FRANCHISE DISCLOSURE DOCUMENT

CORE Group Restoration Franchising, LLC
a Texas limited liability company
44 East Avenue, #2301
Austin, TX 78701
(877) 219-6168
joincore@gowithcore.com
www.gowithcore.com

CORE Group Restoration franchises provide disaster recovery and property damage restoration services to residential and commercial customers using the CORE Group Restoration name and marks ("**CORE Business(es)**").

The total investment necessary to begin operation of a single CORE Business is as follows: (i) ELITE: between $92,400 and $378,750, which includes between $62,150 and $101,250 that must be paid to the franchisor or its affiliates; and (ii) STANDARD: between $82,250 and $366,350, which includes between $52,000 and $88,850 that must be paid to the franchisor or its affiliates.

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 the 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 Dan Cassara at 44 East Avenue, #2301, Austin, TX 78701 and (877) 219-6168.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: June 19, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how tofind 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 Exhibit F.
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 A 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 CORE Group Restoration business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a CORE Group Restoration franchisee?	Item 20 or Exhibit F lists 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*

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

<u>Business model can change</u>. 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.

<u>Supplier restrictions</u>. 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.

<u>Operating restrictions</u>. 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 yousell, how you market, and your hours of operation.

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

<u>Renewal</u>. 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.

<u>When your franchise ends</u>. 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 <u>Exhibit C</u>.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Mandatory Minimum Payments**. You must make minimum advertising and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **Trademark Not Federally Registered**. The primary trademark that you will use in your franchised 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 brandrecognition of the products or services you offer.

5. **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 franchisor in a system with a longer operating history.

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.

NOTICE REQUIRED BY STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that the 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 terms 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 five 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, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six 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 or 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-currentreasonable 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 obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT 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:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa, Lansing, Michigan 48913
(517) 373-7117

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

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE-SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE-SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT D.

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "**CGR**" and "**we**," "**us**" or "**our**" means CORE Group Restoration Franchising, LLC, the franchisor. "**You**," "**your**" or "**Franchisee**" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from CGR.

The Franchisor and its Affiliate

CGR is a Texas limited liability company that was formed on July 2, 2019. We do business under our company name, CORE Group Restoration, and no other name. Our principal business address is 44 East Avenue, #2301, Austin, TX 78701. CGR offers three different franchising models: (1) the CORE Elite model, and (2) the CORE Standard model, which are described and offered under this Franchise Disclosure Document, and (3) the CORE Branded franchise model, which is offered under a separate Franchise Disclosure Document. Both franchise models are conversion models, where an existing restoration business uses CGR's Marks and System to operate a CORE Business, as defined below, from their existing commercial location.

CGR has not offered franchises in any other line of business. We do not conduct, and have not conducted, the type of business described in this Franchise Disclosure Document. We have not, and do not, operate franchises in any other line of business. We have no predecessor or parent entities.

We began offering franchises for CORE Elite (each, a "**CORE Elite Franchise**") in July 2019 and for CORE Standard (each, a "**CORE Standard Franchise**") as of the date of this Franchise Disclosure Document. We began offering franchises for CORE Branded (each, a "**CORE Branded Franchise**") in August 2020.

Our affiliate, CORE Group Restoration, Inc. ("**CGR Affiliate**") is a Texas corporation that was incorporated on March 29, 2018. CGR Affiliate's principal address is 44 East Avenue, #2301, Austin, TX 78701. CGR Affiliate owns and controls all of the intellectual property utilized by all of the CORE Businesses and licenses it to us. CGR Affiliate may also provide referral work to franchisees as well as social media advertising services (see Item 6). CGR Affiliate does not conduct the type of business the franchisee will operate, nor has ever offered franchises for CORE Businesses or for franchises in any other line of business. One of CGR Affiliate's shareholders operates a business like those described in this Franchise Disclosure Document and has done so since 1991.

Our agent for service of process in Texas is United States Corporation Agents, Inc., 9900 Spectrum Drive, Austin, TX 78717. Our agents for service of process for other states are identified by state in Exhibit C. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We grant the opportunity for existing businesses to convert to CORE franchises by using the "CORE GROUP RESTORATION" trademarks, trade names, service marks and logos ("**Marks**") to identify themselves as part of the CORE family. Businesses who convert to CORE system franchises under this model are called "**CORE Businesses**" or "**Businesses**." CORE Businesses may use CORE's Marks and receive the benefits outlined in this Franchise Disclosure Document and must abide by certain standards as set forth in our brand standards manual, but are not required to complete an overhaul of their business's operations post-conversion. In exchange for the ability to use the Marks and other benefits, CORE Businesses will pay the fees described in this Franchise Disclosure Document.

CORE Businesses provide disaster recovery and property damage restoration and cleaning services ("**CORE Services**" or "**Services**") to commercial and residential customers ("**Customers**") following damage caused by fire, smoke, water, wind, mold or viral pathogens. More specifically, CORE Businesses may offer services such as damage mitigation, reconstruction, restoration and repair services; cleaning, mold remediation and biological decontamination services; disinfection services to limit the survival of viruses; odor removal; services related to those listed above, such as floor, carpet, drapery and upholstery cleaning; and other similar or complimentary services. CORE Businesses typically offer the Services in the same manner as prior to their conversion, but after the conversion CORE Businesses may use CORE's Marks as part of their tradenames. Franchisees must operate their CORE Business from an acceptable commercial facility ("**Facility**").

Our proprietary CORE Group Restoration system ("**System**") is made available to CORE franchisees to assist with the operations of their CORE Businesses. The System may be changed or modified by us throughout your ownership of the CORE Business, and you may be required to implement certain new programs we require.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit B ("**Franchise Agreement**"). You may operate one CORE Business for each Franchise Agreement you sign.

CORE Elite Franchises

CORE Elite Franchises are offered to currently operating disaster recovery and property damage restoration businesses that have been in operation for at least eight years and have gross annual revenues exceeding $12 million (averaged over the prior three-year period) prior to converting to a CORE Elite Franchise. CORE Elite Franchises may advertise themselves as CORE Elite members, i.e., they may brand themselves as Acme Restoration, a CORE Elite company.

CORE Standard Franchises

CORE Standard Franchises are offered to currently operating disaster recovery and property damage restoration businesses that have been in operation for at least three years and have gross annual revenues exceeding $3 million.

The grant of a CORE Elite Franchise is largely similar to the grant of a CORE Standard Franchise except for certain rights that are reserved for CORE Elite Franchises, including the right to use the "Elite" designation as part of their tradename. Additionally, the fees required of each franchisee are different. Each of these differences is explained further in this Franchise Disclosure Document. CORE Standard Franchises have the ability to graduate to the Elite level with our approval.

Market and Competition

The target market for the CORE Services you will offer is home and property owners, landlords, property management companies and businesses in your community. The market for restoration services is well-developed and highly competitive. Our services are not seasonal in nature. Your CORE Business will compete with other restoration service companies and businesses that offer similar products and services including franchised operations, national chains, and independently owned companies offering restoration and construction services. At times, you may compete in your market or Territory with other CORE Businesses.

Industry Specific Laws

Your CORE Business will be subject to various federal, state and local laws and regulations affecting your CORE Business. These may include federal, state, and local occupational health and safety regulations as well as licensing requirements to perform restoration work such as construction, HVAC maintenance, mold remediation, lead paint and asbestos testing and abatement and other services. Your CORE Business may also be subject to environmental laws, such as National Emissions Standards for Hazardous Air Pollutants ("**NESHAP**"). You must comply with all federal, state and local regulations regarding disposal of waste products and unused cleaning products. There may be licensing or certification requirements for applying disinfectants, sanitizers and other anti-microbials that are Environmental Protection Agency ("**EPA**") registered. Some states may require that you obtain general contractor license and home inspector's license, and some localities also require licensing. As a general contractor, you may have worker's compensation liability for employees of your subcontractors if they fail to maintain the Worker's Compensation Insurance required by state law. If you are authorized to provide construction and reconstruction services, you may need to obtain additional permits and licenses, and you may need to obtain additional insurance and bonding. You must obtain all necessary permits, licenses, and approvals to operate your CORE Business.

There are also optional certifications that you may choose to obtain from third-party agencies such as the Institute of Inspection Cleaning and Restoration Certification ("**IICRC**"), the American Council for Accredited Certification ("**ACAC**"), as well as the Restoration Industry Association ("**RIA**"). While we do not require these certifications, we recommend that CORE Group Restoration franchisees pursue the following educational designations: Water Damage Restoration Technician certification and Fire and Smoke Remediation Technician certifications from the IICRC or its successor, certification as either an Applied Microbial Remediation Technician from IICRC or its successor or a Certified Microbial Remediator from ACAC or its successor, and the Certified Restorer Designation from RIA or its successor as well as other certifications and designations that we may recommend or require in the future. You are required to comply with the IICRC, ACAC, RIA and other licensing bodies' guidelines and specifications.

Your CORE Business may also be subject to laws relating to zoning, access for the disabled, and safety and fire standards. You may need the local fire marshals or other local, state or federal agency's permission before you begin operations. In addition, there may be local licensing and employment regulations, including worker's compensation insurance requirements. You must comply with the Americans with Disabilities Act which requires accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, etc.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Daniel Cassara

Mr. Cassara has been our Chief Executive Officer in Austin, Texas since July 2019. Mr. Cassara has also been Chairman and Chief Executive Officer of CGR Affiliate in Austin, Texas since May 2018.

Chief Technology Officer: Saad Siddiqui

Mr. Siddiqui has been our Chief Technology Officer since July 2020. Prior to joining CGR, Mr. Saddiqui was a developer and programmer for Security Enhancement Systems from March 2020 to August 2020 in Northbrook, Illinois. From June 2016 to March 2020, Mr. Siddiqui was a Software Engineer for Sedgwick Repair Solutions in Naperville, Illinois.

Chief Financial Officer: Jeremy R. Norton

Mr. Norton has been our Chief Financial Officer in Austin, Texas since June 2019. Prior to this, Mr. Norton was the Chief Financial Officer of Texas Apartment Association in Austin, Texas from April 2016 to May 2019.

Vice President of Sales and Marketing: Summer Street

Ms. Street has been our Vice President of Sales and Marketing in Milwaukee, Wisconsin since February 2021. From May 2013 to February 2021, Ms. Street was the Director of Marketing for Polygon US Corporation, a temporary climate solutions, document recovery, and emergency drying solutions business.

Vice President of Strategic Partnerships: Andrew Neiman

Mr. Neiman has been our Vice President of Strategic Partnerships in Austin, Texas since April 2018.

Executive Director of Franchise Sales: Nicholas Dyroff

Mr. Dyroff is our Executive Director of Franchise Sales in Orlando, Florida, was previously a National Account Director, and has been with us since February 2021. Mr. Dyroff was the National Business Development Manager of IN-Line Consulting, a construction consulting company in Woodstock, Georgia from March 2019 to January 2021. He was the Business Development Manager of QFB Property Restoration, a restoration company in Orlando, Florida from January 2011 to March 2019.

National Account Director: Michael Allen Reid

Mr. Reid has been our National Account Director in Austin, Texas since March 2020. Mr. Reid was the District Sales Manager of Total USA in Houston, Texas from February 2019 to March 2020. He was the Outside Sales Representative - Automotive Lubricants of J.A.M. Distributing in Houston, Texas from June 2016 to February 2019.

National Account Director: Daina Cencebaugh

Ms. Cencebaugh has been our National Account Director in Austin, Texas since March 2021. Ms. Cencebaugh was a Franchise Development and Territory Manager of Amada Senior Care, a senior care company in Austin, Texas from August 2018 to March 2021. From August 2018 to March 2021, Ms. Cencebaugh was an Entrepreneur Coach for EmpireU, a professional training and coaching company located in San Clemente, California. From October 2017 to October 2018, she was a Manager in Austin, Texas for DriveShopUSA, a promotional launch and branding management company.

National Account Director: Thomas Williams

Mr. Williams has been our National Account Director in Austin, Texas since December 2022. Mr. Williams was in sales at Next Gear Solutions/Corelogic in San Diego, California from July 2015 to November 2022.

