against us and our affiliates, and (ii) a post-transfer covenant not to compete for a period of two (2) years consistent with the post-term non-competition obligations set forth in Section 8.7.A of this Agreement;
- (vi) you provide to us a copy of the proposed transaction documents,
- (vii) you pay to use the Transfer Fee,
- (viii) Transferee obtains the necessary licenses and permits to conduct business,
- (ix) you obtain any landlord approval if the facility lease is being transferred,

7.3. Joint Tenancy

If this Agreement is held by joint tenants or tenants in common, all joint tenants or tenants in common must join in any transfer of an ownership interest in this Agreement, except any person who is deceased or under a legal disability.

7.4. Transfer to Controlled Entity

A "Controlled Entity" is an entity in which you are the beneficial owner of 100% of each class of voting ownership interest. A transfer to a Controlled Entity shall not trigger the Right of First Refusal, described in Section 7.6 below. At the time of the desired transfer of interest to a Controlled Entity, you must notify us in writing of the name of the Controlled Entity and the name and address of each officer, director, shareholder, member, partner, or similar person and their respective ownership interest. We do not charge a Transfer Fee for this change.

7.5. Transfer within an Entity

A transfer of interest within an entity shall not trigger the Right of First Refusal described in Section 7.6 below if only the percentage ownership, rather than the identity of the owners, is changing. Prior to the time of the desired transfer of interest within an entity, you must notify us in writing of the name and address of each officer, director, shareholder, member, partner or similar person and their respective ownership interest. Each such person of the Controlled Entity shall sign the then current amendment and release forms and/or Franchise Agreement as required by us, and you shall pay to us the applicable Transfer Fee.

7.6. Right of First Refusal

A. Third-Party Offer

If you receive and desire to accept a written and signed, bona fide offer to purchase or otherwise transfer this Agreement or any interest in it ("Third-Party Offer"), you will grant us the option (the "Right of First Refusal") to purchase the Franchise Business as provided in this Section, pursuant to the same terms and conditions contained in the Third-Party Offer.

B. Notice

Within fourteen (14) days of receipt of a Third-Party Offer, you will forward us a copy of the Third Party Offer and present us with the opportunity to exercise our Right of First Refusal.

C. Option

Upon receipt of the Third Party Offer from you, we will have the right to purchase the Franchise Business or interest in the Franchise Business for the price and upon the same terms and conditions that are contained in the Third-Party Offer. However, we may substitute cash for any non-cash form of payment proposed and we will have sixty (60) days after the exercise of our Right of First Refusal to close the said purchase.

D. Acceptance

If we exercise our Right of First Refusal, then we will notify you in writing within fifteen (15) days from our receipt of the Third-Party Offer from you.

E. Binding

Upon the giving of such notice by us, there will immediately arise between us and you, or your owners, a binding contract of purchase and sale at the price and upon the terms contained in the Third-Party Offer.

If we do not exercise our Rights of First Refusal within fifteen (15) days, then you may transfer the Franchise Business or ownership interest according to the Third-Party Offer, provided that you:

- (i) satisfy the conditions in Section 7.2 entitled Transfer by You; and
- (ii) complete the sale within ninety (90) days from the day on which you received the Third-Party Offer.

If you do not conclude the proposed sale transaction within the ninety (90) day period, the Right of First Refusal granted to us will continue in full force and effect.

7.7. Death or Incapacity

A. Definition

The term “incapacity” means a condition that prevents you from reasonably carrying out your duties under this Agreement for thirty (30) consecutive days.

B. Transfer

We may terminate this Agreement unless, within sixty (60) days of your death or incapacity, your executor, personal representative, or guardian:

- (i) Requests a transfer subject to our approval of your rights to a qualified transferee under this Agreement;
- (ii) completes the transfer within six (6) months of your death or incapacity;
- (iii) pays all monies owed to us, including the transfer fee, and
- (iv) signs the then current transfer and release form.

C. New Franchisee

The Transferee(s) must:

- (i) meet the requirements of Section 7.8 entitled Transferee Requirements,
- (ii) complete Initial Training,
- (iii) enter into a new Franchise Agreement on the then current form.

D. Interim Services

An interim operator must meet the Transferee Requirements as defined in Section 7.8, except such interim operator may not enter into a new Franchise Agreement.

We are entitled to reimbursement from you or your estate for any reasonable expenses incurred continuing Services from the date of your death or incapacity until transfer or termination, plus ten percent (10%) of Gross Revenues for the period in which we operate or assist in the operation of the Franchised Business.

7.8. Transferee Requirements

The proposed Transferee(s) must:

- (i) complete our then current Franchisee application;
- (ii) pass our application screening using our then current qualifications;
- (iii) attend and successfully complete Initial Training; and
- (iv) sign either, at our option, an assignment of the rights remaining in your Franchisee Agreement, or our current Franchisee Agreement with the term adjusted to such length as remains on the term of your Franchisee Agreement.

8. Termination

8.1. Effect of Termination

Expiration or termination does not relieve any duties to comply with all of the provisions of this Agreement that require performance post-termination.

8.2. Termination by You

You may terminate this Agreement by not renewing (“Expiration”). On Expiration you must comply with all the provisions of this Agreement that require performance post-termination.

8.3. Termination by Us

We may terminate this Agreement immediately without notice and without opportunity to cure for any of the following reasons:

- (i) If you do not pass our Initial Training in accordance with our passing standards;
- (ii) If you fail to obtain our approval of a site for your Franchised Business or fail to open for business within the timeframe specified in Section 3.1;
- (iii) If you become insolvent, meaning unable to pay your bills in the ordinary course as they become due;
- (iv) If you or your principals are convicted of, plead guilty or no contest to, or are incarcerated for (a) any felony, (b) any crime involving moral turpitude, or (c) any crime or offense that is reasonably likely to materially and unfavorably affect the System, the Marks, the goodwill associated therewith, or our reputation;
- (v) If you abandon the Franchised Business or discontinue the active operation of the Franchised Business for three or more weeks, except when active operation is not reasonably possible, such as because of a natural disaster, illness, or death;
- (vi) If you include a materially false representation or omission of fact in your confidential Franchise Application to us;

- (vii) If you or your principals, employees, or affiliates knowingly make or authorize any material misrepresentation to the public, customers, vendors, or suppliers concerning the Franchised Business, the System, or your affiliation with us;
- (viii) If you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, and fail to cure such breach within any permitted period for cure;
- (ix) If you or your principals, employees, or affiliates engage in, encourage, or threaten acts of violence, harassment, or intimidation against us, our employees, other franchisees, or customers. For the purposes of this provision, a "threat of violence" includes, but is not limited to, verbal or written threats, physical altercations, or any conduct that would cause a reasonable person to fear for their safety or well-being;
- (x) If you lose, or fail to maintain, any license, permit, certification, or approval required by federal, state, or local law or regulation to operate the Franchised Business, and such loss or failure continues for more than thirty (30) days;
- (xi) You fail to pay suppliers an amount exceeding \$3,000 for more than sixty (60) days;
- (xii) You fail to permit us to inspect or audit your franchise;
- (xiii) You intentionally underreport any payment amount on any report to us;
- (xiv) If an audit reveals that you understated any payment amount on any report to us by more than two percent (2%) and you fail to pay all amounts due, including the understated amounts, interest, and audit costs, within five (5) business days of receiving written notice of the audit results;
- (xv) If you fail to maintain the insurance coverage required by this Agreement and such failure continues for more than five (5) days after written notice from us or our designated insurance compliance vendor;
- (xvi) If you commit three (3) or more breaches of this Agreement, the Manuals, or any other agreement with us or our affiliates in any twelve (12) month period, regardless of whether such breaches were cured after notice;

8.4. Termination by Us with the Opportunity to Cure

We may terminate this Agreement, if the following conditions remain within thirty (30) days after sending you notice and an opportunity to cure:

- (i) You violate any other term or condition of this Agreement, the Franchisee Manuals, or any other agreement with us; or
- (ii) Any amount owing to us from you is more than thirty (30) days past due.

