


FRANCHISE DISCLOSURE DOCUMENT-UNIT

 The logo for CR3 American Exteriors features a stylized 'CR3' in white and grey on a black background, with the words 'AMERICAN EXTERIORS' in white text on an orange banner to the right.	<p>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</p>
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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 \$73,000 to \$188,300, which includes \$40,000 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: May 10, 2023

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:

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.

Mandatory Minimum Payments. You must make minimum royalty or advertising 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.

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.

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.

Unregistered Trademark. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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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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 (“we”, “us”, “our” or “franchisor”). “You”, “your” or “Franchisee” means the person or entity to whom we grant a franchise. The terms “you”, “your” and “Franchisee” also refers to the person or entity that buys 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 Corporation formed on July 12, 2022, as a Virginia Limited Liability Company. 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 American Exterior 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. We have not offered and do not offer franchises in any other line of business. We do not have any parents or predecessors.

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 (the “Approved Products and Services”).

We are a customer-centric company built on quality, integrity, and respect. 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").

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 has offered a franchise opportunity for franchisees to operate a retail tax, bookkeeping and payroll office within a defined territory since 2019. ATAX has never offered franchises in any other line of business and does not offer products or services to our franchisees. As of December 31, 2022, ATAX had a total of 99 franchised unit outlets in operation.

We have an affiliate, C3 Roofing & Remodeling Inc. d/b/a C3 American Exteriors, formed on August 10, 2018, with a principal address of 1446 Baltimore Street, Ste. E, Hanover, PA 17331. C3 Roofing & Remodeling Inc. has operated under the C3 American Exteriors mark and offered the Approved Products and Services offered in this disclosure document since 2018, with operations expanded through Pennsylvania, Maryland, North Carolina, South Carolina, and Delaware. C3 Roofing & Remodeling Inc. owns and operates the 5 company owned outlets (see Item 20). This affiliate has not in the past and does not now offer franchises in any lines of business.

We have an affiliate, Fryfogle Luterman, LLC, formed on July 11, 2022, with a principal address of 1446 Baltimore Street, Ste. E, Hanover, PA 17331. This affiliate has not in the past and does not now offer franchises in any lines of business.

We have an affiliate, Jomsom Franchise Company LLC d/b/a Jomsom, formed in March 2012, with a principal business address of 4390 US Highway 1, STE 203, Princeton, NJ 08540. Jomsom has offered a franchise opportunity for franchisees to operate a business delivering temporary staffing services within a defined territory since 2012. Jomsom has never offered franchises in any other line of business and does not offer products or services to our franchisees. As of December 31, 2022, Jomsom had a total of 7 unit outlets in operation.

We have an affiliate, Loyalty, LLC, formed on November 6, 2017, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. This affiliate has not in the past and does not now offer franchises in any lines of business.

We have an affiliate, Loyalty Brokers LLC d/b/a Loyalty Business Brokers, formed December 30, 2020, with a principal place of business at 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452. Loyalty Business Brokers has offered a franchise opportunity for franchisees to operate a business brokerage within a defined territory since 2022. Loyalty Business Brokers has never offered franchises in any other line of business and does not offer products or services to our franchisees. As of December 31, 2022, Loyalty Brokers had a total of 3 unit outlets in operation.

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 has offered a franchise opportunity for franchisees to operate a business that provides compliance, advisory and tax services within a defined territory since 2020. Loyalty Business Services LLC has never offered franchises in any other line of business and does not offer products or services to our franchisees. As of December 31, 2022, Loyalty Business Services LLC had a total of 8 unit outlets in operation.

We have an affiliate, LMS Franchising, LLC established on May 21, 2014, with a principal place of business of 707 N. New Ballas Road, St. Louis, Missouri 63141, which also conducts business under the Little Medical School® trade name and may also use the name “Little Medical School” or “Little Nursing School” or “Little Veterinarian School.” LMS Franchising, LCC has offered a franchise agreement for the development and operation of a business providing 2 curriculum-based educational programs that focus on medicine, science and the benefits of good health for children ages four to fourteen years old within a protected territory since 2014. As of December 31, 2022, LMS Franchising, LLC had a total of 39 unit outlets in operation.

We have an affiliate, The Inspection Boys Franchise USA LLC d/b/a The Inspection Boys, formed on December 19, 2020, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. The Inspection Boys has offered a franchise opportunity for franchisees to operate a business providing commercial and residential inspection services within a defined territory since 2020. The Inspection Boys has never offered franchises in any other line of business and does not offer products or services to our franchisees. As of December 31, 2022, The Inspection Boys had a total of 14 unit outlets in operation.

We have an affiliate, Zoomin Groomin USA LLC d/b/a Zoomin Groomin, formed September 23, 2020, with a principal place of business at 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452. Zoomin Groomin has offered a franchise opportunity for franchisees to operate one or more mobile pet grooming service vehicles as outlets within a defined territory since 2021. Zoomin Groomin has never offered franchises in any other line of business and does not offer products or services to our franchisees. As of December 31, 2022, Zoomin Groomin had a total of 16 unit outlets in operation.

Area Representatives

In 2023, we may begin offering an Area Representative franchise program, through a separate Franchise Disclosure Document, pursuant to which Area Representatives recruit and support unit franchisees in exchange for a portion of the initial franchise fee and royalty. Area Representatives will not have management responsibility related to the franchise.

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.

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. These laws and regulations may require you to register, obtain a license, or obtain professional certification from local or state regulators prior to offering the Approved Products and Services. These laws also include national and local building codes. You will be responsible for obtaining any necessary municipality permits and complying with all municipality building and inspection protocols.

Your Franchised Business will also be subject to federal, state, and local safety and environmental laws, rules, and regulations. You 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. You must strictly comply with all Environmental Protection Agency (EPA) rules, regulations and guidelines pertaining to the use and disposal of materials.

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

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ITEM 2
BUSINESS EXPERIENCE

Chief Operating 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 American Exteriors, 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 American Exteriors, in Pennsylvania, since 2019. Previously, Mr. Luterman founded Primax Ventures, LLC, in Maryland, and served as a managing member from 2007 until 2019. Mr. Luterman also founded The Press Box, Inc., in Maryland, and served as a managing member from 2008 until 2019.