Director of Concierge Services: Simona Hammond

Ms. Hammond has been our Director of Concierge Services in Austin, Texas since September 2020. From July 2011 to September 2020, Ms. Hammond was self-employed as a hairstylist in San Jose, California.

Shareholder and Board Member: Scott Stamper

Mr. Stamper has been a Shareholder and Board Member of CGR Affiliate in Austin, Texas since February 2019. Mr. Stamper has been the Chief Executive Officer and is a Founder of Regency DRT Corporation in Clinton Township, Michigan since January 1991. Mr. Stamper owns a CORE Elite Franchise in Florida, which operates in seven locations.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee ("**Initial Franchise Fee**") when you sign the Franchise Agreement, which will be based on the population of your Territory (as defined in Item 12). The population of the Territory is based on the most recent U.S. Census report and supplemented with other available information that we deem relevant. Unless we extend financing as described below in Item 10, the Initial Franchise Fee is due in full at the time you sign the Franchise Agreement, is deemed fully earned by us once paid and is non-refundable under any circumstances, even if you choose not to operate your CORE Business. Each Franchise Agreement will grant you the right to operate one CORE Business. The Initial Franchise Fee is different for CORE Elite Franchises and CORE Standard Franchises. The Initial Franchise Fee is non-refundable and is different for CORE Elite Franchises and CORE Standard Franchises but is uniformly imposed within those designations.

The current Initial Franchise Fee is calculated as follows:

Territory Population	Initial Franchisee Fee (Elite)	Initial Franchisee Fee (Standard)
Under 750,000	$60,000	$50,000
750,000 to 999,999	$65,000	$55,000
1,000,000 to 1,499,999	$70,000	$60,000
1,500,000 to 1,999,999	$75,000	$65,000
2,000,000 or more	$80,000	$70,000

In our sole discretion, we may allow you to finance up to 100% of your Initial Franchise Fee over a term of 12-60 months (see Item 10). If you finance a portion of the Initial Franchise Fee, we will select the financing option on Attachment A to the Franchise Agreement and you will sign the Promissory Note and Security Agreement, which are attached to this Franchise Disclosure Document in Exhibit G, when you sign the Franchise Agreement.

Territory Fee

Beginning one month after you sign the Franchise Agreement, you must pay us a monthly territory fee ("**Territory Fee**") based on the population of your Territory. The Territory Fee is non-refundable and is different for CORE Elite Franchises and CORE Standard Franchises, but is uniformly imposed within those designations.

The current Territory Fee is calculated as follows:

Territory Population	Territory Fee (Elite)		Territory Fee (Standard)	
	Low	High	Low	High
Under 1,000,000	$1,350	$4,050	$1,200	$3,600
1,000,000 to 1,499,999	$1,550	$4,650	$1,350	$4,050
1,500,000 to 1,999,999	$1,750	$5,250	$1,550	$4,650
2,000,000 to 2,999,999	$2,250	$6,750	$1,750	$5,250
3,000,000 to 3,999,999	$2,750	$8,250	$2,050	$6,150
4,000,000 to 4,999,999	$3,150	$9,450	$2,550	$7,650
5,000,000 to 9,999,999	$3,350	$10,050	$2,750	$8,250
10,000,000 or more	$3,750	$11,250	$2,950	$8,850

The Territory Fee is payable monthly during the term of your Franchise Agreement (see Items 6 and 7). The amount of the Territory Fee in each Low column assumes you open your CORE Business within one month after signing the Franchise Agreement. The amount of the Territory Fee in each High column assumes you are required to make three monthly Territory Fee payments prior to opening.

Brand Fund Contribution

Beginning one month after you sign the Franchise Agreement, you must pay us a monthly brand fund contribution based on the population of your Territory ("**Brand Fund Contribution**"). This contribution will be used for a system-wide brand fund for our use in promoting and building the CORE Group Restoration brand ("**Brand Fund**"). The Brand Fund Contribution is non-refundable and is uniformly imposed. The "Low" Brand Fund Contribution in the table below assumes you open your CORE Business within one month after signing the Franchise Agreement, and the "High" Brand Fund Contribution assumes you are required to make three monthly Brand Fund Contribution payments prior to opening.

The current Brand Fund Contribution is calculated as follows:

Territory Population	**Brand Fund Contribution**	
	Low	**High**
Under 1,000,000	$500	$1,500
1,000,000 to 1,999,999	$600	$1,800
2,000,000 to 2,999,999	$650	$1,950
3,000,000 to 3,999,999	$750	$2,250
4,000,000 to 4,999,999	$800	$2,400
5,000,000 to 9,999,999	$850	$2,550
10,000,000 or more	$950	$2,850

Technology Fee

Beginning one month after you sign the Franchise Agreement, you must pay us a technology fee ("**Technology Fee**") of $300 to $900 to cover certain technologies used in the operation of your CORE Business, including access to our intranet platform. The Technology Fee is payable monthly. The Technology Fee of $300 assumes you open your CORE Business within one month after signing the Franchise Agreement and the Technology Fee of $900 assumes you are required to make three monthly Technology Fee payments prior to opening. The Technology Fee is currently $300 per month and is payable during the term of your Franchise Agreement (see Items 6 and 7). The Technology Fee is non-refundable and uniformly imposed.

Onsite Training

We will make available to you and your managers an optional CORE membership onboarding via webinar at no charge, and you may participate at your discretion. However, if you choose to have initial training provided by our corporate staff in-person, you must pay $250 per day, plus our travel, lodging, meals, and incidental expenses. We estimate that the entire initial training will cost $6,250 if you choose to have initial training provided by our corporate staff in-person. These fees are due before training begins, non-refundable and uniformly imposed.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Referral Fee [1][2]	Depending on the services referred, between 2% and 5% of Referral Gross Sales for jobs that we refer to you, once collected	Due within 30 days of collection	The "Referral Fee" is based on "Referral Gross Sales" during the previous month for jobs that we refer to you. We are not required to refer Customers or jobs to any franchisee, but we may, from time to time, refer Customers, either through a National Account (defined and discussed below) or otherwise.
Territory Fee [1]	Monthly amount based on your Territory population per Item 5.	Due on the fifth day of each month	This fee is based on the population of your Territory. Upon renewal, we will recalculate the population of your Territory and you will pay the Territory Fee based on the recalculated Territory population. Your Territory Fee is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Fund Contribution [1]	Monthly amount based on your Territory population per Item 5.	Due on the fifth day of each month	This fee is based on the population of your Territory. Upon renewal, we will recalculate the population of your Territory and you will pay the Brand Fund Contribution based on the recalculated Territory population. This contribution will be used for the Brand Fund for our use in promoting and building the CORE brand.
Social Media Advertising Program [1]	Then-current fee (currently estimated to be $200 per month, if implemented)	Due on the fifth day of each month	We reserve the right to implement a social media advertising program. If implemented, you will be required to pay our then-current monthly subscription fee to license and purchase access to our interactive social media account management platform. We will not increase this fee by more than 10% per year and we will provide 120 days' notice prior to increasing this fee. We do not currently have a social media advertising program and do not charge this fee at this time.

Type of Fee	Amount	Due Date	Remarks
Local and Regional Advertising Cooperatives [3]	Established by cooperative members, not to exceed the amount of your monthly Brand Fund Contribution	Established by cooperative members	We currently do not have a cooperative but reserve the right to require one to be established in the future. Item 11 contains more information about advertising cooperatives.
Unauthorized Advertising Fee [1]	$500 per occurrence	On demand	This fee is payable to the Brand Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance [4]	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost of obtaining the insurance.
Additional Training or Assistance Fees [1]	Our then-current fee for additional training or assistance (between $200 and $2,000 per person per day depending on the nature of the training and experience of the trainer)	Payable in advance of training or assistance	We provide optional training via webinar for you and any number of your managers. Training will be made available to you at both the regional and national levels and will be payable in advance of the training.
Technology Fee [1], [5]	Then-current fee (currently $300 per month)	Due on the fifth day of each month	This fee covers certain technologies used in the operation of your CORE Business. We reserve the right to upgrade, modify or add new software and technology. We will not increasethe Technology Fee by more than 20% per year, and we will provide 120 days' notice prior to increasing this fee. You will be responsible for any increase in fees that results from an upgrade, modification or any additional software (we may increase this fee up to 20% each year) or from increases from third party vendors.
Convention Fee [1]	Then-current fee (currently estimated to be $500 - $1,500 per person)	On demand	Payable to us to help defray the cost of your attendance at any annual convention that we choose to hold. This fee is due regardless of whether or not you attend our annual convention in any given year.
Payment Service Fee [1]	Up to 4% of total charge	As incurred	If payment is made to us or our affiliate by credit card for any fee required, we may charge a service charge of up to 4% of the total charge.

Type of Fee	Amount	Due Date	Remarks
Late Fee (1)	$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee (1)	$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
Audit Expenses (1)	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses (we estimate this cost to be between $1,000 and $12,000)	Within 10 days of receipt of invoice	You will be required to pay this if an audit reveals that you understated any amount due to us by at least 2% or you fail to submit required reports.
Professional Fees and Expenses (4)	Will vary with circumstances	As incurred	You must reimburse us for any legal, accounting, or other professional fees ("**Professional Fees**") that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Indemnification (1)	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses, including Professional Fees, which we or our representatives incur related in any way to your CORE Business.
Renewal Fee (1)	25% of the then-current Initial Franchise Fee, or $18,750 (Elite) and $6,250 (Standard) if we are not offering franchises for sale at that time	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. This fee will be based on the amount of the Initial Franchise Fee given the population of your Territory at the time you renew. The Territory Fee and Brand Fund Contribution are also re-calculated upon your renewal.
Relocation Fee (1)	Up to $5,000	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your CORE Business, including the salary of our employees. We will provide you with copies of our invoices for our expenses from any third-party providers upon request.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee (1)	50% of the then-current Initial Franchise Fee, or $37,500 (Elite) or $25,000 (Standard) if we are not offering franchises for sale at that time	$1,000 non-refundable deposit at the time you sign the new franchise agreement and the remaining balance at the time of the approved transfer	Subject to state law, payable in connection with the transfer of your CORE Business, a transfer of ownership of your legal entity, or the Franchise Agreement. There are various other conditions you must meet for us to approve your transfer request (see Section 12 of the Franchise Agreement).
Transfer to Wholly-Owned Entity (1)	Our actual costs	Upon demand	If you are transferring the Franchise Agreement to an entity that you control, you will not be required to pay a transfer fee but you must pay our actual costs, subject to state law.
Tax Reimbursement (4)	Will vary under circumstances	Upon demand	You must reimburse us if you or your CORE Business do not pay levied sales, use, service, occupation, excise, gross revenue, income, property, or other taxes and we pay these taxes on your behalf.
Liquidated Damages (1), (6)	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause. We may recover lost future fees for the period when you failed to pay such fees, including the remainder of the term of your Franchise Agreement, up to a maximum of 36 months.
Broker Fees (4)	Our actual cost of the brokerage commissions, finder's fees or similar charges	As incurred	If you transfer your CORE Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

1. These fees which are paid to us or our affiliates, are uniform, and are not refundable under any circumstances once paid. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("**EFT**") or other similar means. You are required to complete the ACH authorization (in the form attached to the Franchise Agreement in Exhibit B). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. "Referral Gross Sales" means the total of all revenues, income and consideration from the sale of all CORE Business services and products to any customers that we refer to you, whether or not sold or performed at or from the CORE Business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. You may deduct from Referral Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Referral Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips, and allowances you give in good faith to your customers. All barter or exchange transactions in which you furnish services or products in exchange for goods or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Referral Gross Sales, be valued at the full retail value of the goods or services so provided to you.

3. This amount is not paid to us, but must be spent by you. We have the right to establish a local or regional advertising cooperation for an area that includes your Territory. In that situation, the exact amount will be determined by the cooperative members, subject to our approval, must be paid by you to that local or regional advertising cooperative. Any amounts you contribute toward an advertising cooperative will count toward your Brand Fund Contribution, and in no event will contributions to an advertising cooperative exceed the amount of your monthly Brand Fund Contribution. No local or regional advertising cooperatives have been established as of the date of this Franchise Disclosure Document.