8.5. No Refund of Initial Fee

We have no obligation to return or refund any fee to you upon termination or expiration of this Agreement.

8.6. Post Termination Obligations

If this Agreement expires, is not renewed, or is terminated for any reason by any party, including a sale of the Franchised Business, you must immediately:

- (i) Assist and cooperate in the orderly transfer of the Franchised Business as directed by us;
- (ii) Deliver to us the original and all copies, both paper and electronic, of the business records of your Franchised Business (retaining only such copies as you need for legal or tax purposes);
- (iii) Pay to us all amounts owing to us;
- (iv) At our request, cancel or assign to us all telephone numbers under your ownership used in the Franchised Business;
- (v) Reimburse customers for any fees paid for services not yet rendered;
- (vi) At our option, and upon our request, use your best efforts to assist in our taking over the lease of the location of your Franchised Business, whether it be through a new lease or assignment;
- (vii) Deliver to us any paper and electronic copies of the Manuals and any Confidential Information;
- (viii) Cancel all fictitious name or other listings which you have filed for use of any of the Marks;
- (ix) Adhere to the provisions of the post-term covenants not to compete and not to solicit;
- (x) Abide by any other covenant in this Agreement that requires performance by you after you are no longer a franchisee; and
- (xi) Execute, from time to time, any necessary papers, documents, and assurances to effectuate the intent of this Section.

8.7. Post-Term Non-Compete and No Solicitation

A. Post-Term Non-Compete

During the two (2) year period immediately following the expiration or termination of this Agreement for any reason, whether voluntary or involuntary, and regardless of whether you sell, transfer, or otherwise dispose of the Franchised Business (the "Restriction Period"), you will not, within the Territory or within twenty five (25) miles of the outer boundaries of the Territory (the "Restricted Market"), directly or indirectly:

- (i) own, operate, manage, control, participate in, consult with, be employed by, provide services to, or have any ownership, membership, partnership, or other financial interest in any business that offers, sells, or performs the Approved Products and Services or any product or service that is the same as, similar to, or competitive with those offered by CR3 American Exteriors franchisees as of the date of expiration or termination; or
- (ii) solicit, market to, contract with, or provide services to any actual or prospective customer for any product or service that is the same as, similar to, or competitive with the Approved Products and Services; or
- (iii) aid, assist, finance, guarantee, or otherwise facilitate any other person or entity to engage in any of the activities described in subsections (i) or (ii).

Collectively, subsections (i), (ii), and (iii) are referred to as the "Restricted Activities."

B. No Disparagement or Interference

During the Restricted Period, you will avoid intentional conduct that leads any existing Client or vendor to modify their relationship to the harm of the Franchise Business.

8.8. Waiver of Bond

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

8.9. Severability

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

8.10. Interim Remedies.

If we send you a written notice that you are in default of this Agreement, the Manuals, or any other agreement with us, we may elect to immediately impose an interim remedy (the "Interim Remedies"), regardless of whether the default is curable, including the suspension

of our obligations under this Agreement. You understand, acknowledge, and agree that our exercise of our right to impose Interim Remedies will not result in actual or constructive termination or abandonment of this Agreement, and that our right to Interim Remedies is in addition to, and apart from, any other right or remedy we may have in this Agreement. If we exercise the right to Interim Remedies, the exercise will not be a waiver of any breach by you of any term, covenant or condition of this Agreement. You will not be entitled to any compensation, including repayment, reimbursement, refund or offsets, for any fees, charges, expenses or losses you may directly or indirectly incur by reason of our exercise and/or withdrawal of any Interim Remedy. Interim Remedies include:

- (i) we may suspend the provision of all technology and software services provided to you through the Technology Fee and as otherwise provided by us pursuant to this Agreement, including any scheduling, point of sale, marketing, and/or website services; and
- (ii) we may suspend our ongoing support, and the performance of all other obligations set forth in Section 5 of this Agreement.

9. Dispute Resolution

Any claim, cause of action, or other controversy, dispute, or issue you (or your owners) or we may have arising out of or in any way relating to this Agreement or any other agreement between the parties ("Matter") will be resolved as described in this Section 9.

9.1. Internal Resolution

Subject to Section 9.1(D), any Matter shall be submitted first for internal resolution, as follows:

(A) Notice

The aggrieved party must provide written notice to the other party. The notice must contain:

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

(B) Response

The other party must provide a reply ("Response") in writing within ten (10) business days with either:

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

(C) Meeting

If in good faith, the aggrieved party does not believe the Matter is settled after the Response then within twenty-one (21) days of receipt of the Response, the parties will meet at our then-current corporate headquarters (located in Virginia Beach, Virginia as of the Effective Date) to discuss the Matter in person ("Meeting"). Upon mutual agreement, the Parties may choose an alternate location or conduct the Meeting via video call. If either party fails to attend the scheduled Meeting within the timeframe specified, or if the parties cannot agree on a Meeting format within seven (7) days of the Response, the aggrieved party may proceed directly to mediation under Section 9.2.

(D) Exclusions

We shall not be required to first attempt to resolve a Matter against you (or your owners) through internal resolution as set forth in this Section 9.1, and may elect to bypass Sections 9.1, 9.2, and 9.3 and proceed directly to court as provided in Section 9.6, if such Matter concerns an allegation by us that you (or your owners) have violated, or threatened to violate, or possess an imminent risk of violating:

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

(collectively, "Excluded Matters").

For Excluded Matters, we may elect, in our sole judgment and discretion, to either (i) follow the alternative dispute resolution process set forth in Sections 9.1, 9.2 and 9.3, or (ii) bring suit directly in the state or federal courts closest to our then-current corporate headquarters as provided in Section 9.6.

9.2. Mediation

If in good faith, the aggrieved party does not believe the Matter is settled after the Meeting, then within thirty (30) days of the Meeting, such party shall submit the Matter to mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. The party will request mediation by:

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

The parties will mutually agree upon a single mediator with experience in handling commercial and/or franchise disputes, or one will be selected for them by the AAA, and the mediation will occur at our then-current headquarters (located in Virginia Beach, Virginia as of the Effective Date), or at another mutually agreeable location.

9.3. Arbitration

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

A. Appointment of Arbitrator

The arbitration shall be conducted before a single neutral arbitrator. The arbitrator shall be an attorney or former judge with no less than five years of experience resolving complex commercial disputes. Preference shall be given to candidates who have demonstrable experience in franchise related matters including disputes involving franchise agreements, area development agreements, system standards, territory rights, royalty structures, and related regulatory or compliance issues. The parties shall each propose up to three (3) candidates within seven (7) days of the initiation of arbitration and will work together in good faith to select an arbitrator who meets these qualifications. If the parties are unable to mutually agree on an arbitrator within twenty-one (21) days after the initiation of arbitration, the arbitrator shall be appointed by the administering arbitration organization from its panel of arbitrators who meet the experience requirements set forth in this Section.