President of Business Development for Loyalty, LLC: Tonya McLane

Tonya McLane has served as the President of Business Development for Loyalty, LLC since June 2020. She previously served in this role from April through June of 2019. She also served as Chief Executive Officer for Loyalty Trade Exchange in Virginia Beach, Virginia from June 2019 to June 2020. Previously, Ms. McLane served as Assistant Vice President, Commercial Lender, for NWSB Bank, in Taneytown, Maryland from April 2018 to November 2018.

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

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

Pending Actions:

There are no pending actions.

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.

Kenneth Martin et al. v JTH Tax, Inc. d/b/a Liberty Tax Service, John Hewitt and Danny Hewitt, (Case No. 9:10-3016-CWH) filed on November 22, 2010 in the U.S. District Court for the District of South Carolina. The plaintiffs, former clients of two Liberty Tax franchised offices, filed suit claiming that, pursuant to a plan or scheme, JTH fraudulently increased their tax refunds when preparing their income tax returns. The plaintiffs brought the case as a class action seeking to represent all Liberty Tax customers that were charged additional fees for the filing of schedules or forms which accompanied a federal income tax return, but the Court denied class action status in February 2013. The plaintiffs also brought a RICO claim against John and Danny Hewitt

individually, a breach of contract claim against us, a breach of fiduciary duty claim against us, and an unjust enrichment claim against all defendants. The plaintiffs sought at least \$5,000,000 in actual damages, treble damages under the RICO claim, punitive damages against us, restitution against all defendants, reasonable attorney's fees, accountants' fees, experts' fees, costs, and an incentive payment to the class representatives.

In January 2011, JTH filed an answer denying these claims and filed third-party claims against Annie Fuller, a former Liberty Tax franchisee, claiming that she had committed defamation by providing false information to the plaintiffs' attorneys and possibly others about JTH, breached her franchise agreement and a purchase and sale agreement, and that she owed indemnity. JTH also asked for declaratory judgment finding that, as a result of Fuller's breaches, it had no further duty to pay sums to her from a purchase and sale agreement and should be refunded monies already paid. On May 31, 2011, Fuller filed a counterclaim against JTH alleging that JTH breached a purchase and sale agreement, breached the purchase and sale agreement with a fraudulent intent, violated the Virginia Retail Franchising Act, and breached her franchise agreement. Fuller sued for unspecified damages, costs, and attorney's fees. JTH denied the allegations. The Court granted summary judgment for Danny Hewitt on all claims and for John Hewitt on unjust enrichment. In June 2013, the plaintiffs and Liberty settled all remaining matters in controversy with Liberty agreeing to pay the plaintiffs \$300,000. The plaintiffs signed releases and, on June 28, 2013, all claims were dismissed with prejudice. In May 2013, both Fuller and Liberty dismissed their claims without prejudice.

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

The Initial Fees consist of the Initial Franchise Fee and the Initial Marketing/Advertising Fee.

Initial Franchise Fee: The Initial Franchise Fee is \$35,000 for a unit franchise location.

Initial Marketing/Advertising Fee: The Initial Marketing/Advertising Fee is a flat fee of \$5,000.

You must submit the Initial Fees to us before attending Initial Training; usually when the Franchise Agreement is signed. We will refund to you the Initial Fee if we do not approve your application or if you do not pass our Initial Training in accordance with our current passing standards for training provided that you return to us all materials which we distributed to you during training.

In the event that you are an existing franchisee of one of our current Loyalty Brands Affiliates, your Initial Franchise Fee will be discounted by 25%.

The Initial Fees are uniformly imposed and non-refundable once we have completed our obligation to provide Initial Training and you have successfully completed Initial Training.

Except as described above, all the fees described in Item 5 are uniformly calculated and imposed.

ITEM 6 OTHER FEES

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE (Note 2)	REMARKS
Royalty Fee	The greater of (i) 6.5% of monthly Gross Revenue collected (the “Royalty Fee”) or (ii) \$2,000.00 (the “Minimum Royalty Fee”). (Note 3)	By the 10 th day of the month.	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	Our then-current Technology Fee (as of the Issuance Date, the fee is \$500/month).	Monthly.	Technology fee begins the first month in operation.
Advertising Fund	The Advertising Fund Contribution is up to 2% of previous month’s Gross Revenue.	By the 10 th day of the month.	We have not yet implemented the Advertising Fund, but plan to do so. Upon launching the Fund, the fee will be 1%.
Ongoing Software Fee	Our then-current Software Fee (as of the Issuance Date, the fee is \$500/month).	Monthly.	Software fee begins the first month in operation.
Late Payment	Our then-current late fee. Currently, 12% interest annually, or maximum allowed by law.	When payment is past due.	
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).

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE (Note 2)	REMARKS
Transfer Fee	20% of our then-current Initial Franchise Fee (as of the Issuance Date, the fee is \$7,000).	Prior to acceptance of the transferee	Payable at closing.
Credit Card Processing Fee	Then current rate 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.
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	Highest applicable legal rate not to exceed 12% per annum on amounts you owe.	As incurred	Applies to all Royalty Fees, Technology Fee, Advertising Fund contributions and any other amounts that are past due for more than 5 days.
Audit Fee	Cost of audit plus interest on underpayment and \$50 per month late payment.	As invoiced	Payable if an audit discloses an underreporting of Gross Revenues or underpayment to us by 2% or more.

Note 1: Except where otherwise specified, we uniformly impose and collect all the fees in this table; you pay them to us, and we do not refund them.

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. All royalties on transactions will be paid at the time of deal closing through escrow attorney.

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.