4. Fees and costs payable to third parties. All of these are non-refundable, except as otherwise provided by such third parties.

5. Services covered by this fee may change periodically. We will provide you with certain technical services in exchange for your monthly Technology Fee, which may change from time to time based on changes to the technical services we provide and/or our costs to provide these services. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software or technology that must be used by CORE Businesses, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time, which may result in changes to the Technology Fee.

6. "**Lost Future Fees**" are determined by multiplying the monthly average of the Referral Fees, the Brand Fund Contributions, and the Territory Fees (without regard to any fee waivers or other

reductions) that are owed by you to us, beginning with the date you open your CORE Business through the date of early termination, multiplied by the lesser of: (i) 36; or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than $30,000.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Elite Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee (1)	$60,000	$80,000	Lump Sum or Partial Sum and Payment Terms	When you sign the Franchise Agreement	Us
Territory Fee (2)	$1,350	$11,250	As Incurred	Beginning one month after you sign the Franchise Agreement	Us
Brand Fund Contribution (3)	$500	$2,850	As Incurred	Beginning one month after signingthe Franchise Agreement	Us
Onsite Training Expenses (4)	$0	$6,250	As Incurred	As Incurred	Us
Business Licenses and Permits (5)	$0	$500	As Required	As Arranged	Government Agencies
Professional Fees (6)	$250	$5,000	As Agreed	As Arranged	Your Attorneys, CPA, and Other Professionals
Insurance (7)	$0	$20,000	As Agreed	As Arranged	Insurance Company
Utility and Security Deposits (8)	$0	$20,000	As Arranged	Before Opening	Third Parties, including utility companies
3-Months' Lease Payments (9)	$0	$5,000	As Agreed	As Arranged	Landlord
Leasehold Improvements (10)	$0	$100,000	As Agreed	As Arranged	Approved Contractors
CORE Signage (11)	$2,500	$5,000	As Agreed	As Incurred	Third Parties
Computer System	$500	$10,000	As Agreed	As Incurred	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Optional Software Fee (12)	$0	$3,000	As Agreed	Before Opening	Approved Vendors
Technology Fee (13)	$300	$900	As Incurred	Beginning one month after signing the Franchise Agreement	Us
Vehicles (14)	$2,000	$9,000	As Arranged	As Arranged	Third Parties
Additional Funds – 3 Months (15)	$25,000	$100,000	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (16)	$92,400	$378,750			

Standard Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee (1)	$50,000	$70,000	Lump Sum or Partial Sum and Payment Terms	When you Sign the Franchise Agreement	Us
Territory Fee (2)	$1,200	$8,850	As Incurred	Beginning one month after signing the Franchise Agreement	Us
Brand Fund Contribution (3)	$500	$2,850	As Incurred	Beginning one month after signing the Franchise Agreement	Us
Onsite Training Expenses (4)	$0	$6,250	As Incurred	As Incurred	Us
Business Licenses and Permits (5)	$0	$500	As Required	As Arranged	Government Agencies
Professional Fees (6)	$250	$5,000	As Agreed	As Arranged	Your Attorneys, CPA, and Other Professionals
Insurance (7)	$0	$20,000	As Agreed	As Arranged	Insurance Company

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Utility and Security Deposits (8)	$0	$20,000	As Arranged	Before Opening	Third Parties, including utility companies
3-Months' Lease Payments (9)	$0	$5,000	As Agreed	As Arranged	Landlord
Leasehold Improvements (10)	$0	$100,000	As Agreed	As Arranged	Approved Contractors
CORE Signage (11)	$2,500	$5,000	As Agreed	As Incurred	Third Parties
Computer System	$500	$10,000	As Agreed	As Incurred	Third Parties
Optional Software Fee (12)	$0	$3,000	As Agreed	Before Opening	Approved Vendors
Technology Fee (13)	$300	$900	As Incurred	Beginning one month after signing the Franchise Agreement	Us
Vehicles (14)	$2,000	$9,000	As Arranged	As Arranged	Third Parties
Additional Funds – 3 Months (15)	$25,000	$100,000	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (16)	$82,250	$366,350			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in converting your existing business to a CORE Business. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, depending on their policies or your arrangements with them.

1. Initial Franchise Fee. You must pay us the initial franchise fee in full when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable. See Item 5 for additional information about your Initial Franchise Fee. We may extend financing for up to 100% of the Initial Franchisee Fee. See Item 10 for more details on financing, including estimated loan repayment.

2. Territory Fee. See Item 5 for additional information about your Territory Fee. The low estimate assumes you open your CORE Business within one month after signing the Franchise Agreement, and the high estimate assumes you are required to make three monthly Territory Fee payments at the highest Territory Fee rate. This fee is due monthly beginning one month after you sign the Franchise Agreement and is not tied to the opening of the CORE Business.

3. Brand Fund Contribution. See Item 5 for additional information about your Brand Fund Contribution. The low estimate assumes you are required to make one monthly Brand Fund

Contribution payment at the lowest Brand Fund Contribution rate, and the high estimate assumes you are required to make three monthly Brand Fund Contribution payments at the highest Brand Fund Contribution rate. This fee is due monthly beginning one month after you sign the Franchise Agreement and is not tied to the opening of the CORE Business.

4. Onsite Training Expenses. See Item 5 for more additional information about these expenses. The low estimate assumes you participate in online CORE membership onboarding, and the high estimate assumes you hold onsite training with one corporate trainer for one week.

5. Business Licenses and Permits. You must obtain the licenses and permits that are required by your city, county and state to operate your CORE Business. The low estimate assumes you already have all required licenses and permits to operate your CORE Business.

6. Professional Fees. We recommend that you hire a lawyer, accountant or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on area and experience.

7. Insurance. You must obtain and maintain, at your own expense, the types and amounts of insurance coverage that are typical in the industry or otherwise required by law or applicable regulations. If you have had prior issues or claims from previous operations unrelated to the operation of a CORE Business, your rates may be significantly higher than those estimated above. The low estimate assumes you do not need additional insurance to open your CORE Business.

8. Utility and Security Deposits. This estimate includes security deposits required by the landlord, cable and utility companies. The low estimate assumes you already are operating in a Facility that meets our requirements and that we have approved.

9. 3-Months' Lease Payments. Your actual rent and deposit payments may vary depending upon your location and your market's retail lease rates. Facilities will typically be a minimum of 2,500 square feet in size. If you purchase instead of lease the premises for your Facility, then the purchase price, down payment, interest rates and other financing terms will determine your monthly mortgage payments. The low estimate assumes you already are operating in a Facility that meets our requirements and that we have approved, and operating a CORE Business does not impact your existing lease payment.

10. Leasehold Improvements. This estimate does not include any construction allowances that may be offered by your landlord. Building and construction costs will vary depending upon the condition and size of the premises for your Facility and local construction costs. The low estimate assumes you already are operating in a Facility that meets our requirements and that we have approved.

11. Signage. When you convert your business to a CORE Business, you will need to add the CORE Marks to the exterior of your Facility, as well as to your letterhead, website, and anywhere else where your business name is listed.

12. Optional Software Fee. If you do not have an existing job management/business management software system, we recommend that you use our approved restoration management software to run your CORE Business. If you use this software, you must pay our approved third-party vendor's then-current monthly fee (currently $200-$1,000 per month) to license the software (see Item 11).

13. Technology Fee. See Item 5 and Item 6 for additional information about your Technology Fee. The low estimate assumes you open your CORE Business within one month after signing the

Franchise Agreement, and the high estimate assumes you are required to make three monthly Technology Fee payments prior to opening. This fee is due monthly beginning one month after you sign the Franchise Agreement and is not tied to the opening of the CORE Business.

14. Vehicles. This item includes vehicles that you will use in the operation of the CORE Business ("**Vehicles**"). We require that your Vehicles be well maintained and in good working condition, and less than 15 years old as of date you sign the Franchise Agreement. The body of the Vehicles must be clean and free of any major or minor damage. You may use vehicles you currently own as your Vehicles, provided they meet our specifications, and that we approve your Vehicles prior to use; otherwise, you will be required to lease or purchase Vehicles. The low estimate represents use of a vehicle which you currently own as the Vehicle. The high estimate represents the total payments for the first three months for two leased Vehicles at a low interest rate. CORE Businesses are required to co-brand all Vehicles as defined by terms in the Brand Standards Manual, and the cost of co-branding two Vehicles is included in this estimate. This chart does not include estimates for items such as purchasing your Vehicles, acquiring licenses, insurance, registration, or other permits for your Vehicles, or otherwise making improvements to your Vehicles. We reserve the right to revoke our approval of a Vehicles should the Vehicles no longer meet our minimum standards.

15. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your CORE Business. They include payroll, administrative, maintenance, utilities, software license fees, working capital and other items. These figures do not include standard expenses, Referral Fee, Territory Fees, Brand Fund Contributions or advertising fees payable under the Franchise Agreement or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your CORE Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your CORE Business. Our estimates are based on our experience and our current requirements for CORE Group Restoration Franchises. Additional funds for the operation of your CORE Business Franchise will be required after the first three months of operation if sales produced by the CORE Business Franchise are not sufficient to produce positive cash flow.

16. Outside of the Initial Franchise Fees, CORE franchises do not incur significant initial investment costs because they are existing businesses that do not need to invest in typical start-up costs. These figures are estimates, and we cannot guarantee that you will not have additional expenses converting your CORE Business. Our estimates are based on our experience and our current requirements for CORE Businesses. This is an estimate of the initial expenses to convert one existing business into a CORE Business. You should review these figures carefully with a business advisor before making any decision to purchase the Business.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

Our confidential operations manual ("**Brand Standards Manual**") states our standards, specifications and guidelines for products and Services we request you to obtain and provide in converting and operating your CORE Business, and approved vendors for these products and Services that you may use at your discretion. Although you may have significant leeway in how you operate your CORE Business, you must not operate in any manner which reflects adversely on our Marks or the System. We will continually notify you of new or modified standards, specifications and guidelines through periodic amendments or supplements to the Brand Standards Manual or through written communication (including electronic communication such as email or through a system-wide intranet).

Our affiliate, CGR Affiliate, operates an insurance industry managed repair services division that credentials and manages contractors to perform work for national insurance and commercial clientele ("**ONCORE Repair**"). If you choose to participate in ONCORE Repair, and if we allow you to participate, you must complete our applications, and we may refer to you qualified work to perform restoration and recovery work for this clientele. If you participate in the ONCORE Repair program, you must adhere to specific service level agreements that set forth the operating standards you must follow when providing services to ONCORE Repair clients. We may discontinue the ONCORE Repair program at any time upon written notice to you.

We may recommend that you lease, purchase, install, maintain in sufficient supply, and use fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Brand Standards Manual or otherwise in writing. We reserve the right to require you to obtain the computer hardware, software, licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify.

You must obtain and maintain the types and amounts of insurance coverage that are typical in the industry and otherwise required by law or applicable regulation. If you provide Services for a National Account, you will be required to obtain and maintain the types and limits of insurance designated by us (which may vary depending on the National Account). Such coverage typically includes: (1) commercial general liability coverage containing minimum liability coverage for bodily injury, property damage, and personal injury; products/completed operation coverage; and umbrella or follow-form excess liability coverage; (2) business interruption insurance for a period adequate to re-establish normal business operations; (3) pollution coverage; (4) liability coverage of owned, hired and non-owned automobiles under one or more policies of insurance; (5) professional liability coverage; (6) workers' compensation coverage as required by statute or rule in the state in which your CORE Business is located; (7) automobile coverage for any Vehicles used in the CORE Business; (8) underinsured or uninsured coverage that satisfies state requirements in the state(s) in which you operate your Vehicle(s); (9) any other insurance that may be required by statute or rule in the state(s) in which your CORE Business is located; and (10) any other insurance that we may require in the future. The insurance company must be authorized to do business in the state where your CORE Business is located and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies or require different or additional insurance coverage at any time for National Accounts. All insurance policies must name us and any affiliates we designate as additional named insured parties. Your policy must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies (including, without limitation, termination) we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost of obtaining the insurance. We have developed a relationship with certain insurance services brokers to ensure you meet the necessary requirements. A list of these brokers is contained in our Brand Standards Manual.