B. Proportionality of Fees

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

C. Enforceable

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

D. Costs

Each Party will bear their own costs, including reasonable attorney's fees and expert witness fees related to the resolution of the Matter. The party requesting mediation or arbitration will pay the applicable filing and initiation fees charged by the AAA. The ongoing fees of the Mediator or Arbitrator (including per-hour or per-day fees for services) will be shared equally among the Parties.

9.4. Limitations and Waivers

A. Limitation of Actions.

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

B. Prior Notice of Matter.

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

C. Non-Waiver of Breach

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

D. Jury Waiver.

In any trial between any of the parties as to any Matters, you and we will waive our rights to a jury trial and instead have such action tried by a judge or arbitrator as set forth in this Agreement.

E. Class Action Waiver.

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

F. Compensatory Damages.

As to any Matters, you and we will waive our rights, if any, to seek or recover punitive damages.

G. Waiver of Bond.

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

9.5. Governing Law

This Agreement will be interpreted and construed under the laws of the Commonwealth of Virginia, without regard to its conflict of laws principles, subject to the following exceptions: (a) federal law, including without limitation the Lanham Act, 15 U.S.C. § 1051 et seq., as it may be amended, governs all matters relating to trademarks, service marks, trade dress, unfair competition, and any other claims arising under federal intellectual property law; (b) the Virginia Retail Franchising Act, Virginia Code § 13.1-557 et seq., as it may be amended, along with any other Virginia laws regulating the offer or sale of franchises, business opportunities, or governing the franchisor-franchisee relationship, applies only if the Franchised Business is located in Virginia or the jurisdictional prerequisites of that Act are otherwise satisfied; and (c) if a particular provision of this Agreement is unenforceable under Virginia law and the Franchised Business is located outside of Virginia, that provision will be interpreted and construed under the laws of the state in which the Franchised Business is located.

9.6. Jurisdiction and Venue

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

10. General

10.1. Entire Agreement

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

10.2. Modification

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

10.3. Third Party Beneficiaries

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

10.4. Survival

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

10.5. Severability Clause

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

10.6. Notices

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

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

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

10.7. Acknowledgements

No statement, questionnaire, or acknowledgment signed or agreed to by you 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.

10.8. Release of Prior Claims

By executing this Agreement, the Franchisee, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, forever releases and discharges us, our past and present employees, agents, members, officers, and directors, including any of our parent, subsidiary and affiliated entities, their respective past and present employees, agents, members, officers, and directors, from any and all claims arising prior to the date of this Agreement. However, this release does not apply to any claim you may have arising from representations in our Franchise Disclosure Document.

10.9. Counterparts

This Agreement may be executed by the Parties in this Agreement in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument. The Agreement may be signed and delivered electronically via email, facsimile or other means, which will each have the same legal effect as if signed in hardcopy with traditional ink.

[Signature Page Follows]

10.10. Signature

Intending to be bound by all the provisions expressed in this Agreement, on _____ (“Effective Date”) the authorized representatives of each party affix his or her signature below to signify acceptance.

Franchisee Entity: _____

	CR3 American Exteriors	Franchisee Entity
Signature		
Name		
Title		
Address		
Date		

	Signator	Signator
Signature		
Name		
Address		
Date		

SCHEDULE 1-TERRITORY

Your territory shall be as follows:

SCHEDULE 2-MINIMUM REQUIREMENTS

Growth is key. You must use commercially reasonable efforts to deliver all recommended Services. You must use commercially reasonable efforts to participate fully in all marketing programs offered by us. The following table establishes the minimum performance metrics required. Beginning in the seventh (7) month after the execution of the Franchise Agreement and continuing on each year at \$2,000 monthly for the term of your agreement:

Year	Royalty Fee
1	2,000.00 monthly (beginning in month #7)
2	2,000.00 monthly
3	2,000.00 monthly
4	2,000.00 monthly
5	2,000.00 monthly
6	2,000.00 monthly
7	2,000.00 monthly
8	2,000.00 monthly
9	2,000.00 monthly
10	2,000.00 monthly

SCHEDULE 3-AUTOMATIC BANK DRAFT AUTHORIZATION

Please complete the following with your banking information and attach a voided check:

Company Name: _____

Name of Financial Institution: _____

Address of Financial Institution: _____

Routing Number: _____

Account Number: _____

I hereby authorize Tectum Franchising, LLC d/b/a CR3 American Exteriors and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the terms of my Franchise Agreement and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify CR3 American Exteriors or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least three (3) days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to fifteen (15) days following issuance of my statement by the above-referenced financial institution or up to sixty (60) days after deposit, whichever occurs first.

Signature: _____

Printed Name of Person Signing: _____

Title (if any): _____

Application Date: _____

Telephone Number: _____

Applicant's Address: _____

SCHEDULE 4-TELEPHONE NUMBER ASSIGNMENT

THIS TELEPHONE NUMBER ASSIGNMENT AGREEMENT is made between Tectum Franchising, LLC doing business as CR3 American Exteriors ("Franchisor", "we", "us", or "our") and the franchisee named below ("Franchisee", "you", or "your").

BACKGROUND

The parties are entering into a Franchise Agreement ("Agreement").

As a condition to signing the Franchise Agreement, we have required that you appoint us Attorney in Fact, to take effect upon the expiration or termination of the Agreement, as to the telephone numbers, listings, and advertisements (collectively "Listings") relating to your Franchise.

TELEPHONE NUMBER ASSIGNMENT

Upon expiration or termination of the Agreement for any reason, Franchisee's right of use of the Listings shall terminate. In the event of termination or expiration of the Agreement, Franchisee will pay all amounts owed in connection with the Listings, and to immediately at Franchisor's request,

- take any other action as may be necessary to transfer the Listings to Franchisor or Franchisor's designated agent,
- install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings;
- disconnect the Listings; and/or
- cooperate with Franchisor or its designated agent in the removal or relisting of the Listings.

Franchisor may require Franchisee to "port" or transfer to Franchisor or an approved call routing and tracking vendor all Listings.

Appointment as Attorney in Fact.

For value received, Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings. This appointment gives to us full power to receive, transfer or assign to us or our designee or take any other actions required of Franchisee under the Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the foregoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such Listings and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, cancellation or termination of Franchisee's rights under the Agreement for any reason. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

Governing Law and Survival.

The validity, construction and performance of this Assignment is governed by the laws of the State in which we are located. All our rights survive the termination, expiration or non-renewal of the Agreement and inure to our benefit and to the benefit of our successors and assigns.

FRANCHISEE:	FRANCHISOR:
By:	By:
Signature:	Signature:
Date:	Date:

[Remainder of Page Left Intentionally Blank]

SCHEDULE 5- PERSONAL GUARANTY

This binding contract ("Guaranty") is between:

_____ ("Franchisor") and
_____ ("Guarantor") for
_____ ("Beneficiary")

In exchange for awarding certain franchise rights to the Beneficiary, pursuant to a franchise agreement, along with other valuable consideration, Guarantor(s) jointly and severally personally guarantee the payment of any money and the performance of any obligation of the Beneficiary to Franchisor. Therefore, each Guarantor will pay the Franchisor, on demand and without offset, any sum due to the Franchisor by the Beneficiary arising out of or related to the Franchise Agreement. Guarantor further will pay all costs of collection including reasonable attorney's fees.