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)	\$35,000	\$35,000	Check or EFT	At signing of Franchise Agreement.	Us
Initial Marketing/Advertising (Note 2)	\$5,000	\$5,000	Check or EFT	At signing of Franchise Agreement	Us
Real Estate/Security Deposit (Note 3)	\$0	\$5,000	As Incurred	Before beginning operations	Lessor
Leasehold Improvements (Note 4)	\$3,000	\$10,000	As Incurred	Before beginning operations	Third Parties
Computer Systems (Note 5)	\$0	\$3,000	As Incurred	Before beginning operations	Third Parties
Vehicles (Note 6)	\$0	\$60,000	As Incurred	Before beginning operations	Third Parties
Initial Equipment (Note 7)	\$2000	\$15,000	As Incurred	Before beginning operations	Us and/or Third Parties
Branding, Equipment and Supplies (Note 8)	\$500	\$1,000	As Incurred	Before beginning operations	Third Parties
Certificates, Licenses, and Permits (Note 9)	\$0	\$2500	As Incurred	Before beginning operations	Government Agents
Insurance (Note 10)	\$0	\$3,000	As Incurred	Before beginning operations	Third Parties
Utility Deposits (Note 11)	\$0	\$1,000	As Incurred	Before beginning operations	Suppliers
Local Brand Optimization (Note 12)	\$1,000	\$2,500	As Incurred	As incurred	Third Parties
Initial Training (Note 13)	\$500	\$3,900	As Incurred	As incurred	Third Parties

Type of Expenditure*	Low**	High	Method of payment	When Due	To Whom Payment is to be Made
Telecommunications Services (Note 14)	\$0	\$400	As Incurred	As Incurred	Third Parties
Additional Funds – 3 months (Note 15)	\$26,000	\$41,000	As incurred	Before and after opening	Employees, Third Parties
Total (Note 16)	\$73,000 to \$188,300				

*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.

Note 1: Initial Franchise Fee. The initial franchise fee is \$35,000.00 for a single franchise location. We base the table above on the purchase of a single franchise.

Note 2: Initial Marketing/Advertising. You agree to pay us \$5,000, at the time the Franchise Agreement is executed, for your initial Marketing/Advertising which includes local advertising and promotion of your Franchised Business.

Note 3: Real Estate/Security Deposit. If you already own or rent space that is suitable, you will not incur this expense.

Note 4: Leasehold Improvements. Your office space must be outfitted to meet our branding standards and specifications.

Note 5: Computer Systems. You may need to purchase computer equipment, or you may need to upgrade your current computer equipment to meet our specifications. You must subscribe to such software as we specify for work-flow management, bookkeeping, accounting, and other needs. If you already own a computer system that is suitable, you will not incur this expense

Note 6: 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 7: 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 8: 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 9: 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 10: Insurance. If you already own an existing business with sufficient insurance coverage, you will not incur this expense. If you do not maintain coverage to our specifications, you must obtain and maintain, at your own expense, the insurance coverage that we require as per the Operations Manual, as well as, satisfy any other insurance-related obligations. In addition, as you will operate from a commercial office space, you must obtain and maintain, at your own expense, the insurance coverage that is required for the operation of the office. We reserve the right to require you buy your insurance through an approved vendor/affiliate in the future. The cost of your premiums will depend on the insurance carrier's charges, terms of payments, and your insurance, risk and payment histories.

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: Local Brand Optimization. We recommend that you spend a minimum of \$20,000 per year on local advertisement. (See Item 11). As part of your advertising spend, we may require you to consult with a preferred advertising vendor and develop an initial and ongoing advertising plan. You may incur this initial expense to develop and launch the advertising plan before you begin operations. This is in addition to the Initial Advertising/Marketing fee collected and deployed by us.

Note 13: 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 14: 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 15: Additional Funds-3 months. The estimate of additional funds is based on your staff wages and general operating expenses for the first three months of operation. The estimate of additional funds does not include job-material costs, royalties, interest expenses, employee or an owner's salary or draw. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on factors such as: how closely you follow our recommended systems, as well as on your technical, marketing, and general

business skills, local economic conditions, the local market for your business, competition, local cost factors, location, and the sales levels achieved by you. We base this estimate upon the years of experience our management team has in the industry.

Note 16: We do not offer direct or indirect financing to franchisees for any items.

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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, such insurance coverage as required by your state laws. Moreover, you must obtain and maintain insurance coverage as we require, which may exceed insurance coverage required by your state laws. All insurance policies must name us as an “additional insured” party. You must purchase the required insurance 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.

Our current insurance specifications are as follows:

- i *“all risk” property insurance coverage for assets of the Franchised Business;*
- ii *workers’ compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires;*
- iii *comprehensive general liability insurance which includes contractual indemnity with a minimum liability coverage of \$1,000,000 per occurrence, or higher if your state law requires;*
- iv *commercial automobile liability insurance of at least \$1,000,000 or higher if your state law requires;*

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 and Software Fee.

Officer Interests in Suppliers

We and our affiliates reserve the right to derive revenue from the Required Purchases you make from us and our affiliates, as well as purchases or leases made from or by our designated vendors and approved vendors. Our officers own an interest in us; however, they do not own an interest in any third-party vendor or supplier.

Alternative Suppliers:

The criteria for approved suppliers are available to franchisees in our Operations Manual. We 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 may, but do not currently, derive revenue or other material consideration from required purchases or leases by you. Area Representative Franchisees do not derive revenue or other material consideration from required purchases or leases by you.

Neither we, our Area Representative Franchisees, or our affiliates have ever earned revenue or other material consideration from required purchases or leases by franchisees.

Required Purchases as a Proportion of Costs:

Your obligations to purchase or lease certain products or services from us, our affiliates and/or our Approved Suppliers, and to purchase or lease goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered “Required Purchases”. 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 30% of your ongoing costs to operate the CR3 American Exterior Business after the initial start-up phase.

Supplier Payments to Us:

We currently do not receive payments from suppliers as a result of purchases by our franchisees; however, we may do so in the future.

Purchasing or Distribution Cooperatives:

At this time, we do not have any purchasing or distribution cooperatives.

Purchase Arrangements:

We negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees.

Material Benefits:

We do not provide material benefits to you based on your use of a particular supplier. However, 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.

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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
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

Franchisee's Obligations	Section In Franchise Agreement	Item in Disclosure document
p. Indemnification	6.5	8/15
q. Owner's participation/management/staffing	6.1	15
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

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ITEM 10 **FINANCING**

We do not offer Financing, nor do we guarantee any loans.

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).

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 (“Manual”) 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 Operations Manual. (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 Operations Manual. This information is solely for training and educational purposes. Each franchisee is solely responsible for establishing their own prices.