Purchases from Approved Suppliers

We will provide you with a list of our designated and approved suppliers, if any, in our Brand Standards Manual, that you may use in your discretion. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We do not make our supplier specifications or standards generally available to you or to suppliers. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether that supplier or provider meets our standards and specifications. If a supplier, distributor or vendor does not meet our standards and specifications, you should consider discontinuing the use of such supplier, distributor or vendor. We reserve the right to charge a fee to evaluate the proposed product, service or supplier. We apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to CORE Businesses to ensure timely deliveries of the products or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. We will send written notice of any revocation of an approved supplier, product or service, in which case you should consider discontinuing the sale of any disapproved products and consider discontinuing to purchase from any disapproved supplier. We do not provide material benefits to you based solely on your use of designated or approved sources.

We may designate ourselves and/or any affiliates we may have as an approved supplier from which you can consider leasing or purchasing certain services or products in developing and operating your CORE Business. We and our affiliates are not currently an approved supplier of any products or services, but we or our affiliates may become an approved supplier in the future. None of our officers currently own an equity interest in any approved supplier.

We may, but are not required to, negotiate purchase agreements with suppliers and distributors for the benefit of our Franchisees and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We currently operate a purchasing cooperative ("**CORE Perks**"), which is a cooperative of vendors from whom Franchisees can make purchases, allowing Franchisees to take advantage of bulk pricing discounts by pooling their funds together to lease or purchase goods or services. Other than CORE Perks, we currently do not have any purchasing or distribution cooperatives.

We estimate that none of your purchases required to convert your CORE Business and none of purchases required to operate your CORE Business will be from us, our affiliates or from approved suppliers, and under our specifications. We and our affiliates may receive rebates from some suppliers based on your purchase of services and products. While we have no obligation to pass them on to our Franchisees or use them in any particular manner, we may do so through any method we choose. During the last fiscal year, we and our affiliates did not derive revenue or other material consideration as a result of Franchisees' required purchases or leases.

We may negotiate purchase agreements with suppliers and distributors for the benefit of our franchisees and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you.

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.

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section 3.a	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3.b	Items 7 and 11
c. Site development and other pre-opening requirements	Section 3	Item 11
d. Initial and ongoing training	Section 5.a and 5.b	Item 11
e. Opening	Section 3.d	Item 11
f. Fees	Section 4	Items 5, 6, 7, 8, and 11
g. Compliance with standards and policies/Operating Manual	Section 5.d	Item 11
h. Trademarks and proprietary information	Sections 6 and 7	Items 13 and 14
i. Restrictions on products/services offered	Not Applicable	Item 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 2	Item 7
l. Ongoing product/service purchases	Section 8.d	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 8.a	Item 11
n. Insurance	Section 8.e	Items 6, 7 and 8
o. Advertising	Section 9	Item 11
p. Indemnification	Section 16.d	Items 13 and 14
q. Owner's participation/management and staffing	Section 5.f and 8.f	Item 15
r. Records and reports	Sections 10	Item 6
s. Inspections and audits	Sections 11	Item 6
t. Transfer	Section 12	Item 17
u. Renewal	Section 13	Item 17
v. Post-termination obligations	Sections 15	Item 17
w. Non-competition covenants	Section 7.c and 15.e	Item 17
x. Dispute resolution	Section 17.e	Item 17

ITEM 10
FINANCING

We may extend financing for up to 100% of the Initial Franchise Fee based on the franchisee's qualifications and its credit rating. The financing terms will be monthly payments for terms of either 12, 24 or 60 months.

You must sign a Promissory Note and Security Agreement for the amount financed, which will require the pledge of security in the Franchise and all assets of the CORE Business. The required down payment is between 0% and 50% of the amount of the loan. Interest rates will range from 4.99% to 10% depending on the term of the loan. Payments will vary based on the term and interest rate, but generally will range from $1,600 (60-month term) to $6,500 (12-month term) per month. Payment is due by the fifth day of each month.

You will make monthly payments for up to a period of 60 months following the date of the Franchise Agreement until the Promissory Note is paid in full. The Promissory Note shall become immediately due and payable, without notice or demand, upon the occurrence of any one or more of the following events of default: (a) your failure to make any required payment on or before the date such payment is due; (b) the filing of a petition by or against you under the provisions of any state insolvency law or the Federal Bankruptcy Act; or (c) any assignment by you for the benefit of creditors. In this event, interest and principal will bear interest at 10% per annum from and after the date of default. The Promissory Note will not include a penalty for prepayment.

The Promissory Note must be signed by you and be personally guaranteed by your spouse (if applicable) and if you are an entity, be personally guaranteed by your owners and your owners' spouses (if applicable) under the Owners Agreement, which is attached to the Franchise Agreement as Attachment C. A default under the Promissory Note or the Security Agreement would be a default under the Franchise Agreement and may result in the termination of your Franchise Agreement. You must also pay all costs of collecting the amount due under the Promissory Note, including attorney fees. Suit will be filed against you in the State of Texas. You must waive all defenses against us, and other legal rights. A copy of the form of Promissory Note and Security Agreement used by us for this type of financing is attached in Exhibit G to this Franchise Disclosure Document. We may sell, assign or discount the Promissory Note to a third party. In such cases, the franchisor will remain primarily obligated to provide the financed goods or services, and the franchisee may lose all its defenses against the lender as a result of the sale or assignment.

Except as provided above, we do not offer direct or indirect financing to you. We do not guarantee your Promissory Note and Security Agreement, lease, or other obligation.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, CGR is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your CORE Business, we (or our designee(s)) will provide the followingassistance and services to you:

1. Designate your non-exclusive Territory. (Franchise Agreement. Section 1.f).

2. If you are developing a site for your Facility, we will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. Although we will consult with you on your site, you have the ultimate responsibility in choosing, obtaining and developing the site for your Facility. (Franchise Agreement, Section 2.a).

3. Provide mandatory and discretionary specifications for the CORE Business, including standards and criteria for design, image, and branding of Vehicles, locations, and other trade dress (Franchise Agreement, Section 2).

4. Make an initial visit to your CORE Business for an onsite review and inspection within first 12 months (Franchise Agreement, Section 2.g).

5. Provide our list of designated and approved suppliers, and our standards and specifications, for your CORE signs, products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate to establish and operate your CORE Business (Franchise Agreement, Section 3.b and Section 8).

6. Make available a CORE membership onboarding program via webinar or onsite at your location ("**Onboarding Program**") for you and your managers. (Franchise Agreement, Sections 3 and 5). If we conduct the Onboarding Program via webinar, we will provide access to the webinar to you and any number of your managers, so long as they participate in the same Onboarding Program. If you choose to have initial training provided by our corporate staff in-person, you must pay $250 per day, plus our travel, lodging, meals, and incidental expenses, which we estimate to cost $5,000 for the entire Onboarding Program.

7. Loan to you, or make available to you on our website, one copy of the Brand Standards Manual. The Brand Standards Manual contains approximately 28 pages. The table of contents for the Brand Standards Manual is attached to this Franchise Disclosure Document as Exhibit E (Franchise Agreement, Section 4.d).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing CORE Businesses.

Continuing Obligations

During the operation of your CORE Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Inform you of standards, specifications and procedures for the operation of your CORE Business, as described in Item 8 (Franchise Agreement, Section 8).

2. Upon reasonable request, provide advice regarding your CORE Business operations based on reports or inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone, or other methods in our discretion (Franchise Agreement, Section 4.c).

3. Provide you with advice and guidance on advertising and marketing (Franchise Agreement, Section 4.c).

4. Provide additional training to you for newly-hired personnel on the CORE Group Restoration brand and System guidelines, refresher training courses, and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (Franchise Agreement, Section 4.b).

5. Maintain a system website that will include a list of all of the CORE Group Restoration franchisees that are in good standing with us. We may modify the content of or discontinue such website at any time in our sole discretion (Franchise Agreement, Section 9.d).

6. Allow you to continue to use confidential materials, including the Brand Standards Manual and the Marks (Franchise Agreement, Section 6).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment or new techniques.

2. Maintain and administer the Brand Fund. We may dissolve the Brand Fund upon written notice (Franchise Agreement, Section 9.a).

3. Produce and hold a national convention, in our sole discretion, at a location to be selected by us to discuss various business or training issues affecting CORE franchisees. These conventions are required, and all CORE franchisees will be required to pay for a minimum of one employee to attend.

4. If you opt-in to ONCORE Repair program by completing the required applications, our affiliate, CGR Affiliate, may provide you with referrals for managed repair services to perform work for national insurance and commercial clientele (Franchise Agreement, Section 1.e). We may discontinue the ONCORE Repair program at any time upon written notice to you.

5. We do not currently provide assistance to you in establishing minimum and maximum prices to be charged for services you provide to clients; however, to the extent allowed by law we reserve the right to establish minimum and maximum resale prices for use with marketing programs and price promotions and further reserve the right to establish prices for national account clients (Franchise Agreement, Section 2.b.3).

Site Approval

If, as of the date you sign a Franchise Agreement, you are operating your business from a commercial location, you must submit to us the plans for your commercial location, or else permit us to visit the commercial location for our review. Although we do not need to approve your existing Facility, we may provide you with changes you must make to bring your commercial location in line with our brand standards. Acceptance of your existing commercial location does not infer or guarantee the success or profitability of the accepted site in any manner whatsoever.

If you are not already operating from a Facility, you must select the site for your Facility and submit it for our review and approval. We may consider one or more of the following factors in evaluating a site: general location and neighborhood, population, size, layout, suitability and other physical characteristics.

You may not relocate your Facility without our prior written consent, whether or not you were operating from this Facility prior to converting to a CORE Business. Our acceptance of a proposed Facility is not, and should not be, deemed a guarantee by us concerning the likelihood of success of a CORE Business at the location or that your location will meet applicable zoning laws. If you are not already operating an existing Facility when you sign the Franchise Agreement, you must purchase or lease, at your expense, the site for your Facility within 60 days after signing the Franchise Agreement, or we will terminate the franchise and your Initial Franchise Fee will be forfeited. We generally do not own or lease the premises to you.

We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Facility. In addition, you must refurbish, remodel or install improvements to your Facility, Vehicles or other aspect of your CORE Business should we periodically modify System standards, as required by us.

Schedule for Beginning Operations

We estimate that the typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the CORE Business and the operation of your CORE Business is between one month and three months. You must begin operation of your CORE Business within six months after signing the Franchise Agreement. Some factors that may affect this timing are your ability to acquire a location through lease or purchase negotiations; your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; and the time to convert, renovate or build out your CORE Business. If your CORE Business is not operating within 12 months after signing the Franchise Agreement, we may terminate the Franchise Agreement and your Initial Franchise Fee will be forfeited. We do not provide assistance with: (1) conforming your Facility to local ordinances and building codes; (2) obtaining permits; (3) constructing remodeling or decorating the premises; or (4) hiring and training employees, except for key employees, as described in Training below.

You may not open your CORE Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) all amounts due to us have been paid; (3) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; and (4) you notify us that all approvals and conditions stated in the Franchise Agreement have been met. We do not deliver or install equipment, signs, fixtures, opening inventory and supplies. You must be prepared to open and operate your CORE Business immediately after we state your CORE Business is ready for operation.