This Guaranty will be a continuing and irrevocable guaranty and indemnity for indebtedness of the Beneficiary. The Guarantor will, to the extent permitted by law, waive the Homestead exemption, notice of acceptance, notice of presentment, demand, non-payment, dishonor and protest, along with the right to require Franchisor to proceed against the Beneficiary. Furthermore, Guarantor consents to and waives notice of any modification, amendment or extension of the terms of any Agreement between Franchisor and Beneficiary. Guarantor authorizes Franchisor to obtain and use Consumer Reports from time to time on the Guarantor for the sole purpose of evaluating current and ongoing creditworthiness.

This Guaranty will not exceed seven hundred and fifty thousand dollars (\$750,000) and will remain in force for ten (10) years from date of execution of the Beneficiary's franchise agreement. Guarantor may revoke this Personal Guaranty only by providing Franchisor written notice via certified mail of its intent to revoke. Revocation will not relieve any obligations incurred prior to receipt of such notice subject to the limit set forth above. Subsequent agreements and credit applications will not serve to alter, supersede or otherwise modify this Personal Guaranty.

Electronic signatures will be deemed valid having the same legal as if it were physically executed. Use of an electronic signature will be consistent with the Electronic Signatures in Global and National Commerce Act ("E-Sign Act"), Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act ("UETA") and any applicable state law. Each Guarantor signifies the intent to be bound to the terms of this Guaranty by affixing their signatures in the space provided below.

_____ Guarantor 1(Signature)	_____ Printed Name	_____ Date
_____ Guarantor 2(Signature)	_____ Printed Name	_____ Date

SCHEDULE 6-RELEASE
[EXAMPLE FORM ONLY]

THIS RELEASE is made and given by _____, ("Releasor")
with reference to the following facts:

1. Releasor and Tectum Franchising, LLC doing business as CR3 American Exteriors ("Releasee") are parties to one or more Franchise Agreements.
2. The following consideration is given:

_____ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise"); or
_____ Releasor's consent to Releasee's transfer of its rights and duties under the Franchise Agreement; or
_____ Releasor's consent to Releasee's assumption of rights and duties under the Franchise Agreement; or

_____ [insert description]

3. Release- Franchisee and all Franchises' guarantors, members, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Area Representatives, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Area Representative could assert against Released Parties or any of them up through and including the date of this Release.
4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.
5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

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

6. This Release Agreement does not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law,

Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

Approved and agreed to by:

Franchisee	Franchisor
Signature:	
Name:	
Date:	

Please date, sign, and keep this copy for your records.

SCHEDULE 7 – PROMISSORY NOTE

FOR VALUE RECEIVED, _____ (each a “Maker”) promises to pay to the order of Tectum Franchising LLC d/b/a CR3 American Exteriors (“Payee”) at 780 Lynnhaven Pkwy, Ste. 240, Virginia Beach, VA 23452 the principal amount of \$ _____ together with interest at the rate of twelve percent (12%) per year.

This Promissory Note ("Note") evidences funds owed by Maker for the Initial Franchise Fee due and payable under that certain Franchise Agreement executed in conjunction with this Note and is due and payable in _____ () consecutive monthly installments. Each installment shall consist of (i) a principal payment of \$ _____, plus (ii) accrued interest calculated on the outstanding principal balance. The first installment shall be due on _____, and subsequent installments shall be due on the last day of each calendar month thereafter until all principal and accrued interest are paid in full.

If any payment date falls on a weekend or legal holiday, payment shall be due on the next business day. The Maker may prepay this Note, in whole or in part, without premium or penalty, at any time. TIME IS OF THE ESSENCE regarding the payment of any amounts due under this Note.

As security for Maker’s obligations under this Note, Maker grants to Holder a security interest in Maker’s right, title and interest in the Collateral, whether owned now or hereafter acquired. The Security Interest extends into any proceeds of the Collateral including but not limited to bank accounts and insurance payments. Collateral means: (1) All franchise agreements and related agreements, as amended, between Holder and Maker pertaining to Maker’s operation of a franchise business; and (2) All “Accounts” and all “General Intangibles” used by Maker in connection with the franchise business, including (without limitation) all ledgers, files, books, records, and accounts receivables; and (3) Any commissions, fees, concessions or payments of any money due Maker as a sales representative, financial advisor, independent contractor, licensee, business owner, franchisee, stockholder, partner, officer, director or employee with any financial services business; and (4) All “Equipment”, “Supplies” and “Furniture and Fixtures” used by Maker in the franchise business, including all computers, printers, computer networks, telephone systems, fax machines, file cabinets, all office furniture, desks, chairs, tables, signs, panels and calculators.

Maker will enroll in the automatic fund transfer program. Repayment of the principal and interest under this Note will be made by deducting interest then principal amounts from revenue, then remitting the balance to Maker. Interest will be calculated based on a 360-day year consisting of twelve (12) months of 30 days each.

Any of the following will constitute an event of default by Maker under this Note: (1) Failure to pay of any installment of principal or interest when due; (2) Failure to comply with any other provision in this Note; (3) Uncured default in any other agreement between Maker and Holder; (4) Death or disability of any Maker; (5) Insolvency of Maker, involving failure to pay debts as they become due or makes an assignment for the benefit of creditors; (6) Maker files or becomes the subject of any petition for relief under the Federal bankruptcy laws or any state insolvency statute; (7) Attachment, levy or garnishment of Collateral by a creditor of Maker; (8) Material change in

Maker's creditworthiness; or (9) Sale or termination of Maker's ownership rights in the business to which this Note relates.

Upon default, Holder may take any one or more of the following actions without releasing or discharging such Maker from liability on the Note: (1) Require immediate payment of the entire unpaid balance of this Note and all accrued interest without further notice or demand; (2) Extend the time for payment of any principal, interest or other amount; (3) Renew this Note, in whole or in part; (4) Grant a full or partial release or discharge from liability; (5) Grant a modification of the rate of interest or any other term of this Note. The remedies are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

This Note will be construed in all respects and enforced according to the laws of Virginia. If any term of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or render unenforceable such term in any other jurisdiction. The failure of Holder to enforce any one or more of the terms or conditions of this Note will not be deemed a waiver of such terms or conditions or of Holder's rights to enforce any term and condition of this Note. The Maker will pay all reasonable attorneys' fees and other expenses that Holder may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any Collateral. Maker waives the right to a trial by jury in any action in connection with this Note. This waiver is knowingly, willingly and voluntarily made by each Maker. Maker warrants that no representations of fact or opinion have been made by any individual to induce this waiver. Maker represents that Maker had the opportunity to be represented by independent legal counsel selected of Maker's own free will, and that Maker has had the opportunity to discuss this waiver with Maker's counsel.

Each person liable on this Note in any capacity, whether as Maker, endorser, surety, guarantor or otherwise, and any holder (collectively hereafter "Obligor"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law.

The Maker will submit monthly financial information to Holder, such as an income statement balance sheet, and supporting documents, as Holder requests from time to time and in the format Holder reasonably requires. The Maker represents and warrants to Holder that the loan evidenced by this Note is being made for approved business, commercial or investment purposes associated with the franchised business. The Maker further represents and warrants that the execution of this Note and the performance of the obligations stated herein have been duly authorized by all necessary action in accordance with all applicable laws.