Advertising Program and Fund:

Initial Marketing/Advertising. You agree to pay to us \$5,000 for your initial Marketing/Advertising, which includes local advertising and promotion of your Franchised Business due at the time of closing on your Franchise Agreement. (Franchise Agreement, Section 3.2(A)).

Local Advertising. We recommend that you spend a minimum of \$20,000 per year on local advertising pursuant to our guidelines. (Franchise Agreement, Section 3.2(B)).

Our Obligation to Conduct Advertising. We use monies in the Advertising 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 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 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. 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).

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 Fund. As of the Issuance Date, we do not have an advertising fund in place, but plan to have a fund (“Advertising Fund”) in 2023 and we reserve the right to implement an Advertising Fund without franchisees consent. If we implement an advertising fund, then you will be required to contribute up to two percent (2%) of your Gross Revenues per month into our Advertising Fund. Franchisee contributions will range from one percent (1%) to two percent (2%). Upon implementation, Franchisor owned outlets do not have to contribute to the Advertising Fund but may do so. We will administer the Advertising Fund. The Advertising Fund will not be audited. Unaudited financial statements of the Advertising Fund will be made available to you upon written request. If not all Advertising Fees are spent in the fiscal year in which they accrue, we may carry over those fees and apply them to the next fiscal year. We will not use Advertising Fees to solicit new franchise sales.

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

Computer Systems:

Specifications. You will need an e-mail account, computer with internet access, and printer to operate the franchise. The computer system will be used by you to solicit clients, manage scheduling of clients, and manage your Franchised Business. You will generate and store data on your computer relating to business clients, vendors, and transactions. This information must be secured and safeguarded by you.

You must obtain and use in your Franchised Business a Windows compatible computer with high speed Internet access and video conferencing following these minimum guidelines:

Category	Operating Requirements
Operating System and Software	Currently supported Windows Operating System Currently supported Microsoft Office Professional Appropriate Antivirus Software Current versions of Adobe Acrobat
Processor Speed, Memory, Disk Space	Adequate to operate the above software
Internet	Access to Internet connection

You may obtain your computer hardware from any vendor so long as the computer system meets our requirements. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the computer system. We reserve the right to change the computer system at any

time and require you to update and upgrade your system. There are no contractual limits on the frequency and cost of your obligations to maintain, upgrade, and update the computer systems in conformance with our directives. We need not reimburse you for any costs that you incur due to a change in the computer system. We estimate that the cost of the computer system and other equipment listed above is up to \$3000.

Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the computer system; however, we will do so to the extent practicable under the circumstances.

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. 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. Exhibit F contains the Table of Contents to the Operations Manual. The Manual is available to our franchisees online and contains approximately 160 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

Initial 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	1.00	0.00	Hanover, PA
Marketing	4.00	0.00	Hanover, PA
Pricing to job	2.00	0.00	Hanover, PA
Vendor Relationships	2.00	0.00	Hanover, PA
Supplies and Materials	1.00	0.00	Hanover, PA

Technology	1.00	0.00	Hanover, PA
Due Diligence	1.00	0.00	Hanover, PA
Operations	4.00	0.00	Hanover, PA
Getting Started	4.00	4.00	Hanover, PA, on-line or Your location
Post-In-Person Training - Operations	0.00	4.00	On-line or Your Location
Total	22.00	8.00	

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

TRAINER(S): Mark Luterman and Carnie Fryfogle oversee the Initial Training Program. Mr. Fryfogle has approximately 10 years of experience in the industry and less than one year of experience in franchising; and Mr. Luterman has approximately 4 years of experience in the industry and less than one year of experience in this franchise. 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 franchising but may have less than 1 year of experience in the industry.

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**

We will grant you a Territory for a specific geographic region that we define by zip codes, natural, or political boundaries. A Territory will normally include a minimum population of approximately 500,000, as determined by the U.S. Census Bureau or mapping software that we feel is reliable. The franchise is for a specific location and will be designated on Schedule 1 of your 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.

You and other franchisees may accept customers outside of your (or their) Territory through general networking or referrals from existing customers. You and other franchisees may not 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. However, you and other franchisees may engage in internet and social media marketing pursuant to our guidelines which such marketing may extend outside your (or their) Territory.

While you will not receive an exclusive right to provide the Products and Services within your Territory, it 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 stated below.

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 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.

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.


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.

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 or applied for with the U.S. Patent and Trademark Office (“USPTO”):

Description of Mark	Serial/Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
	97564629		Filing Date: August 25, 2022

There are no trademarks currently registered with the USPTO. This application, Serial No.: 97564629 remains under a live/application/under examination status with a filing date of August 25, 2022.

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.

We do not have a federal registration of our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If your right to use the trademark is challenged, you may have to change to an alternative trademark which may increase your expenses.

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, 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.

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. 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 your franchise, and must sign a written agreement to maintain confidential the proprietary information described in Item 14 and conform with the covenants not to compete

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.

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.
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.
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 due, and do not cure such breach within 30 days after notice.
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, fail to pay suppliers an amount

Provision	Section In Franchise Agreement	Summary
		exceeding \$3,000 for more than 60 days; fail to permit us to inspect or audit your franchise; or commit three or more breaches within 12 months.
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.
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.
l. Franchisor's approval of transfer by franchisee	7.2	We have the right to approve all transfers.
m. Conditions for franchisor's approval of transfer	7.2	<p>You must be:</p> <ul style="list-style-type: none"> -current in monetary obligations; -in compliance with the Franchise Agreement; -execute any transfer, amendment, or release forms that we may require; -provide to us a copy of the proposed transfer documents; -transferee must meet our criteria; -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.

Provision	Section In Franchise Agreement	Summary
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.
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).
s. Modification of the agreement	10.2	No modifications except to Operations Manual 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. No claim in any Franchise Agreement(s) is intended to disclaim the express representations made in this Franchise Disclosure Document (subject to applicable state law).
u. Dispute resolution by arbitration or mediation	9.6,9.7	You agree to mediate and arbitrate claims against us (subject to applicable state law).
v. Choice of forum	9.9	All claims must be brought before a court of general jurisdiction closest to our corporate office (subject to applicable state law).
w. Choice of Law	9.10	Virginia law governs (subject to applicable 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to 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.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company Owned	2020	1	5	4
	2021	5	5	0
	2022	5	5	0
Total Outlets	2020	1	5	4
	2021	5	5	0
	2022	5	5	0

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

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**Table No. 3
Status of Franchise Outlets
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

**Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022**

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	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Maryland	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
North Carolina	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Pennsylvania	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
South Carolina	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	1	4	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5

Table No. 5
Projected Openings as of December 31, 2022

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
Virginia	0	1	0
Florida	0	2	0
Maryland	0	2	0
TOTALS	0	5	0

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

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

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

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

ITEM 21
FINANCIAL STATEMENTS

Exhibit C contains our audited financial statements for last fiscal year ending December 1, 2022.