<u>Advertising</u>

Brand Fund

We have created a fund for promoting, marketing, and developing the System, the Marks, and CORE Businesses. You must pay us a monthly Brand Fund Contribution in the amounts described in <u>Items 5</u> and <u>6</u>. You must make contributions to the Brand Fund at the same time you pay your monthly Territory Fee. Your contribution to theBrand Fund will be in addition to all other advertising requirements set out in this <u>Item 11</u>. Each franchiseewill be required to contribute to the Brand Fund. Franchisor-owned outlets may, but are not required to, contribute to the Brand Fund on the same basis as CORE Franchisees.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional or national marketing, advertising, sales promotion, and promotional materials; public and consumer relations; website development and search engine optimization; the development of technology for the System; and any other purpose to promote the CORE Group Restoration brand. We may use any media for disseminating Brand Fund advertisements, including direct mail, print ads, the Internet, social media, radio, billboards and television. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Fund for administrative costs; independent audits; reasonable accounting, bookkeeping, reporting, and legal expenses; taxes; and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund Contributions for advertising that is principally a solicitation for the sale of CORE franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available," or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. We may dissolve the Brand Fund upon written notice to you.

The Brand Fund will be audited annually. Financial statements of the Brand Fund are available for review upon written request and will also be presented during our annual convention. In our last fiscal year, we spent only about 60% of the Brand Fund, of which 20% of used funds were spent on print advertising including newspapers and circulars, and 80% of the used funds were spend on trade shows to promote the CORE brand. We did not spend any of the Brand Fund on soliciting franchisees.

Local Advertising

We do not impose a minimum amount that must be spent on local advertising, but we recommend you advertise your affiliation as a CORE Business within your Territory. All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing.

Advertising Cooperative

We reserve the right to establish a local or regional advertising cooperative ("**Cooperative**") if two or more CORE Businesses are operating in a market designated by us. If established in the market in which your CORE Business operates, you will be required to participate in the Cooperative that is established. The area of each Cooperative will be defined by us, based on our assessment of the area. CORE Businesses in each Cooperative will contribute an amount to the Cooperative for each CORE Business that the Franchisee owns that exists within the Cooperative's region. Each CGR-owned Business that exists within the Cooperative's region will contribute to the Cooperative on the same basis as CORE Businesses. The amounts due to a Cooperative shall be determined by the Cooperative, which shall be administered by a person or persons selected by a majority vote of the Cooperative's members, each of whom are owners of CORE Businesses within that Cooperative's region. Amounts due to a Cooperative shall be due on the 7th day of each month. Any amounts you contribute toward a Cooperative will count toward your Brand Fund

Contribution. In no event will the contribution exceed the amount of your monthly Brand Fund Contribution. We may require that each Cooperative operate with governing documents, including any membership agreement that we may require, which will be made available in advance for your review. Each Cooperative must prepare annual unaudited financial statements, and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve or merge any Cooperative formed in the future. If we elect to form such Cooperatives, or if such Cooperatives already exist that include your Territory, you will be required to participate in compliance with the provisions of the Brand Standards Manual, which we may periodically modify in our discretion. As of the date of this Franchise Disclosure Document, we have not established any advertising Cooperatives or associations.

Marketing and Marketing Materials

You are not required to use the CORE Marks in your marketing materials; however, we recommend that you advertise your affiliation as a CORE Business. We do not review or approve your CORE Business's marketing materials unless those marketing materials include a CORE Mark, in which case, you must submit it for our approval prior to use. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our Marks on items to be sold or services to be provided without our prior written approval. This policy applies to all materials in whatever format, including online advertising. We may restrict your from using any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks.

If we approve of promotional items or services that will be sold in your CORE Business, those items or services must be in your Referral Gross Sales, and will be subject to Referral Fees. If you use unauthorized advertising materials or if our logos and/or marks are misused in any fashion or go against our advertising standards in the Brand Standards Manual, you must pay a fee of $500 per occurrence to the Brand Fund.

If you wish to advertise online and are using our Marks, you must follow our online policy, which is contained in our Brand Standards Manual. Our online policy may change as technology changes.

System Website

We have established a website for all CORE Businesses ("**System Website**"). Your CORE Business will be included on our System Website as a preferred service provider. When a Customer uses the System Website to search for a service provider, your CORE Business will appear in any searches that contain a service address in your Territory for services that you provide. We have the right to use the Brand Fund's assets to develop, maintain and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System standards relating to the System Website.

We are only required to reference your CORE Business on the System Website while you are in full compliance with your Franchise Agreement and all System standards. You may maintain a separate website for your CORE Business.

Advisory Council

We may form an advisory council ("**Council**") to advise us on all policies. Members of the Council shall consist of representatives from CGR and CORE Franchisees. The Council shall be governed by bylaws. Members of the Council shall be selected by way of a voting method specified in the Council's bylaws. We anticipate each member will have one vote. The Council shall serve in an advisory capacity only. We will have the power to form, change or dissolve the Council, in our sole discretion. We anticipate that the Council will be established once there are at least 50 CORE Businesses in operation.

Computer Equipment and Software

You are required to purchase or maintain a computer system (the "**Computer System**") that consists of the following hardware and software: (a) a desktop computer with all necessary software required to run bookkeeping, accounting, and other software, as well as an all-in-one printer/scanner/fax/copier, telephone, and all necessary hardware to support high speed Internet access and email; and (b) Microsoft Office 2016 or later (or Office 365). You will also have access to our ONCORE Claims Management System (the "**ONCORE Claims Portal**"), an online portal that provides access to projects made available to CORE franchisees by us. If purchased, we estimate the cost of purchasing the Computer System will be between $500 and $10,000. You must also maintain a high-speed Internet connection at your Facility. You must pay for upgrades and updates for all software and remain current on all software updates. You may purchase maintenance and support contracts from third parties for hardware or other software if you wish.

You must record all Referral Gross Sales in the ONCORE Claims Portal. You must store all data and information in the ONCORE Claims Portal that we designate, and report data and information in the manner we specify. The ONCORE Claims Portal will have the capacity to generate reports on the Referral Gross Sales of your CORE Business. To be eligible to receive referrals from us or our affiliate, you are required to use the ONCORE Claims Portal.

You must pay our then-current Technology Fee (currently $300 per month) for access to our intranet platform. We reserve the right to upgrade, modify, or add new software and technology. We will not increase the Technology Fee by more than 20% per year and we will provide 120 days' notice prior to increasing this fee.

You must accept all credit cards and debit cards that we determine must be accepted. We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System. You must arrange for installation, maintenance and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs or upgrades relating to the Computer System. The cost of maintaining, updating or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time. We estimate the annual cost for maintaining, updating or upgrading Computer Systems for company-owned CORE Businesses is between $1,000 and $2,000, but this could vary (as discussed above). We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

We (and our designee(s)) may access information from your computer system and retrieve, analyze, download and use all software, data and files stored or used on your ONCORE Claims Portal. We may access information from your Computer System from other locations or through an intranet/extranet system we may develop. You must store all data and information that we designate and report data and information in the manner we specify. We (and our designee(s)) may collect and use the collected information in any manner, including to promote the System and the sale of CORE Businesses. This may include posting financial information of each franchisee on an intranet website for the purpose of collective growth measurement and marketing data. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We and our affiliates are the owner of all data and information generated by and through the ONCORE Claims Portal as it relates to your CRORE business, including the CORE Business's financial information and customer data and customer lists which relate to the ONCORE Claims Portal.

<u>Training</u>

Onboarding Program

We will make available to you, or if you are an entity, your operating principal and any designated manager or representative an Onboarding Program should you wish to participate. We may require that you, your operating principal or your designated manager successfully complete our Onboarding Program. We provide the Onboarding Program via webinar to you (or if you are an entity, your operating principal) and your managers. However, if you choose to have initial training provided by our corporate staff in-person, you must pay $250 per day, plus our travel, lodging, meals, and incidental expenses, which we estimate to cost $5,000 for the entire initial training. The Onboarding Program is provided or held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the Onboarding Program.

We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the CORE Group Restoration System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the CORE Business. You will be responsible for hiring, training, directing, scheduling and supervising your employees and independent contractors in the day-to-day operations of the CORE Business.

We plan to provide the training listed in the table below. We reserve the right to vary the length and content of the Onboarding Program based upon the experience and skill level of the individuals attending the Onboarding Program. You may elect to participate in some, all, or none of the training.

ONBOARDING TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Background of the Franchisor	1	0	Web-based training or onsite at your CORE Business
Marketing	1	0	Web-based training or onsite at your CORE Business
Customer Service	1	0	Web-based training or onsite at your CORE Business
High-Net-Worth Customer Care	1	0	Web-based training or onsite at your CORE Business
Commercial Job Management and Estimating	4	0	Web-based training or onsite at your CORE Business
Business Strategy Summit	24	0	Web-based training or onsite at your CORE Business

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Marketing and Sales Practices Summit	16	0	Web-based training or onsite at your CORE Business
Total	48 hours	0 hours	

Notes:

1. We will use the Brand Standards Manual as the primary instruction materials during the Onboarding Program.

2. Dan Cassara, our Chief Executive Officer, currently oversees our training program to which he brings more than 20 years of management experience as the Chief Executive Officer of various companies.

3. Other instructors will include experienced CORE Group Restoration selected partners and industry thought leaders with at least 5 years' experience as either CORE partners or industry leaders.

Ongoing Training

We will, from time to time, make available to you, or if you are an entity, your operating principal and any designated manager or representative, refresher or additional training courses. You may also request that we provide additional training (either at corporate headquarters or at your CORE Business). If the training program is conducted at your location, then you must reimburse us for the expenses we or our representatives incur in providing the training. If provided at corporate headquarters, you will incur all travel expenses.

Although you are not required to participate in any training, you will be required to attend an annual meeting of all CORE franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all CORE franchisees (see Item 6). You will be required to pay for a minimum of one employee to attend. You are responsible for all travel and expenses for your attendees.

ITEM 12
TERRITORY

The Franchise Agreement for your Franchise grants you a non-exclusive territory ("**Territory**") in which you will operate your CORE Business. Territories are typically designated by county lines. We generally will grant only one CORE Elite Franchise for any region with a population of approximately 5,000,000 persons or fewer and only one CORE Standard Franchise for any region with a population of approximately 2,000,000 or fewer. For any region with a population of approximately 5,000,000 persons or more, we reserve the right to grant one CORE Elite Franchise per population of 5,000,000 persons. By way of example, a region with 10,000,000 persons can have up to two CORE Elite Franchises and up to five CORE Standard Franchises. We reserve the right and may grant CORE Branded Franchises in your Territory. CORE Branded Franchises have territories with populations of approximately 750,000 persons which may overlap with your Territory.

The purpose of granting you a Territory is not to restrict your ability to conduct business within or outside of that Territory. You may conduct business and engage in promotional activities through your CORE Business within and outside of your Territory in compliance with our offsite policies and procedures in our Brand Standards Manual; the Territory designations allow us to limit the number of CORE

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

You must operate your CORE Business from a commercial facility that we have approved. You may not relocate the CORE Business without our prior written approval. We may approve a request to relocate the CORE Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of the Business, and our then-current site selection policies and procedures. If the lease for your Facility expires or is terminated without your fault, or if the site for the Facility is destroyed for any reason, condemned, or otherwise rendered unusable, you may relocate the CORE Business to a new site that meets our standards. Any relocation will be at your sole expense.

We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate CORE Businesses at any location, regardless of the proximity to your CORE Business, subject to our policies of: (i) granting only one CORE Elite Franchise per population of approximately 5,000,000 persons in any territory; and (ii) granting only one CORE Standard Franchise per population of approximately 2,000,000 persons in any territory;

2. to use the Marks and the System to sell any products or services similar to those that CORE Businesses sell, through any alternate channels of distribution within or outside of your Territory. This includes, but is not limited to, the Internet, through telemarketing, or other direct marketing, promotional efforts or related items;

3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering disaster recovery and property damage restoration services to residential and commercial customers, at any location, including within the Territory, which may be similar to or different from the CORE Business operated by you. Although we retain the rights described, neither we nor any affiliate, operates, franchises or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by you or our other CORE Franchisees;

4. to engage in any transaction, including to purchase or be purchased by, or merge or combine with, any business, to convert to the CORE franchise system or to be converted to a new system with any business, whether franchised or corporately owned, including a business that competes directly with your CORE Business, wherever located; provided that in such situations the newly acquired businesses will not operate under the Marks inside the Territory;

5. to acquire and convert to the CORE franchise system operated by us, any businesses offering products and services similar to those offered by CORE Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately-owned, and whether located inside or outside of the Territory, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Territory;

6. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

7. to service National Accounts (including the ONCORE Repair Program) within the Territory or allow other CORE franchisees or third parties to service National Accounts if you are in default, unable, or unwilling to provide necessary Services.