This Note constitutes the entire understanding of the parties and supersedes all prior negotiations, and undertakings of the parties with respect to the subject matter. This Note and any judgment based upon it may be assigned, transferred or negotiated by the Holder to any person at any time without notice to or the consent of the Maker or any guarantor. This Note will be binding upon the heirs, personal representatives, successors and assigns of Maker and will inure to the benefit of Holder, Holder's successors and assigns. The Maker may neither assign nor transfer this Note or any of its rights without the prior written consent of the Holder. This Note may be executed in

counterparts, each of which will constitute an original, but all taken together will constitute a single instrument. This Note may be executed or transmitted electronically. Electronic signatures will be deemed valid having the same legal effect as if it were physically executed. Use of an electronic signature will be consistent with the Electronic Signatures in Global and National Commerce Act (“E-Sign Act”), Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act (“UETA”) and any applicable state law.

Intending to be bound by this Note, both Makers affix the signatures to signify acceptance on this day_____.

WITNESS the following signature(s) and seal(s):

Maker	Maker
Signature:	Signature:
Name:	Name:
Title:	Title:
Address:	Address:
Date:	Date:

SCHEDULE 8
WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE
DOCUMENT, THE FRANCHISE AGREEMENT AND ALL RELATED
AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

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

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Item 5 of the Franchise Disclosure Document and Section 4.1 of the Franchise Agreement are amended to add: “the Franchisor will defer collection of all initial franchise fees until the Franchisor has fulfilled its pre-opening obligations to the franchisee and the franchisee is open for business.”

20. Section 7 of the Franchise Agreement is modified to state the Franchisor may not unreasonably withhold its consent to transfer.

21. Section 8.9 of the Franchise Agreement is modified to state that the following language does not apply:

“the existence of any Claim or cause of action by either Party to this Agreement against the other, whether based upon this Agreement or otherwise, will not constitute a defense to the enforcement of these obligations.”

22. Section 9.8(A) of the Franchise Agreement does not apply.

23. Section 10.8 of the Franchise Agreement does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

24. Section 10.10 of the Franchise Agreement does not apply.

25. Item 6 of the Franchise Disclosure Document and Section 3.1 and Schedule 2 (Minimum Requirements) are modified in that the Minimum Monthly Royalty Fee does not apply.

26. Franchisor has been required to supplement Item 3 in Washington in furtherance of the objectives of the Washington Franchise Investment Protection Act. Accordingly, Franchisor makes the following additional disclosures related to its litigation history:

Asbestos Workers' Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant, (Case No. 2017-0883), Erie County Employees Retirement. System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant, Case No. 2017-0914, and RSL Senior Partners, LLC, derivatively and on behalf of Liberty Tax, Inc. v Brunot et al, (Case No. 2:18-cv-00127-HCM-DEM).

Description of the allegations of misconduct: It was alleged that John Hewitt ("Hewitt") maintained romantic relationships with company employees and franchisees and gave them preferential treatment.

John Hewitt's post termination involvement: Hewitt was Chairman of the Board and CEO at liberty tax. Although he was terminated as CEO, Hewitt remained Chairman of the Board because he was the sole holder of the Class B common stock of Liberty. During a period of in-fighting, Hewitt replaced two of the directors of the board and another member resigned. The Chief Financial Officer also resigned. Ultimately, Hewitt reached an agreement to sell his ownership interest in Liberty and relinquish control of the Board. It was alleged that Hewitt continued to interact with franchisees and area representatives for Liberty during the transition. The Audit Committee of the Board of Directors of Liberty oversaw the investigation of the allegations and the report prepared by the Audit Committee was not provided to Hewitt.

Description of KPMG's reasons for resigning as independent auditor: Liberty filed a Form 8-K on December 11, 2017 with the SEC to publicly disclose that KPMG's resignation was accepted and approved by the Audit Committee of the Board of Directors of Liberty. The 8-K contains a description of the reasons provided by KPMG for his resignation. A copy of the 8-k is attached and incorporated into this Addendum by reference.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): December 11, 2017 (December 8, 2017)

LIBERTY TAX, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-35588
(Commission File Number)

27-3561876
(I.R.S. Employer Identification Number)

1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454
(Address of Principal Executive Offices) (Zip Code)

(757) 493-8855
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☒ [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐ []

Item 4.01. Changes in Registrants Certifying Accountant.

On December 8, 2017, KPMG LLP ("KPMG") resigned as the independent registered public accounting firm of Liberty Tax, Inc. (the "Company"), effective immediately, and KPMG's resignation was accepted and approved by the Audit Committee of the Board of Directors of the Company (the "Board"). The Company is currently in the process of finding a successor independent registered public accounting firm in the hope that the Company's financial statements for the second quarter ended October 31, 2017 can be completed with as little delay as possible.

KPMG's reports on the Company's financial statements for the fiscal years ended April 30, 2017 and April 30, 2016 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. In addition, there were no disagreements between the Company and KPMG on accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to the satisfaction of KPMG, would have caused them to make reference to the disagreement in their reports for such periods, or any subsequent interim period preceding KPMG's resignation. The Company will authorize KPMG to respond fully to the inquiries of the successor independent registered public accounting firm, which has yet to be selected.

KPMG expressed to the Audit Committee and Company management its concern that the actions of former Chief Executive Officer John T. Hewitt, who remains the Chairman of the Board and controlling stockholder as the sole holder of the Company's outstanding Class B common stock, have created an inappropriate tone at the top which leads to ineffective entity level controls over the organization. Prior to the termination of Mr. Hewitt's employment as Chief Executive Officer of the Company on September 5, 2017, the Audit Committee oversaw an investigation of allegations of misconduct by Mr. Hewitt. In particular, KPMG noted that Mr. Hewitt took actions to replace two independent members of the Board around the time information relating to this investigation appeared in media reports. KPMG also noted that following the replacement by Mr. Hewitt of two Class B directors, the chair of the Audit Committee retired from the Board, the Company's Chief Financial Officer announced her intention to resign from the Company, and another independent member of the Board announced that he would not stand for reelection at the Company's next annual meeting. Further, KPMG was made aware that following his termination as Chief Executive Officer, Mr. Hewitt may have continued to interact with franchisees and area developers of the Company. Although Mr. Hewitt stated to KPMG during a meeting on November 9, 2017 that he would not reinsert himself into the management of the Company, in light of Mr. Hewitt's actions and his ability to control the Board as the sole holder of the Class B common stock, KPMG informed the Audit Committee and management that it has concerns regarding the Company's internal control over financial reporting as related to integrity and tone at the top and such matters should be evaluated as potential material weaknesses.

Specifically, KPMG informed the Audit Committee and management that Mr. Hewitt's past and continued involvement in the Company's business and operations, including his continued interactions with franchisees and area developers of the Company, has led it to no longer be able to rely on management's representations, and therefore has caused KPMG to be unwilling to be associated with the Company's consolidated financial statements. In notifying the Company of its resignation, KPMG advised the Audit Committee and management that it is not aware of any information that cause it to question the integrity of current management, but rather that the structural arrangement by which Mr. Hewitt controls the Company is the cause of KPMG's concerns. KPMG also noted that because certain information known to the Board regarding the reasons that the Board terminated Mr. Hewitt as Chief Executive Officer had not been disclosed to the current Chief Executive Officer and Chief Financial Officer, KPMG was uncertain as to whether it could continue to rely on management's representations.