We have not been in business three years yet and so cannot include all financial statements required by the Franchise Rule.

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

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 modifications are to CR3 American Exteriors LLC Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__.

The provisions of this State Law Addendum to Franchise Disclosure Document and Franchise Agreement (“State Addendum”) apply only to those persons residing or operating CR3 American Exteriors LLC in the following states:

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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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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.”

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.

Under 200.604(a) of the Illinois Administrative Rules, FRANCHISOR is required to amend its disclosure document within 90 days of any material change to the Franchise Disclosure Document such as the implementation of an Advertising Fund: advertising cooperatives: changes to insurance requirements: new computer/POS system components: new/additional software licensing agreements & fees: all proprietary product/service developments: implementation of loyalty(gift card) programs, mystery shopper programs and the implementation & transaction fees thereof: required participation in promotional events: and all new/revised required operational aspects that will increase a franchisee's expenses.

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

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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 9.7 of the FA is modified to also provide,

“This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

Item 17.v. of the FDD and Section 9.8.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.

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.

MINNESOTA

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.”

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

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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.

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 THAT 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is added at the end of Item 3:

Except as provided above, with regard 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.

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.

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.

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

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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.'

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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.

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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 Item 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.”

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WASHINGTON

The State of Washington has a statute, RCW 19.100.180 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 any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator, or as determined by the arbitrator at the time of arbitration. 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.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver or rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights, or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisors reasonable estimated or actual costs in effecting a transfer.

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

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.

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.

DATED this ____ day of _____, 20__.

FRANCHISOR:

FRANCHISEE:

CR3 American Exteriors LLC

By:

By:

Title:

Title:

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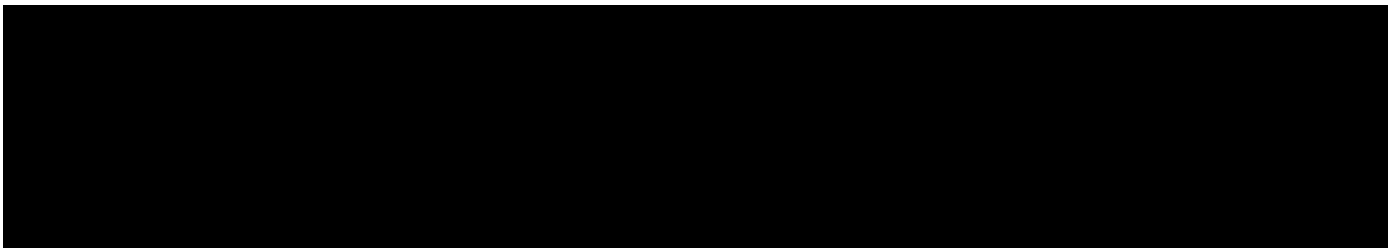
EXHIBIT B-
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT



SUMMARY PAGE

1. **Franchisee Business Entity** _____
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 a system (“Franchise System”) to offer, sell, and perform roofing and remodeling services for commercial and residential customers within a defined territory (collectively the “Services”). The Franchise System utilizes prescribed marketing techniques and operating procedures to deliver outstanding service to property owners (“Clients”).

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 seeks to use the Franchise System and the Services to profitably deliver an outstanding Client experience.

For mutual promises expressed in this Agreement, along with other valuable consideration, the receipt of which is acknowledged, CR3 American Exteriors and Franchisee (collectively “the Parties”) will be bound as follows:

1. Scope

1.1. Franchise Relationship

A. Grant of Franchise

Subject to the terms of this Franchise Agreement (“Agreement” or “Franchise Agreement”), we grant to you the right to operate a company (“Franchised Business”) using our system and our Marks in the territory described in Schedule 1 (“Territory”). You will abide by the terms 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.

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 150,000 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 outside of your (or their) Territory through general networking or referrals from existing customers. You and other franchisees may not 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. However, you and other franchisees may engage in internet and social media marketing pursuant to our guidelines which such marketing may extend outside your (or their) 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.

2.3. Additional Outlets and Territories

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. 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 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.

3. Operation

3.1. Start

You must commence operations within your Territory within four (4) months from the Effective Date of this 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 a monthly payment of an amount equal to the Minimum Monthly Royalty Fee.

3.2. Advertising

A. Initial Advertising Fee.

You will pay to us \$5,000.00 for your initial Marketing/ Advertising, due at the time you execute this Agreement which includes local advertising and promotion of your Franchise Business.

B. 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.*
- (iv) We recommend you spend a minimum of \$20,000 per year (\$1,000-\$2,000 monthly) on advertising, pursuant to our guidelines.*

C. Participation in Advertising Fund

You will contribute two percent (2%) of your Gross Revenues per month into a system-wide advertising fund (the "Advertising Fund"). Franchisor owned outlets do not have to contribute to the Advertising Fund but may do so. We will administer the Advertising Fund. The Advertising Fund will not be audited. Unaudited financial statements of the Advertising Fund will be made available to you upon written request. If not all Advertising Fees are spent in the fiscal year in which they accrue, we may carry over those fees and apply them to the next fiscal year. We will not use Advertising Fees to solicit new franchise sales.

3.3. Our Obligation to Conduct Advertising

We use monies in the Advertising 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. We are not required to contribute to the fund.

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 Operations Manual;
- (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 Operations Manual.

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 Operations Manual.

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 offer marketing assistance and support.

3.14. Trademarks

A. Use of our Marks.

We allow and require you to use our trademarks and service marks (“Marks”) to hold out 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 Operations Manual.

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 Franchise Fee of \$35,000. Additionally, you will pay an initial marketing/advertising fee of \$5,000.