We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume or market penetration, but does depend on your timely payment of the Territory Fee. We do not pay compensation for soliciting or accepting orders inside your Territory. As of the date of this Franchise Disclosure Document, we sell property restoration services to Customers which are delivered through our CORE franchisees and non-franchisee affiliated service providers.

Additional CORE Franchises

If you wish to purchase an additional CORE Business, you must apply to us, and we may, at our discretion, offer an additional CORE Business to you. We consider a variety of factors when determining whether to grant additional CORE Businesses. Among the factors we consider, in addition to the then-current requirements for new CORE franchisees, are whether you are in compliance with the requirements under the current franchise agreement. You have no option, right of first refusal or similar contractual right to acquire additional CORE Businesses. You do not have a right of first refusal on the sale of existing CORE Businesses.

National Customer Accounts

We reserve the exclusive right to negotiate and enter into agreements with National Account customers to provide Services wherever such businesses are located, including within your Territory, and we retain all rights to service or designate ourselves or other CORE Businesses to service National Accounts in your Territory. "**National Account**" means any customer: (i) that conducts its business for its own account or through agents, affiliates, independent contractors, or franchisees in two or more of our territories; (ii) a regional or national chain with three or more locations, which customer or chain has contracted with us to obtain products and services for two or more of its locations from us, our affiliates and/or franchisees; or (iii) which owns, manages, controls, or otherwise has responsibility for businesses or residences in more than one location and whose presence is not confined within any one particular franchisee's territory. We may discontinue the National Accounts program at any time upon written notice to you.

Our ONCORE Repair program is operated by CGR Affiliate. Through the ONCORE Repair program, we receive requests for Services and provide referrals to CORE Businesses to provide the requested Services. If you opt in to the ONCORE Repair program by completing the required applications, CGR Affiliate may provide you with referrals for managed repair services to perform work for Customers of the ONCORE Repair program. We do not guarantee a minimum number of referrals or amount of gross revenues from referrals from the ONCORE Repair program.

If you choose to accept referrals from our National Accounts, you will be required to follow all rules and regulations that we put into place via our ONCORE Repair program standards, including those described in the Brand Standards Manual and Franchise Agreement. If we or another party are providing Services to a National Account Customer in your Territory, you will not receive any compensation related to these Services.

If we refer National Account services to you, and if you are unable or unwilling to provide services to the National Account within your Territory, then we or another CORE Business will be given the work, and we or such CORE Business will be providing services within your Territory. You may not provide

Services to any National Accounts without our prior written consent, which may be granted or denied in our sole discretion.

ITEM 13
TRADEMARKS

The Franchise Agreement and your payment of the Territory Fees grants you the non-exclusive right and license to operate your CORE Business using our principal trademarks listed below. You may also use other future trademarks, service marks and logos we approve to identify your CORE Business.

The Marks and the System are owned by CGR Affiliate. CGR Affiliate has granted CGR an exclusive license ("**Trademark License**") to use the Marks to franchise the System throughout the world. The Trademark License is for ten years and began on July 17, 2019. It will automatically renew for subsequent ten-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, CGR Affiliate has agreed to license the Marks directly to our franchisees until each Franchise Agreement expires or is otherwise terminated.

CGR Affiliate has a registration with the United States Patent and Trademark Office ("**USPTO**") for the following Mark:

Registered Mark	Registration Number	Registration Date	Register
CORE | COMMERCIAL	6,011,884	March 17, 2020	Registered on the Principal Register
ONCORE	6,351,607	May 18, 2021	Registered on the Principal Register

We claim common law rights in the following Marks:

Mark	Registration Number	Registration Date	Register
CORE GROUP RESTORATION	Common Law	Not Registered	An application to register this Mark has not been filed.
CORE	Common Law	Not Registered	An application to register this Mark has not been filed.

Mark	Registration Number	Registration Date	Register
CORE PRIVATE CLIENT	Common Law	Not Registered	An application to register this Mark has not been filed.
ON CORE	Common Law	Not Registered	An application to register this Mark has not been filed.

We do not have a federal registration for our principal trademark. We also do not have a federal registration for our other common law Marks. Therefore, these trademarks do not have the same legal benefits and rights as federally registered trademarks. If our right to use these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

On January 29, 2020, we received a final office action refusing registration of our CORE Private Client Mark listed in the chart above (USPTO serial number 88/460,232) ("**Office Action**") for failure to satisfy all requirements and/or refusals previously raised by the USPTO. Other than the Office Action, there are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

No agreement significantly limits our right to use or license the Marks in any manner material to the CORE Business. Other than as stated below, we do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks.

We are aware that there are other businesses that might claim rights that could affect your use of the Marks. These include: a business in Chagrin Falls, Ohio calling itself "Core Restoration Group" and operating the domain http://www.corerestorationgroup.com; a business in Downington, Pennsylvania calling itself "Core Restore Group" and operating the domain https://www.roofsbycore.com; a business in Washington Township, Michigan calling itself, "CORE Property Restoration" and operating the domain https://www.corerest.com; and a business in Houston, Texas calling itself "Core 24/7 Restoration" and operating the domain http://disaster411.com. If any of these users could establish superior common law trademark rights it could materially affect your use of the Marks.

You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your CORE Business that you are an independently owned and operated licensed franchisee of CORE Group Restoration Franchising, LLC. You may not use the Marks in the sale of unauthorized products or services, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the CORE Business or any interest in the franchise. All rights and goodwill from the use of the Marks accrue to us.

We may, in our sole discretion, defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you. We have no obligation to pursue any infringing users of our Marks or protect you against unfair competition arising out of your use of the Marks. Except as provided below, we are not required to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks, or if the proceeding is resolved unfavorably to you. We may take appropriate action if we learn of an infringing user, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using (or claims the right to use) the Marks or a trademark that is confusingly similar to the Marks.

We will indemnify and reimburse you for all damages for which you are held liable and costs you incur in any proceeding brought by a third party in which your use of any Mark constitutes trademark infringement, unfair competition, or dilution, as long as you (i) timely notify us of the claim or proceeding and provide us with the opportunity to defend such claim; (ii) have otherwise complied with the Franchise Agreement; and (iii) have properly and fully followed all of our requirements for your use of the Marks as set forth in the Brand Standards Manual. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements to any separate attorney that you retain.

If it becomes advisable at any time, in our sole discretion, for us or you to modify or discontinue using any Mark or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patents applications are material to us at this time. The information in the Brand Standards Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not filed an application for a copyright registration for the Brand Standards Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyrighted Works**") for the operation of your CORE Business, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works. Our right to use the Copyrighted Works is granted to us by CGR Affiliate under the Trademark License described above in Item 13.

Our Brand Standards Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of CORE Businesses, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of CORE Businesses, and other related materials are proprietary and confidential ("**Confidential Information**") and are our property to be used by you only as described in the Franchise Agreement and the Brand Standards Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures and use confidentiality agreements to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

You must notify us immediately after you learn about another's use of language, a visual image, or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate (including no action), in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. We are not obligated to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets, and we are not required to participate in the defense of, or provide indemnification to you in connection with, any proceeding related to the Copyrighted Works, Confidential Information or Trade Secrets. We may control any action we choose to bring (and you agree to cooperate with us and our counsel) regarding any infringement, challenge or claim involving the Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. If we require you to modify or discontinue use of the Copyrighted Works, Confidential Information or Trade Secrets, you must comply with all of our requirements. The Franchise Agreement does not grant you any rights to compensation if we require such modification or discontinuation.

All Copyrighted Works that you, any of your employees, or any person or entity you retain create are our property. In addition, we claim ownership of (a) any improvements or additions to the System, Copyrighted Works, website or any other documents or information pertaining to or relating to the System or the CORE Business, (b) any new trade names, trademarks and service marks, logos or commercial symbols related to the CORE Business, and (c) any advertising and promotional ideas or inventions related to the CORE Business that you conceive or develop.

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

Although we do not prescribe any staffing requirements, we recommend that either you or a designated manager ("**Designated Manager**") maintain a day-to-day role in the management of your CORE Business and complete our Onboarding Program. Your Designated Manager, employees, representatives, agents, and, if you are an entity, an officer that does not own equity in the CORE Business, that may have access to our Confidential Information must sign a Confidentiality Agreement, the current form of which is attached to the Franchise Agreement.

If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign an Owners Agreement guarantying the obligations of the entity, in the form of which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the Owners Agreement.

System standards may provide recommendations in, among other areas, the CORE Business staffing levels, identify CORE Business personnel and employee qualifications, training, dress, and appearance, but you must control your employees and the terms and conditions of their employment.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell any services through your CORE Business that fall within the umbrella of disaster remediation and restoration Services described in Item 1. This can include offering cleaning, restoration, mitigation, repair, mold remediation and disinfection services caused by fire, smoke, water, wind, mold, or viral pathogens to residential or commercial customers. The services you provide through your CORE Business may include fewer, more, or different services offered by other CORE Businesses.

You may sell products and provide services to Customers located outside of your Territory. Provided that you follow the requirements in our Brand Standards Manual and obtain our written consent (where required), you may engage in promotional and similar activities using our Marks through or on the Internet or any other similar proprietary or common carrier electronic delivery system, and you may sell CORE Business products or services through any alternative channel of distribution, including the Internet, through telemarketing, or other direct marketing.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain 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	Section 2.a	Five years.
b. Renewal or extension	Section 13.a	If you are in good standing and you meet other requirements, you may add three successor terms of five years each.
c. Requirement for franchisee to renew or extend	Section 13.a	You must: (i) not be in default of your current Franchise Agreement; (ii) give written notice; (iii) sign our then-current franchise agreement and any ancillary documents for the successor term, which may have materially different terms and conditions than your original Franchise Agreement; (including higher fees and advertising contributions); (iv) update the Facility to comply with current standards; (v) sign a release (subject to state law); and (vi) pay the renewal fee.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Summary
f. Termination by franchisor with cause	Section 14.a, 14.b	We can terminate upon certain violations of the Franchise Agreement by you. See g. and h.
g. "Cause" defined – curable defaults	Section 14.b	Failure to pay taxes, understating Referral Gross Sales by more than 2%, failure to comply with System standards.
h. "Cause" defined – non-curable defaults	Section 14.a	Bankruptcy (may not be enforceable under federal bankruptcy law), insolvency, appointment of receiver, assignment for benefit of creditors, abandonment, unauthorized disclosure, unsatisfied judgments, foreclosure, levy, criminal conviction, repeated non-compliance, unauthorized transfer, becoming subject to anti-terrorism laws, misuse of Marks.
i. Franchisee's obligations on termination/non-renewal	Section 15	Obligations include complete de-identification, payment of amounts due and return of confidential Brand Standards Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 12.a	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 12.b	Voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership of Franchisee or interest in Franchise Agreement.
l. Franchisor approval of transfer by franchisee	Section 12.c	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 12.c	Payment of all amounts due, transferee signs then-current franchise agreement, franchisee signs general release, approval of purchase terms/conditions, and payment of transfer fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.f	We have 30 days to match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 12.g	If you desire to sell your business, we have 10 days to make an offer to purchase.
p. Death or disability of franchisee	Section 12.e	The agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 7.c	No involvement in a competing business and no diversion.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.e	No solicitation of National Account Customers for 2 years and no competing business for 2 years within 25 miles of the territory of a CORE franchisee.
s. Modification of agreement	Section 17.j	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Brand Standards Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 17.l	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 17.e	Except for certain claims, all disputes must be mediated and arbitrated in the city where our principal place of business is located (currently Austin, Texas), subject to applicable state law.
v. Choice of forum	Section 17.g	All disputes must be mediated, arbitrated, and if applicable, litigated in the city where our principal place of business is located (currently Austin, Texas), subject to applicable state law.
w. Choice of law	Section 17.f	Texas law applies, subject to applicable state law.