The Company has provided KPMG with a copy of the disclosures required by Item 304(a) of Regulation S-K contained in this Current Report on Form 8-K, and has requested that KPMG furnish the Company with a letter addressed to the Securities and Exchange Commission (the "SEC") stating whether it agrees with the statements made by the Company in this Current Report on Form 8-K and, if not, stating the respects in which it does not agree. A copy of KPMG's letter, dated December 11, 2017, confirming KPMG's agreement with these statements is filed as Exhibit 16.1 to this Current Report on Form 8-K.

Item 8.01. Other Events.

On December 11, 2017, the Company issued a press release announcing the resignation of KPMG as the Company's independent registered public accounting firm and that the Company will delay the filing of its Quarterly Report on Form 10-Q for the quarter ended October 31, 2017. A copy of the press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Forward Looking Statements

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, which provides a "safe harbor" for such statements in certain circumstances. The forward-looking statements include statements or expectations regarding potential impacts of KPMG's resignation, ability and timing to complete the accounting review and audits, comprehensiveness of the Company's accounting review and ability to engage an independent accounting firm and related matters. These statements are based upon current expectations, estimates, projections, beliefs and assumptions of Company management, and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties and speak only as of the date on which they are made, actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to loss of key personnel or inability to engage accounting personnel as needed; inability to address the previously disclosed accounting matters; identification of additional material weaknesses or significant deficiencies; disagreements or additional reportable events that KPMG may identify in a letter addressed to the SEC pursuant to Item 304 of Regulation S-K; failure to engage an independent accounting firm, complete the audits and re-audits and file any required restatements and periodic reports; adverse effects resulting from the Company's common stock being delisted from the Nasdaq Stock Market LLC; risks relating to the substantial costs and diversion of personnel's attention and resources due to these matters and related litigation and other factors discussed in greater detail in the Company's filings with the SEC. You are cautioned not to place undue reliance on such statements and to consult the Company's most recent Annual Report on Form 10-K and other SEC filings for additional risks and uncertainties that may apply to the Company's business and the ownership of the Company's securities. The Company's forward-looking statements are presented as of the date made, and the Company does not undertake any duty to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
<u>16.1</u>	<u>Letter from KPMG LLP dated December 11, 2017.</u>
<u>99.1</u>	<u>Press Release dated December 11, 2017.</u>

1/11/23, 8:52 AM

https://www.sec.gov/Archives/edgar/data/1528930/000117184317007565/f8k_121117.htm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIBERTY TAX, INC.

Date: December 11, 2017

By: /s/ Vanessa Szajnoga
Vanessa Szajnoga
Vice President and General Counsel

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee Representative

SCHEDULE 9

[Example Only: Brand Protection Agreement
to be signed by any general manager who is not a Franchisee]

EXHIBIT C
FINANCIAL STATEMENTS



Tectum Franchising LLC

FINANCIAL STATEMENTS

For the Years Ended December 31, 2025, 2024 and
2023

Tectum Franchising LLC

Financial Statements
For the Years Ended December 31, 2025, 2024 and 2023

Tectum Franchising LLC

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Independent Auditor's Report

The Members of
Tectum Franchising LLC

Opinion

We have audited the accompanying financial statements of Tectum Franchising LLC (the Company), which comprise the balance sheet as of December 31, 2025, and the related statements of operations, changes in members' (deficit) equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tectum Franchising LLC as of December 31, 2025, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of Tectum Franchising LLC for the years ended December 31, 2024 and 2023 were audited by other auditors, whose report dated April 25, 2025 on those statements was unmodified.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Acclare Solutions

April 29, 2026

Financial Statements

Tectum Franchising LLC

Balance Sheets

<i>December 31,</i>	2025	2024	2023
Assets			
Current Assets			
Cash	\$ 243,879	\$ 169,001	\$ 46,254
Accounts receivable, net allowance for credit losses of \$149,637 - 2025, \$0 - 2024 and 2023	202,301	312,709	29,624
Other receivables	28,252	40,591	25,000
Prepaid expenses	39,218	1,525	-
Total Current Assets	513,650	523,826	100,878
Other Assets			
Intangible asset, net	865	1,097	1,184
Total Assets	\$ 514,515	\$ 524,923	\$ 102,062
Liabilities and Members' (Deficit) Equity			
Current Liabilities			
Accounts payable	\$ 46,174	\$ 34,711	\$ 1,965
Payroll liabilities	456	3,151	1,523
Current portion of deferred revenue	150,000	-	3,504
Due to related party	18,590	9,035	47,328
Total Current Liabilities	215,220	46,897	54,320
Long-Term Liabilities			
Deferred revenue, less current portion	548,894	339,488	28,871
Total Liabilities	764,114	386,385	83,191
Members' (Deficit) Equity	(249,599)	138,538	18,871
Total Liabilities and Members' (Deficit) Equity	\$ 514,515	\$ 524,923	\$ 102,062

See accompanying independent auditor's report and notes to financial statements.

Tectum Franchising LLC

Statements of Operations

<i>For the Years Ended December 31,</i>	2025	2024	2023
Revenue			
Franchise fees	\$ 41,568	\$ 18,689	\$ 2,625
Marketing fees	123,050	80,488	-
Onboarding fees	-	-	26,785
Royalty fees	589,350	418,672	153,576
Technology fees	91,500	-	-
Vendor rebates	81,693	-	-
Other revenue	17,816	15,964	114
Total revenue	944,977	533,813	183,100
Direct Costs			
Rebate payout	36,765	-	-
Gross Profit	908,212	533,813	183,100
General and Administrative Expenses			
Advertising and marketing	503,428	152,326	30,949
Amortization	232	87	87
Contract labor	46,340	-	-
Credit losses	194,033	11,453	-
Bank and merchant fees	16,433	5,867	1,314
Charitable contributions	1,260	-	200
Commissions	12,482	26,663	-
Computer and IT	44	7,847	9,648
Dues and subscriptions	6,265	32,378	70,787
Filing fees	9,550	100	350
Fuel	1,398	1,317	443
Gifts	2,735	-	-
Insurance	7,860	763	-
Interest	-	88	-
Management fees	61,666	-	-
Meals and entertainment	13,115	8,066	2,512
Office supplies	6,031	6,561	4,369
Payroll taxes	20,048	13,028	4,440
Professional fees	74,644	20,806	8,823
Salaries and wages - advertising and marketing	46,924	-	-
Salaries and wages - other	204,121	75,785	50,000
Software	8,936	5,387	-
Training	33,211	51,789	962
Travel	24,856	23,835	9,608
Uniforms	737	-	3,146
Total General and Administrative Expenses	1,296,349	444,146	197,638
Net (Loss) Income	\$ (388,137)	\$ 89,667	\$ (14,538)

See accompanying independent auditor's report and notes to financial statements.

Tectum Franchising LLC
Statements of Changes in Members' (Deficit) Equity

<i>For the Years Ended December 31,</i>	Members' Equity (Deficit)
Balance, December 31, 2022	\$ 4,820
Capital contributions	28,589
Net loss	(14,538)
Balance, December 31, 2023	18,871
Capital contributions	30,000
Net income	89,667
Balance, December 31, 2024	138,538
Net loss	(388,137)
Balance, December 31, 2025	\$ (249,599)

See accompanying independent auditor's report and notes to financial statements.