The Initial Franchise Fee is non-refundable once we have completed our obligation to provide Initial Training and you have successfully completed Initial Training.

4.2. Royalty Fee

You will pay to us a monthly fee equal to the greater of 6.5% of the monthly Gross Revenues (the "Royalty Fee") or \$2,000.00 per month (the "Minimum Monthly Royalty"). The Royalty Fee will begin your first month in operation; however, the Minimum Monthly Royalty will not start until the seventh (7th) month after you begin operations.

"Gross Revenues" 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.

4.3. Technology and Software Fee:

You will pay us a technology fee and software fee as provided for in the Operations Manual. As of the Effective Date, the technology fee is \$500.00/month and the software fee is an additional \$500.00/month; however, we reserve the right to change these fees at any time.

4.4. Third Party Software Fees

You are solely responsible for all fees and expenses to third parties required to operate your Franchised Business as specified in the Operations Manual. You will reimburse us for any third-party charges we may incur on your behalf.

4.5. 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.

4.6. 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.

4.7. Advertising Fund Contribution

You will contribute 2% of your prior month's Gross Revenue into the Advertising Fund

4.8. Third Party Charges

If we incur third party charges on your behalf, you will reimburse us for any such charges.

4.9. Transfer Fee

You will pay to us a fee of 20% of the then current Initial Franchise Fee 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.

4.10. 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.

4.11. Audit Fee

You will pay to us our cost in performing an audit of your Franchised Business, plus a Late Fee of \$50 per month on any late payment found through such audit if the audit discloses an under reporting of Gross Revenues or underpayment to us by two percent (2%) or more.

4.12. Payment Terms

Recurring fees, including Royalty payments, and reports are due by the 10th of each month. We reserve the right to modify the payment methods and schedule in our Operations Manual. We reserve the right to deduct monies that you owe to us from monies that we pay to you and pay you the net amount owed to you or charge you any net amount you may owe to us. Before you may open for business, you will execute an Automatic Bank Draft Authorization in a form substantially similar to that in Schedule 3.

4.13. Credit Card Fee

If we allow you to pay any fee to us by credit card, you also will pay to us the then-current amount charged by the credit card processor.

4.14. 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.

4.15. 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.

4.16. Assistance Fee

In the event of your death or incapacity, 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.

4.17. 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.

4.18. Insurance

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

5. Duties of Franchisor

5.1. Operations Manual

We provide you access to our proprietary and confidential Operations Manual, as well as any other manuals and writings prepared by us for your use in operating a Franchised Business (“Manual”). We may disseminate the Manual electronically.

5.2. Modifications

We may modify the Operations Manual to adjust for competitive changes, technological advancements, legal requirements, and continuous improvement. You will implement those changes as if they were present when you signed this Agreement.

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. 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 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.

5.6. Signage, Supplies and Sourcing

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

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 only those services and products we require or have approved from time to time (the "Approved Products and Services"). You must not offer or sell any products or perform any services that we have not authorized.

C. Non-Competition Covenants

You will not, during the Term of this Agreement, in the United States or its Territories, directly or indirectly, offer the Approved Products and Services other than through the CR3 American Exteriors Franchised 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. We do not charge for Initial Training, but you must pay for any travel and living expenses to attend. The Initial Training must be completed within sixty days (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.

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. Operations Manual.

We provide you access to our proprietary and confidential Operations Manual, as well as any other manuals and writings prepared by us for your use in operating a Franchised Business (“Manual”). We may disseminate the Manual electronically. We may revise the Manual from time to time to adjust for legal or technological changes, competition, or attempts to improve in the marketplace.

B. Modification

We may modify the Operations Manual to adjust for competitive changes, technological advancements, legal requirements, and continuous improvement. You will implement those changes as if they were present when you signed this Agreement.

6.4. REPORTS AND REVIEW

A. Reports.

You must send us such reports at the frequency and manner that is specified in the Operations Manual. 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.

B. Independent Access to Information.

You acknowledge that we have and that you will 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. You must at all times give us unrestricted and independent electronic access to your computer systems and information, as well as your security camera systems.

C. Reviews.

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. This includes the right to send in secret shoppers. And this also includes the right to inspect and copy all 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.

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 Operations Manual. 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 sign the then current transfer and release form,
- (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 without notice and the 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 or open on time;
- (iii) If you become insolvent, meaning unable to pay your bills in the ordinary course as they become due;
- (iv) If you commit a material violation of any law, ordinance, rule, or regulation of a governmental agency or department reasonably associated with the operation of the Franchised Business or if you are convicted of or plead guilty or no contest to a felony;
- (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 commit any fraud or misrepresentation in the operation of the Franchised Business;

- (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) You fail to pay suppliers an amount exceeding \$3,000 for more than sixty (60) days;
- (x) You fail to permit us to inspect or audit your franchise; or
- (xi) If you commit three or more breaches of this Agreement, the Operations Manual, or any other agreement with us, 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 Operations Manual, 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:

- a) Assist and cooperate in the orderly transfer of the Franchised Business as directed by us and;
- b) 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);
- c) Pay to us all amounts owing to us;
- d) At our request, cancel or assign to us all telephone numbers under your ownership used in the Franchised Business;
- e) Reimburse customers for any fees paid for services not yet rendered;
- f) 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;

- g) Deliver to us any paper and electronic copies of the Operations Manual and any Confidential Information;
- h) Cancel all fictitious name or other listings which you have filed for use of any of the Marks;
- i) Adhere to the provisions of the post-term covenants not to compete and not to solicit;
- j) Abide by any other covenant in this Agreement that requires performance by you after you are no longer a franchisee; and
- k) Execute, from time to time, any necessary papers, documents, and assurances to effectuate the intent of this Section.

8.7. Non-Compete and No Solicitation

A. In-Term and Post-Term.

You will not, during the Term and for a period of two (2) years after expiration or termination of this Agreement (“Restriction Period”), 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.

B. No Solicitation

During the Restriction Period, you will not directly or indirectly provide services of a similar kind or nature to any Client except through the Franchise Business.