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise.

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 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 actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dan Cassara, 44 East Avenue, #2301, Austin, TX 78701, joincore@gowithcore.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

ELITE FRANCHISES

Table No. 1
System-wide Outlet Summary for Years 2020 - 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	4	15	+11
	2021	15	26	+11
	2022	26	30	+4
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	**2020**	**4**	**15**	**+11**
	2021	**15**	**26**	**+11**
	2022	**26**	**30**	**+4**

Table No. 2
Transfers of Franchised Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2020 – 2022

State	Year	Number of Transfers
Totals	**2020**	**0**
	2021	**0**
	2022	**0**

Table No. 3
Status of Franchised Outlets for Years 2020 – 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Alabama	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
California	2020	1	2	0	0	0	3
	2021	3	3	0	0	0	6
	2022	6	0	0	0	0	6
Connecticut	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Florida	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
Idaho	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Illinois	2020	0	1	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	2	0	0	0	2
Louisiana	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Maryland	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Minnesota	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
New Hampshire	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
New Jersey	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
New York	2020	0	1	0	0	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
Ohio	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Pennsylvania	2020	0	0	0	0	0	0
	2021	0	2	0	0	0	2
	2022	2	0	0	0	0	2
Tennessee	2020	0	1	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
Texas	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Utah	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Virginia	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
West Virginia	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Wisconsin	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total Outlets	**2020**	**4**	**11**	**0**	**0**	**0**	**15**
	2021	**15**	**13**	**0**	**2**	**0**	**26**
	2022	**26**	**4**	**0**	**0**	**0**	**30**

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

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	**2020**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	3	0
Georgia	0	1	0
New York	0	1	0
Oregon	0	1	0
Pennsylvania	0	1	0
Tennessee	0	2	0
Texas	0	2	0
Washington	0	2	0
Total	**0**	**13**	**0**

STANDARD FRANCHISES

Table No. 1
System-wide Outlet Summary for Years 2020 - 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	5	+5
	2022	5	10	+5
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	**2020**	**0**	**0**	**0**
	2021	**0**	**5**	**+5**
	2022	**5**	**9**	**+5**

Table No. 2
Transfers of Franchised Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2020 – 2022

State	Year	Number of Transfers
Totals	**2020**	**0**
	2021	**0**
	2022	**0**

Table No. 3
Status of Franchised Outlets for Years 2020 – 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2020	0	0	0	0	0	0
	2021	0	2	0	0	0	2
	2022	2	0	0	0	0	2
Illinois	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Minnesota	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Ohio	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Oregon	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Pennsylvania	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Texas	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
Total Outlets	**2020**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**5**	**0**	**0**	**0**	**5**
	2022	**5**	**5**	**0**	**0**	**0**	**10**

<u>Table No. 4</u>
Status of Company-Owned Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	**2020**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**

<u>Table No. 5</u>
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	1	0
Florida	0	3	0
Hawaii	0	1	0
Idaho	0	1	0
Illinois	0	2	0
New York	0	1	0
Oregon	0	2	0
Texas	0	4	0
Utah	0	1	0
Washington	0	2	0
Wisconsin	0	1	0
Total	**0**	**20**	**0**

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit F. The name and last known address and telephone number of every current franchisee and every franchisee who has had a CORE franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit F. During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the CORE franchise system. If you buy a CORE franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21
FINANCIAL STATEMENTS

Exhibit A contains our audited financial statements for our fiscal years ended December 31, 2022, December 31, 2021 and December 31, 2020. Also included in Exhibit A are our unaudited financial statements for the period ended June 30, 2023. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

The following exhibits contain proposed agreements regarding the franchise:

Exhibit B	Franchise Agreement
Exhibit D	State Addenda and Agreement Riders
Exhibit G	Contracts for use with the CORE Elite Franchise

ITEM 23
RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS OF
CORE GROUP RESTORATION FRANCHISING, LLC
FOR THE PERIOD ENDED JUNE 30, 2023

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

and

AUDITED FINANCIAL STATEMENTS OF
CORE GROUP RESTORATION FRANCHISING, LLC
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

CORE Group Restoration Franchising LLC

Balance Sheet

As of June 30, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
CHASE - Franchise	116,828.05
CORE Franchising 4110	543,677.29
Total Bank Accounts	**$660,505.34**
Accounts Receivable	
Accounts Receivable	175,601.70
Total Accounts Receivable	**$175,601.70**
Other Current Assets	
A/R - Territory/Marketing/Tech Dues	4,660,404.80
A/R - Upfront Membership Dues	660,179.50
CORE Group Restoration Transfer	322,340.87
Credit Card Receivables	0.00
Uncategorized Asset	896,525.00
Undeposited Funds	6,370.67
Total Other Current Assets	**$6,545,820.84**
Total Current Assets	**$7,381,927.88**
TOTAL ASSETS	**$7,381,927.88**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	2,083.37
Total Accounts Payable	**$2,083.37**
Other Current Liabilities	
Deferred Revenue	4,395,150.00
Total Other Current Liabilities	**$4,395,150.00**
Total Current Liabilities	**$4,397,233.37**
Total Liabilities	**$4,397,233.37**
Equity	
Distributions to member	-3,917,597.00
Members Equity	5,455,996.27
Net Income	1,446,295.24
Total Equity	**$2,984,694.51**
TOTAL LIABILITIES AND EQUITY	**$7,381,927.88**

CORE Group Restoration Franchising LLC

Profit and Loss

January - June, 2023

	JAN - JUN, 2023	TOTAL
Income		
41000 ELITE - Membership Up Front	217,000.00	$217,000.00
41100 ELITE - Territory Dues	363,000.00	$363,000.00
41200 ELITE - Marketing Fund	114,000.00	$114,000.00
41300 ELITE - Technology Fund	54,000.00	$54,000.00
42000 STANDARD - Membership Up Front	176,333.42	$176,333.42
42100 STANDARD - Territory Fee	330,000.00	$330,000.00
42200 STANDARD - Marketing Fund	117,000.00	$117,000.00
42300 STANDARD - Technology Fund	54,000.00	$54,000.00
49100 FRANCHISE Dues - 6% Revenue	17,500.00	$17,500.00
Uncategorized Income	17,056.89	$17,056.89
Total Income	**$1,459,890.31**	**$1,459,890.31**
GROSS PROFIT	**$1,459,890.31**	**$1,459,890.31**
Expenses		
AUDIT Fees	2,475.00	$2,475.00
Bank Service Charges	-0.78	$ -0.78
QuickBooks Payments Fees	11,120.85	$11,120.85
Total Expenses	**$13,595.07**	**$13,595.07**
NET OPERATING INCOME	**$1,446,295.24**	**$1,446,295.24**
NET INCOME	**$1,446,295.24**	**$1,446,295.24**

CORE GROUP RESTORATION FRANCHISING, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022, 2021, AND 2020

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

CORE GROUP RESTORATION FRANCHISING, LLC

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Member
CORE Group Restoration Franchising, LLC
Austin, TX

Opinion

We have audited the accompanying financial statements of CORE Group Restoration Franchising, LLC, which comprise the balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of operations, member's equity, and cash flows for the years 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 CORE Group Restoration Franchising, LLC as of December 31, 2022, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon for any other purpose.

Kezos & Dunlavy

St. George, Utah
April 14, 2023

CORE GROUP RESTORATION FRANCHISING, LLC
BALANCE SHEETS
As of December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current assets			
Cash and cash equivalents	$ 773,750	$ 235,668	$ 51,011
Accounts receivable, net	69,299	179,644	171,226
Contract receivables, current	1,230,600	1,020,300	-
Operating notes receivable, current	384,714	330,461	-
Total current assets	2,458,363	1,766,073	222,237
Non-current assets			
Contract receivables, non-current	3,164,550	3,069,700	-
Operating notes receivable, non-current	312,719	529,873	-
Total assets	$ 5,935,632	$ 5,365,646	$ 222,237
Liabilities and Member's Equity			
Current liabilities			
Accounts payable	$ 2,083	$ -	$ -
Contract liabilities, current	1,230,600	1,020,300	-
Total current liabilities	1,232,683	1,020,300	-
Non-current liabilities			
Contract liabilities, non-current	3,164,550	3,069,700	-
Total liabilities	4,397,233	4,090,000	-
Member's equity	1,538,399	1,275,646	222,237
Total liabilities and member's equity	$ 5,935,632	$ 5,365,646	$ 222,237

The accompanying notes are an integral part of the financial statements.

CORE GROUP RESTORATION FRANCHISING, LLC

STATEMENTS OF OPERATIONS

For the years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Operating revenues			
Initial franchise fees	$ 570,500	$ 1,887,665	$ 316,869
Royalty fees	215,146	215,995	-
Territory fees	602,650	431,550	174,150
Marketing fees	300,000	210,850	86,900
Technology fees	157,200	111,650	40,000
Total operating revenues	1,845,496	2,857,710	617,919
Operating expenses			
Professional fees	3,380	6,400	27,387
General and administrative	81,489	10,277	1,794
Bad debt expense	28,333	-	-
Total operating expenses	113,202	16,677	29,181
Net income	$ 1,732,294	$ 2,841,033	$ 588,738

The accompanying notes are an integral part of the financial statements.

CORE GROUP RESTORATION FRANCHISING, LLC

STATEMENTS OF MEMBER'S EQUITY

For the years ended December 31, 2022, 2021, and 2020

Balance as of January 1, 2020	$ 288,183
Member distributions	(654,684)
Net income	588,738
Balance as of December 31, 2020	222,237
Member distributions	(1,787,624)
Net income	2,841,033
Balance as of December 31, 2021	1,275,646
Member distributions	(1,469,541)
Net income	1,732,294
Balance as of December 31, 2022	$ 1,538,399

The accompanying notes are an integral part of the financial statements.

CORE GROUP RESTORATION FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash flow from operating activities:			
Net income	$ 1,732,294	$ 2,841,033	$ 588,738
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in operating assets and liabilities:			
Accounts receivable	110,345	(8,418)	128,774
Contract receivables	(305,150)	(4,090,000)	-
Operating notes receivable	162,901	(860,334)	-
Accounts payable	2,083	-	-
Related party payable	-	-	(17,426)
Deferred revenue	305,150	4,090,000	-
Net cash provided by operating activities	2,007,623	1,972,281	700,086
Cash flows from financing activities:			
Distributions to member	(1,469,541)	(1,787,624)	(654,684)
Net cash used by financing activities	(1,469,541)	(1,787,624)	(654,684)
Net change in cash and cash equivalents	538,082	184,657	45,402
Cash at the beginning of the period	235,668	51,011	5,609
Cash at the end of the period	$ 773,750	$ 235,668	$ 51,011
Supplementary disclosures of cash flows			
Cash paid for interest and taxes	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

CORE Group Restoration Franchising, LLC (the "Company") was formed on July 2, 2019 as a Texas Limited Liability Company, and is headquartered in Austin, Texas. The Company markets and sells franchises and licensing rights for various cleaning equipment and related expertise pertaining to cleaning and restoration services, as well as the sale of supporting products and services.

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

(b) 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 research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted 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.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2022, 2021, and 2020, the Company had cash and cash equivalents of $773,750, $235,668, and $51,011, respectively.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for initial franchise fees, royalty fees, territory fees, marketing fees, and technology fees. Accounts receivable are recorded at the invoiced amount and do not bear interest, although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2022, 2021, and 2020, the Company concluded that all receivables were fully collectible, and consequently no allowance for doubtful accounts was established. As of December 31, 2022, 2021, and 2020, the Company had outstanding receivables of $69,299, $179,644, and $171,226, respectively.

(f) Revenue Recognition

The Company's revenues consist of fees from franchised locations operated by conventional franchisees. Revenues from franchisees consist of initial franchise fees, royalties based on a percentage of gross revenues, territory fees, technology fees, and marketing fees.