Tectum Franchising LLC

Statements of Cash Flows

<i>For the Years Ended December 31,</i>	2025	2024	2023
Operating Activities			
Net (loss) income	\$ (388,137)	\$ 89,667	\$ (14,538)
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Amortization	232	87	87
(Increase) decrease in assets:			
Accounts receivable	110,408	(283,085)	(29,624)
Other receivables	12,339	(15,591)	(25,000)
Prepaid expenses	(37,693)	(1,525)	-
Increase (decrease) in liabilities:			
Accounts payable	11,463	32,746	1,965
Payroll liabilities	(2,695)	1,628	1,523
Deferred revenue	359,406	307,113	32,375
Net Cash Provided by (Used in) Operating Activities	65,323	131,040	(33,212)
Investing Activities			
Net borrowings (payments) on due to related party	9,555	(38,293)	47,328
Net Cash Provided by (Used In) Investing Activities	9,555	(38,293)	47,328
Financing Activities			
Capital contributions	-	30,000	28,589
Net Cash Provided by Financing Activities	-	30,000	28,589
Net Increase in Cash	74,878	122,747	42,705
Cash, beginning of year	169,001	46,254	3,549
Cash, end of year	\$ 243,879	\$ 169,001	\$ 46,254
Supplemental Disclosure of Cash Flow Information:			
Cash paid for interest	\$ -	\$ 88	\$ -

See independent auditor's report and notes to financial statements.

Tectum Franchising LLC

Notes to the Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies

Organization and Nature of Business

Tectum Franchising LLC (hereinafter the “Company”) was formed on July 12, 2022 as a Virginia limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchise location of CR3 American Exteriors, a business that offers, sells, and performs roofing and remodeling services for commercial and residential customers within a defined territory. Franchises are located throughout the United States.

Revenue Recognition

The Financial Accounting Standards Board (“FASB”) issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 using the full retrospective approach. The franchise fee revenue is recognized equally over a ten-year period, amortized monthly based on the contract signing date.

The Company’s revenues consist of fees from franchises such as initial franchise fees, royalties, marketing fees, technology fees, and other fees. The franchise fees are initially deferred revenue and recognized monthly. The royalty revenue and marketing fees are recognized when earned and are based on a percentage of cash collections of each individual franchise according to the franchise contract. Technology and other fees are billed monthly as services are performed. Additionally, the Company receives rebates/incentives from certain vendors and suppliers. These rebates are recognized as revenue when earned.

The Company is obligated to provide the franchise with specific contractual duties, responsibilities and commitments, including name and trademark use, as outlined in the franchise disclosure document. The initial franchise fee is not refundable and is typically collected upon contract signing. When a franchise terminates the contract, the remainder of the initial franchise fee is recognized in the year of termination.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Statements of Cash Flows

For the purpose of these statements, the Company considers short-term, highly liquid investments with maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Management determines any expected credit losses by evaluating individual client receivables and considering a client’s financial condition, credit history and current economic conditions. During the year ended December 31, 2025, management provided for an allowance for credit losses in the amount of \$149,637. There was no allowance for credit losses for the years ended December 31, 2024 and 2023.

Tectum Franchising LLC

Notes to the Financial Statements

Advertising Costs

The Company expenses the cost of advertising the first time the advertising takes place. Advertising costs, including advertising staff, amounted to \$550,352, \$152,326 and \$30,949 for the years ended December 31, 2025, 2024 and 2023, respectively, and are included in general and administrative expenses on the statements of operations.

Income Taxes

The entity is structured as a limited liability company under the laws of the Commonwealth of Virginia, being taxed as a partnership. A partnership for federal and state income tax purposes includes the income or loss of the Company in the income tax returns of the members. Therefore, there is no provision for federal or state income taxes, as of December 31, 2025, 2024 or 2023.

Uncertain Tax Positions

The Company recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. Management has evaluated the Company's tax positions and has concluded that the Company has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Recent Accounting Pronouncement Not Yet Adopted

The Company has assessed other accounting pronouncements issued or effective during the years ended December 31, 2025, 2024 and 2023 and deemed they were not applicable to the Company or are not anticipated to have a material effect on the financial statements.

Reclassifications

Certain amounts in 2024 and 2023 have been reclassified to conform to the 2025 presentation. There was no effect on 2024 or 2023 net income as a result of these reclassifications.

2. Concentrations

The Company maintains cash balances at a financial institution in the United States of America, and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances. Accounts are secured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2025, cash balances exceeded insured amounts by approximately \$10,000.

For the year ended December 31, 2025, the Company's three largest franchisees accounted for approximately 36% of revenue. Approximately 65% of the accounts receivable at December 31, 2025 was from two franchisees.

3. Related Party Transactions

The amounts of \$18,590, \$9,035 and \$47,328 at December 31, 2025, 2024 and 2023, respectively, represent short-term borrowings from an entity related through common ownership. The borrowings are non-interest bearing and due on demand.

During the year ended December 31, 2025, the Company paid management fees to an entity related through common ownership in the amount of \$61,666. There were no management fees paid during the years ended December 31, 2024 and 2023.

Tectum Franchising LLC

Notes to the Financial Statements

4. Deferred Revenue

As stated in Note 1, under ASC 606, management has determined that revenue from initial franchise fees is recognized on a straight-line basis over a ten-year period, beginning when the contract is signed. At December 31, 2025, the amounts in deferred revenue consist of the current portion that will be recognized during the subsequent calendar year, and the long-term portion that will be recognized as previously stated. Additionally, included in the current portion of deferred revenue is \$70,000 of sponsorship revenue paid in advance for a Company retreat that took place in February 2026. The revenue was recognized at that time.

Future maturities of deferred revenue are as follows:

For the Years Ended December 31,

2026	\$	150,000
2027		80,000
2028		80,000
2028		80,000
2029		80,000
Thereafter		228,894
	\$	698,894

5. Franchise Agreements

The terms of the Company's franchise agreements include the following:

- The Company will grant the right to use the Company name, trademark and system in the franchisees franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay monthly royalty and advertising fees, and certain other fees as outlined in the agreement.
- All other terms of the Franchise Disclosure Document.

The following is a summary of significant changes in franchises for the years ended December 31, 2025, 2024 and 2023:

Year	Franchises at Start of Year	Franchises at End of Year	Net Change
2023	0	8	+8
2024	8	13	+4
2025	13	13	0

6. Subsequent Events

Management has evaluated events and transactions subsequent to the balance sheet date for potential recognition or disclosure through April 29, 2026, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.

EXHIBIT D-
LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF
PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013 651 Bannan Street, Suite 300 Sacramento, CA 95811 1-866-275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov
Connecticut	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
Indiana	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204
Kentucky	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449

	(502) 696-5300	(502) 696-5300
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 373-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
Nebraska	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588
South Dakota	Division of Insurance	Division of Insurance

	Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
Texas	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
Utah	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601
Virginia	State Corporation Commission Division of Securities and Retail Franchising, 9 th Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Securities Division, Department of Financial Institutions, PO Box 41200, Olympia, WA 98504-1200 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

All Other States: Franchisor's agent for service of process in all other states not referenced above is: Waldrop and Colvin PLLC, John Allen Waldrop, Esq., 780 Lynnhaven Parkway, Suite 400, Virginia Beach, Virginia 23452.