C. 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.

9. Dispute Resolution

9.1. Continued Performance

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

9.2. Internal Resolution

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

9.3. Notice

You must provide written notice by sending a letter to our Chief Operating Officer (“COO”) via either certified mail or overnight delivery through a common carrier like FedEx, UPS or DHL. The Notice must contain:

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

9.4. Response

We will 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.

9.5. Meeting

If in good faith, you do not believe the Matter is settled after the Response then within twenty-one (21) days of receipt of the Response, you may meet with the COO or our agent in Virginia Beach, VA to discuss in person. Upon mutual agreement, the Parties may choose an alternate location or meet via video call.

9.6. Mediation

If in good faith, you do not believe the Matter is settled after the Meeting, then within thirty (30) days of receipt of the Response, such party will request mediation by:

1. completing the request for mediation form at:

https://www.adr.org/sites/default/files/Request_for_Mediation.pdf

2. paying the applicable fee, and
3. notifying the other Party.

The mediation will be conducted in accordance with the then current mediation rules of the American Arbitration Association (“AAA”).

9.7. Arbitration

If a Matter cannot be resolved through Mediation, then the Matter will be resolved pursuant to the then-current Commercial Arbitration Rules of the AAA before a single arbitrator selected by the AAA. The arbitration proceeding shall be held in the city or county where our corporate headquarters are located at the time of the hearing.

A. Proportionality of Fees

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

B. Enforceable

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

C. Costs

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

9.8. Limitations and Waivers

A. Limitation of Actions.

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

B. 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.

C. Jury Waiver.

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

D. Class Action Waiver.

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

E. Compensatory Damages.

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

F. 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.

9.9. Governing Law

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

9.10. Jurisdiction and Venue

Venue and jurisdiction for any Claims will be proper solely in arbitration before the American Arbitration Association (“AAA”) in the city or county where our corporate headquarters are located, provided that, nothing in this clause shall bar us from seeking injunctive relief for Claims which may cause irreparable harm, including, but not limited to, the infringement of our trademarks or dissemination of confidential or customer information, in the state and federal court nearest to our corporate headquarters, presently located in Virginia Beach, Virginia.

10. General

10.1. Entire Agreement

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

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 COO, 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.

10.10. Prior Notice of Claims

As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach by providing written notice (“Notice”) to our Chief Operating Office (“COO”) using either certified mail or overnight delivery through a common carrier like UPS or FedEx. The notice must contain: (a) a description of the specific nature of the Claim; (b) all relevant facts; (c) all supporting evidence; and (d) either the specific dollar amount of damages or the action requested to resolve the matter, or both (“Cure”). Failure to timely give such notice shall preclude any claim for damages. You will continue performance under this Agreement after you provide Notice of your Claim and will continue performance under this Agreement while the Claim is being resolved as described in this Agreement

[Signature Page Follows]

10.11. 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		
Address		
Date		

	Signator	Signator
Signature		
Name		
Title		
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

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. The above Release shall 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.

Approved and agreed to by:

Franchisee	Franchisor
Signature:	
Name:	
Date:	

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

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EXHIBIT C FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

TECTUM FRANCHISING LLC

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

DASH Business Solutions, LLC
1127 Royal Palm Beach Blvd #408
Royal Palm Beach, FL 33411
561.247.5303
info@dash.cpa

TECTUM FRANCHISING LLC

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DASH Business Solutions, LLC

Independent Auditor's Report

To the Members of
Tectum Franchising LLC

Opinion

We have audited the accompanying financial statements of Tectum Franchising LLC, which comprise the balance sheet as of December 31, 2022, and the related statement of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tectum Franchising LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with the generally accepted accounting principles in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tectum Franchising LLC'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

DASH Business Solutions, LLC

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tectum Franchising LLC'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 Tectum Franchising LLC'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 the auditor identified during the audit.

DASH Business Solutions, LLC

DASH Business Solutions, LLC
Royal Palm Beach, FL
May 5, 2023

TECTUM FRANCHISING LLC

Balance Sheet December 31, 2022

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 3,549
Total Current Assets	<u>3,549</u>
Other Assets	<u>1,271</u>
TOTAL ASSETS	<u>\$ 4,820</u>

LIABILITIES & EQUITY

Current Liabilities	
Accounts Payable	\$ -
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Members' Equity	
Retained Earnings	4,820
Total Members' Equity	<u>4,820</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 4,820</u>

See accompanying Notes to Financial Statements

TECTUM FRANCHISING LLC

Statement of Operations For The Year Ended December 31, 2022

Revenues	
Franchise Fees	\$ -
Other Revenue	-
Total Revenues	<u>-</u>
Expenses	
Advertising	6,745
Amortization Expense	29
Bank Fees	20
Computer and IT Expenses	472
Dues and Subscriptions	2,129
Filing Fees	5,701
Payroll Taxes	1,322
Professional Fees	13,250
Salaries	14,423
Travel	2,500
Total Expenses	<u>46,591</u>
Operating Income	<u>\$ (46,591)</u>

See accompanying Notes to Financial Statements

TECTUM FRANCHISING LLC

Statement of Changes in Members' Equity For The Year Ended December 31, 2022

Equity at July 12, 2022	\$	-
Capital Contribution		51,411
Net Income		<u>(46,591)</u>
Equity at December 31, 2022	\$	<u><u>4,820</u></u>

See accompanying Notes to Financial Statements

TECTUM FRANCHISING LLC

Statement of Cash Flows For The Year Ended December 31, 2022

<u>Cash Flows From Operating Activities:</u>	
Net Income (Loss)	\$ (46,591)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation & Amortization	29
Changes in Assets and Liabilities (Increase) Decrease in Assets	-
Increase (Decrease) in Liabilities	-
Net Cash Provided by Operating Activities	<u>(46,562)</u>
<u>Cash Flows From Investing Activities:</u>	
Purchase of Other Assets	<u>(1,300)</u>
Net Cash Provided by Investing Activities	<u>(1,300)</u>
<u>Cash Flows From Financing Activities:</u>	
Members' Contributions	<u>51,411</u>
Net Cash Provided by Financing Activities	<u>51,411</u>
Net Change in Cash	3,549
Cash - Beginning of Period	<u>-</u>
Cash - End of Period	<u>\$ 3,549</u>

See accompanying Notes to Financial Statements

TECTUM FRANCHISING LLC

Notes to the Financial Statements December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Tectum Franchising LLC (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.