EXHIBIT E-1
List of Franchisees

The following is a list of the names of all franchisees and the addresses and telephones numbers of their outlets as of the end of our last fiscal year, December 31, 2024.

State	Address	Owner(s)	Phone
Colorado	10762 Traders Parkway, Fountain, CO 80817	Pikes Peak Renovation PPR Montana Doty	719-332-7227
Connecticut	909 Windham Road, South Windham, CT 06266	APR Improvements LLC Scott DaRos	860-942-2372
Delaware	29671 Millstream Dr. Salisbury, MD 21804	B Richardson Construction Inc. - Delmarva Brendan Richardson*	443-397-5129
Florida	124 Dunmore Dr. Jupiter, FL 33458	K Boys Construction Mark Reitz	561-512-6599
Florida	4701 NW 51st Ter Rd, Ocala, FL	RK Solutions Inc Jakob Keidel	443-365-3831
Maryland	11042 Nicholas Ln STE B104 Berlin, MD 21811	B Richardson Construction Inc. - Delmarva Brendan Richardson*	443-397-5129
Michigan	6720 Theisen Rd Elmira, MI 49730	LE Roofing LLC - Michigan Lucas and Courtney Esford	231-487-8740
North Carolina	159 Old Millstone Landing Lane Sneads Ferry, NC 28460	Routlette Construction - Coastal Carolina Bryan Roulette	443-340-3349
North Carolina	19109 W Catawba Ave Suite 200, Cornelius NC 28031	Southern Middle LLC Ryan Smith	704-832-8910
North Carolina	624 Swift Creek Crossing Durham, NC 27713	A&R Exterior LLC Jad Handal	919-633-2444
Ohio	766 Maclam Dr, Columbus, OH	Next Generation Exteriors LLC Fred Lane	614-315-1170

Texas	412 Rolling Hills Dr Conroe, TX 77304	Carr Construction Services LLC Jake Carr	936-331-3716
Texas	17350 State Hwy 249 Ste 220, Houston, TX	NARLEIGH EFFECTS LLC Chester Ripple	717-521-9832

*Franchise outlet operates in Delaware and Maryland

**Subject to ongoing lawsuit (see Item 3)

Ceased operations for other reasons in 2025 prior to the Issuance Date.

Franchise Agreement Signed But Outlet Not Yet Open (as of 12/31/2025):

State	Address	Owner(s)	Phone
Ohio	2926 Erie Ave, Cincinnati, OH	Restoration Xperts LLC Gino Williams	513-257-4245
Ohio	4019 Montgomery Drive Lorain, OH 44053	Manual Cross	216-647-1123
Texas	19202 W Austin Bayou St, Cypress, TX	Hippo Factory LLC Rehan Akram (4 Outlets)	713-269-4272

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EXHIBIT E-2

LIST OF FORMER FRANCHISEES

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have 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.

State	Address	Owner(s)	Phone
Arizona	221 E Indianola Phoenix, AZ 85012	Self Sufficient Homes LLC Christopher Phillip Nichols	623-882-5643
Georgia	11340 Lakefield Drive, Suite 200, Johns Creek, GA 30097	Capital City Roofing LLC Brad and Tiffany Strawbridge*	404-897-0337
Missouri	2910 E University Street Springfield, MO 65804	Elite Home Exteriors Inc. James G. Bennett	417-343-5230
North Carolina	126 Stoney Ridge Ct Stonesdale, NC 27357	Fourleaf Ventures Inc Sean Schutt	270-668-5737
North Carolina	11 Bordeaux Dr. Clayton, NC 27527	A2Z Exteriors Austin Zink	984 304 5121
South Carolina	6650 Rivers Ave, Ste 100 Charleston, SC 29406	MirConn Holdings LLC Randy L. Rutkai**	336-500-4749
Tennessee	1150 South Bear Creek Rd. Dickson, TN 37055	Tri Star Restoration Joe Rushing*	615-785-3604
Virginia	780 Lynnhaven Pkwy, Ste 240 Virginia Beach, VA 23452	Hewitt Construction LLC John Hewitt***	757-916-9976

*Subject to ongoing lawsuit (see Item 3)

**Signed franchise agreement but never opened for business

***Hewitt Construction LLC ceased operations in 2025 prior to the Issuance Date; however, the same geographical area is now operated by our affiliate Loyalty Builds LLC.

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EXHIBIT F
TABLE OF CONTENTS OF OPERATIONS MANUAL

Chapter	Subject	Number of Pages
1	Introduction to the CR3 Franchise System	7
2	Introduction to the Manual	6
3	Understanding Franchising	11
4	Pre-Opening Procedures	45
5	Human Resources	90
6	General Operating Procedures	22
7	Understanding Commercial Accounts	8
8	Understanding Insurance Claims	12
9	Sales Procedures	15
10	Production Procedures	22
11	Post-Production	6
12	Safety Procedures	12
13	Finance and Accounting	14
14	Marketing	31
15	Additional Resources	6
TOTAL PAGES: 307		

Please Note: The contents of this Manual are confidential and subject to the Confidentiality Clause in your Area Representative Agreement

EXHIBIT G
STATE EFFECTIVE DATES

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

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

State:	Effective Date:
California	Pending
Hawaii	Not Applicable
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	October 27, 2025
Minnesota	Pending
New York	Pending
North Dakota	Not Applicable
Rhode Island	Pending
South Dakota	Not Applicable
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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.

EXHIBIT H-RECEIPT

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

If Tectum Franchising LLC d/b/a CR3 American Exteriors LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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

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.

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.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit D.

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

Issuance date: April 29, 2026

The name, principal business address, and telephone number of each franchise seller offering the franchise is: ☒ Dylan Rockwell, 1446 Baltimore Street, Ste. E., Hanover, PA 17331 (908) 758-8331 ☐ Gwendolyn DiFerinando, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735 ☐ Colin Flynn, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735 ☐ John T. Hewitt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735 ☐ Erik Klumpe, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735 ☐ Jamie Marcil, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735 ☐ Jennifer Wyatt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735 ☐ Kelly Wyatt, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735 ☐ _____ Loyalty Brands, 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452; (833) 920-0735 ☐ _____ CR3 American Exteriors, 1446 Baltimore Street, Ste. E., Hanover, PA 17331 (908) 758-8331
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We authorize the respective state agencies identified on Exhibit D to receive service of process for us in the particular state.

I have received a Disclosure Document dated April 29, 2026, that included the following:

Received	Reference	Name
☒	ITEM 1-ITEM 23	Franchise Disclosure Document
☒	EXHIBIT A	State Addendum
☒	EXHIBIT B	Franchise Agreement
☒	Schedule 1	Territory
☒	Schedule 2	Minimum Requirements
☒	Schedule 3	Automatic Bank Draft Authorization
☒	Schedule 4	Telephone Number Assignment
☒	Schedule 5	Personal Guaranty
☒	Schedule 6	Release
☒	Schedule 7	Promissory Note
☒	EXHIBIT C	Financial Statements
☒	EXHIBIT D	State Administrators/Agents for Service of Process
☒	EXHIBIT E-1	List of Franchisees
☒	EXHIBIT E-2	List of Former Franchisees
☒	EXHIBIT F	Table of Contents – Operations Manual
☒	EXHIBIT G	State Effective Dates
☒	EXHIBIT H	Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

FOR YOUR RECORDS

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Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

FOR OUR RECORDS