Basis of Accounting

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online search system.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2022, the Company had cash and cash equivalents of \$3,549.

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. As of December 31, 2022, the Company had no receivables and had no allowance for uncollectible accounts.

TECTUM FRANCHISING LLC

Notes to the Financial Statements December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Company's revenues consist of fees from franchisees such as initial franchise fees, royalties, and other fees. The franchise fees are initially deferred revenue and recognized as material services and required conditions are fulfilled in accordance with the franchise agreements. The royalty revenue and fees are recognized when earned and are based on a percentage of gross sales of each individual franchise according to the franchisee contract.

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 had no franchise fee revenue during the year ended December 31, 2022, and has not had to institute ASC 606.

Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts may approximate fair value due to their short maturities.

Income Taxes

The entity is structured as a limited liability company under the laws of the State 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 and state income taxes. The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements. The Company intends to file IRS Form 8832 electing to be taxable as a corporation. The effects of this change are speculative and have not been addressed.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2022 tax year is subject to examination based on the date of formation.

TECTUM FRANCHISING LLC

Notes to the Financial Statements December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

Advertising Costs

The Company expenses advertising costs when the first advertising takes place. The advertising expense for the year ending December 31, 2022 was \$6,745.

Subsequent Events

Management has reviewed and evaluated subsequent events through May 5, 2023, the date on which the financial statements were available to be issued.

NOTE 2 - OTHER ASSETS

The Company has other assets consisting of the trademark intangible asset, valued at \$1,300. Intangible assets are amortized monthly over a fifteen-year period. The annual amortization is \$87 recorded at year end beginning with the year ending December 31, 2022. Amortization expense and accumulated amortization at December 31, 2022 are \$29 and \$29, respectively, based on four months of amortization expense. The trademark asset is presented at net value on the balance sheet as Other Assets.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 4 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company has not incurred any operating expenses with related parties.

TECTUM FRANCHISING LLC

Notes to the Financial Statements
December 31, 2022

NOTE 5 - FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

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

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 1515 K Street, Suite 200 Sacramento, CA 95814 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	Kentucky Attorney General

	700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	700 Capitol Avenue Frankfort, Kentucky 40601-3449 (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	Department of Business Regulation Securities Division John O. Pastore Complex

	1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	Division of Insurance 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 Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 (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: John Allen Waldrop, Esq., Loyalty Brands, 780 Lynnhaven Parkway, Suite 280, 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, 2022.

None.

Franchise Agreement Signed But Outlet Not Yet Open (as of 12/31/2022):

None.

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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.

None.

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EXHIBIT F
TABLE OF CONTENTS OF OPERATIONS MANUAL

Chapter	Chapter Title	# of Pages
1.	Introduction	14
2.	Establishing Your Business	44
3.	Personnel	54
4.	Administrative Procedures	10
5.	Daily Procedures	14
6.	Selling & Marketing	24
	Total Pages	160

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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	N/A
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Michigan	10/17/2022
Minnesota	N/A
New York	PENDING
North Dakota	N/A
Rhode Island	PENDING
South Dakota	N/A
Virginia	PENDING
Washington	N/A
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, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

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 Tectum Franchising LLC d/b/a CR3 American Exteriors located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Its telephone number is (888) 268-0321

Issuance date: May 10, 2023

The franchise seller for this offering is:

Seller	Address	City, State Zip	Phone
R. Carnie Fryfogle	1446 Baltimore Street, Suite E	Hanover, PA 17331	(717) 634-4026
Mark Luterman	1446 Baltimore Street, Suite E	Hanover, PA 17331	(717) 634-4026
Kelly Wyatt (Loyalty, LLC)	780 Lynnhaven Pkwy, STE 240	Virginia Beach, VA 23452	(888) 268-0321
Becky Flach (Loyalty, LLC)	780 Lynnhaven Pkwy, STE 240	Virginia Beach, VA 23452	(888) 268-0321

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 May 10, 2023 that included the following:

Received	Reference	Name
<input checked="" type="checkbox"/>	ITEM 1-ITEM 23	Franchise Disclosure Document
<input checked="" type="checkbox"/>	EXHIBIT A	State Addendum
<input checked="" type="checkbox"/>	EXHIBIT B	Franchise Agreement
<input checked="" type="checkbox"/>	Schedule 1	Territory
<input checked="" type="checkbox"/>	Schedule 2	Minimum Requirements
<input checked="" type="checkbox"/>	Schedule 3	Automatic Bank Draft Authorization
<input checked="" type="checkbox"/>	Schedule 4	Telephone Number Assignment
<input checked="" type="checkbox"/>	Schedule 5	Personal Guaranty
<input checked="" type="checkbox"/>	Schedule 6	Release
<input checked="" type="checkbox"/>	EXHIBIT C	Financial Statements
<input checked="" type="checkbox"/>	EXHIBIT D	State Administrators/Agents for Service of Process
<input checked="" type="checkbox"/>	EXHIBIT E-1	List of Franchisees
<input checked="" type="checkbox"/>	EXHIBIT E-2	List of Former Franchisees
<input checked="" type="checkbox"/>	EXHIBIT F	Table of Contents – Operations Manual
<input checked="" type="checkbox"/>	EXHIBIT G	State Effective Dates
<input checked="" type="checkbox"/>	EXHIBIT H	Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

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

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

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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.

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<input checked="" type="checkbox"/>	Schedule 3	Automatic Bank Draft Authorization
<input checked="" type="checkbox"/>	Schedule 4	Telephone Number Assignment
<input checked="" type="checkbox"/>	Schedule 5	Promissory Notes
<input checked="" type="checkbox"/>	Schedule 5-1	Personal Guaranty
<input checked="" type="checkbox"/>	Schedule 6	Release
<input checked="" type="checkbox"/>	EXHIBIT C	Financial Statements
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<input checked="" type="checkbox"/>	EXHIBIT G	State Effective Dates
<input checked="" type="checkbox"/>	EXHIBIT H	Receipts

Date: _____
 (Do not leave blank)

 Signature of Prospective Franchisee

 Print Name

[Please date, sign, and return this copy to us.]

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