On January 1, 2020, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, territory fees, marketing fees, and technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties operated by a franchisee, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees, technology, territory, and marketing fees.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

The Company's monthly territory fees, marketing fees, and technology fees are fixed, with an agreed upon value. Thus, they are considered a fixed amount of the consideration to be included in the transaction price. Under ASC 606, the contract receivables and contract liabilities for territory fees, marketing fees, and technology fees are presented on the balance sheet under the captions contract receivables and contract liabilities.

(g) Income Taxes

The entity is structured as a limited liability company (LLC) under the laws of the State of Texas. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 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 member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

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 2021, 2020, and 2019 tax years are subject to examination.

(h) 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 approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(i) 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.

(2) Contract Receivable and Contract Liabilities

Contract receivables and contract liabilities consist of fixed consideration for territory, marketing, and technology fees. Contract receivables represent the amount to be received over the life of the franchise agreement, which are offset by a corresponding liability. Revenue is recognized in the period the services are performed. As of December 31, 2022, current and non-current portions of contract receivables and liabilities are $$1,230,600 and $3,164,550, respectively. As of December 31, 2021, current and non-current portions of contract receivables and liabilities are $1,020,300 and $3,069,700, respectively. As of December 31, 2020, there were no contract receivables or liabilities, as management had determined during those years that collectability was not reasonably assured.

(3) Operating Notes Receivable

Operating notes receivable consist of initial franchise fees, which are considered to be earned in the period franchisees commence operations. The notes generally do not accrue interest and have terms between two and five years. The current portion of operating notes receivable consist of all amounts expected to be collected within the coming twelve-month period. As of December 31, 2022, 2021, and 2020, the Company had the following current and non-current portion of operating notes receivable:

	2022	2021	2020
Operating notes receivable, current	$ 384,214	$ 330,461	$ -
Operating notes receivable, non-current	312,719	529,873	-
	$ 697,433	$ 860,334	$ -

(4) Related Party Transactions

During the year ended December 31, 2022, the Company entered into a management agreement with an affiliate, in which it agreed to pay $5,000 per month for shared costs allocated to the Company. The expense recognized during the year ended December 31, 2022 was $60,000.

(5) 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.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus (“COVID-19”) as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2022 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company’s operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company’s future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company’s customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company’s future financial condition or results of operations is uncertain.

(6) Subsequent Events

The Company has evaluated subsequent events through April 14, 2023, the date which the financial statements were available to be issued.

EXHIBIT B

CORE GROUP RESTORATION FRANCHISING, LLC

FRANCHISE AGREEMENT

Franchisee: ______________________________

Date: ______________________________

Territory: ______________________________

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CORE GROUP RESTORATION FRANCHISING, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made and entered into by CORE Group Restoration Franchising, LLC, a Texas limited liability company ("**Franchisor**," "**CORE**," "**we**," "**us**," or "**our**"), and the franchise owner identified on the signature block of this Agreement ("**Franchisee**," "**you**" or "**your**"), as of the date signed by us opposite our signature ("**Effective Date**"). If more than one person or entity is listed as Franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

1. **PURPOSE**

a. PURPOSE

1. We have developed methods for existing businesses to convert to CORE franchises by using the Marks (defined below) to operate businesses ("**CORE Businesses**" or "**Businesses**") that offer disaster recovery and property damage restoration services ("**Services**") to residential and commercial customers ("**Customers**"). CORE Businesses use the trade name and service mark "CORE" and other logos, trademarks, service marks and commercial symbols (collectively, the "**Marks**"). CORE Businesses also use our distinctive business format, restoration systems, methods, procedures, advertising, promotional and marketing methods, operational standards and specifications, and various other proprietary methods of doing business ("**System Standards**").

2. We grant the right to existing businesses to convert to and operate CORE Businesses, under the Marks and pursuant to the System Standards.

3. Franchisee desires to establish a CORE Business at a location and within a territory identified herein and we desire to grant the Franchisee the right to operate a CORE Business in the territory under the terms and conditions which are contained in this Agreement.

b. CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

If Franchisee is a corporation, limited liability company, or general or limited partnership (collectively, an "**Entity**"), Franchisee agrees and represents as follows:

1. Franchisee has the authority to execute, deliver and perform Franchisee's obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of Franchisee's incorporation or formation;

2. The Entity is duly formed and validly existing under the laws of the state of its formation or incorporation and recite that this Agreement restricts the issuance and transfer of any ownership interests in Franchisee, and all certificates and other documents representing ownership interests in Franchisee bear a legend referring to this Agreement's restrictions;

3. All accounting documents, tax returns, and any other financial statements provided by Franchisee to us are true and accurate;

4. <u>Attachment B</u> to this Agreement completely and accurately describes those persons with a direct or indirect ownership interest in Franchisee as of the Effective Date. Subject to our rights and Franchisee's obligations under <u>Section 12</u>, Franchisee and Franchisee's beneficial owners agree

to sign and deliver to us revised versions of Attachment B to reflect any permitted changes in the information contained in Attachment B;

5. Each of Franchisee's owners will execute an owner's agreement in the form attached hereto as Attachment C undertaking to be individually bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and us;

6. Franchisee has identified on Attachment B Franchisee's Operating Principal (defined in Section 8.f); and

7. Franchisee is in good standing with the state where Franchisee's Entity is formed and the state(s) where Franchisee's CORE Business will operate.

c. ONCORE REPAIR SERVICES. The Services may include "**ONCORE Repair Services**" under which our affiliate CORE Group Restoration, Inc. ("**CGRI**") may provide referrals for insurance industry managed repair services to perform work for national insurance and commercial clientele. ONCORE RepairServices is an optional program and Franchisee is not required to participate. In order to participate in the ONCORE Repair Services Program, Franchisee must provide us or CGRI with an application and any evidence that we or CGRI require to confirm that Franchisee is capable of meeting the demands and requirements of our ONCORE Repair Services clients. If Franchisee is selected to participate in the ONCORE Repair Services program, Franchisee must comply with our service level agreements that we reach with our ONCORE Repair clients. If Franchisee fails to meet our requirements for participation or continued participation in the ONCORE Repair Services program, we may terminate Franchisee's right to provide ONCORE Repair Services upon notice to Franchisee in addition to our other rights under this Agreement. We reserve the right to discontinue the ONCORE Repair Services at any time upon written notice.

2. GRANT OF FRANCHISE

a. GRANT AND TERM OF FRANCHISE

We grant to Franchisee, and Franchisee accept from us, the right to use the Marks and System Standards in connection with the establishment and operation of one CORE Business, as specified in Attachment A. Franchisee agrees to use the Marks and System Standards, as they may be changed, improved, and further developed by us from time to time, only in accordance with the terms and conditions of this Agreement. The term ("**Term**") of the Franchise and this Agreement begins on the Effective Date and expires five years after the Effective Date, unless terminated earlier. Franchisee shall at all times faithfully, honestly and diligently perform Franchisee's obligations under this Agreement. Franchisee shall also continuously use Franchisee's best efforts to: (a) promote and operate the Franchise, (b) engage with other CORE Businesses, and (c) attend and actively participate in CORE events to promote the Services provided by CORE Businesses. If Franchisee does not sign a successor franchise agreement prior to the expiration of the Term (See Section 13) and continues to accept the benefits of this Agreement after the expiration, then at our option, this Agreement may be deemed to be treated as either: (i) expired as of the expiration date, and if Franchisee continues to operate the Franchise without our permission, Franchisee will be in default of this Agreement; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with 30 days' prior written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of notice to terminate the Interim Period. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall take effect upon termination of the Interim Period. Unless Franchisee signs a successor franchise agreement and except as otherwise permitted by this Section

2.a, Franchisee has no right to continue to operate Franchisee's CORE Business following the expiration of the Term.

b. TERRITORIAL RIGHTS

1. Franchisee's territory is identified on Attachment A ("**Territory**").

a. Elite: So long as Franchisee is in compliance with this Agreement and the Franchisee's Territory is under 5,000,000 in population, we and our affiliates will not operate a CORE Business within Franchisee's Territory or grant franchises or licenses that allow another party to locate the headquarters of their CORE Business in Franchisee's Territory. If more than 5,000,000 persons are located in Franchisee's Territory, then we may grant an additional franchise for each 5,000,000 persons residing in Franchisee's Territory. Once we establish Franchisee's Territory, we will not change or modify it during the initial term of Franchisee's franchise agreement without Franchisee's consent.

b. Standard: So long as Franchisee is in compliance with this Agreement and Franchisee's Territory is under 2,000,000 in population, we and our affiliates will not operate a CORE Business within Franchisee's Territory or grant franchises or licenses that allow another party to locate the headquarters of their CORE Business in Franchisee's Territory. If more than 2,000,000 persons are located in Franchisee's Territory, then we may grant an additional franchise for each 2,000,000 persons residing in Franchisee's Territory.

c. For purposes of clarification, a Franchisee is granted a Territory where the headquarters of their CORE Business is located and shall be permitted to offer and sell Services within and outside their Territory.

d. Once we establish Franchisee's Territory, we will not change or modify it during the initial term of Franchisee's franchise agreement without Franchisee's consent. A territory of 5,000,000 persons can have up to one Elite Franchisee and two Standard Franchisees. This Section 2.b.1 is subject to our reservation of rights in Section 2.c below.

2. We are not required to refer any customer requesting Services in Franchisee's Territory to Franchisee. Except as otherwise provided in this Agreement, this Agreement does not restrict us or our affiliates and does not grant rights to Franchisee to pursue our or our affiliates' other business concepts other than CORE Businesses. If Franchisee renews this Agreement, Franchisee's Territory may be modified depending on the then-current standards for territories.

3. We retain all rights to service or designate ourselves or other franchisees to service National Accounts in Franchisee's Territory. Franchisee is not entitled to any National Account work in Franchisee's Territory. "**National Account**" means any customer: (i) that conducts its business for its own account or through agents, affiliates, independent contractors, or franchisees in two or more of our territories; (ii) a regional or national chain with three or more locations, which customer or chain has contracted with us to obtain products and services for two or more of its locations from us, our affiliates and/or franchisees; or (iii) which owns, manages, controls, or otherwise has responsibility for businesses or residences in more than one location and whose presence is not confined within any one particular franchisee's territory. If we permit Franchisee to service National Accounts, Franchisee shall follow all rules and regulations that we put into place via our ONCORE Repair program standards, including those described in the Brand Standards Manual. We reserve the right to determine pricing for products and services provided to National Accounts within Franchisee's Territory. If we or another party are providing

services or products to a National Account customer in Franchisee's Territory, Franchisee will not receive any compensation related to these services or products.

a. We reserve the exclusive right to negotiate and enter into agreements with National Account customers to provide Services wherever such businesses are located, including within Franchisee's Territory. Franchisee may not provide Services to any National Accounts without our prior written consent, which may be granted or denied in our sole discretion. Franchisee shall not contract with National Accounts unless we expressly grant Franchisee that right in writing. If Franchisee qualifies to participate in the National Accounts program, Franchisee must sign the Addendum to Franchise Agreement for National Account participation attached as Attachment F. We reserve the right to discontinue the National Accounts program at any time upon written notice.

b. If multiple CORE Group Restoration franchisees are headquartered in Franchisee's Territory, we will provide referrals among all of these franchisees in Franchisee's Territory in our sole discretion and according to any criteria that we develop. We do not guarantee any specific number of jobs or amount of work, and we may not provide opportunities equally among CORE Group Restoration franchisees that are headquartered in the same Territory.

c. TERRITORIAL RIGHTS WE RESERVE

Franchisee is not granted any exclusive rights in Franchisee's Territory and Franchisee may face competition from other CORE Businesses located inside and outside Franchisee's Territory, and from outlets that we or our affiliates own or operate in the Territory as permitted by this Agreement. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting Franchisee any rights:

1. to own, franchise, or operate CORE Businesses at any location, regardless of the proximity to Franchisee's CORE Business, subject to our policies of: (i) granting only one CORE Elite Franchise per population of approximately 5,000,000 persons in any territory; and (ii) granting only one CORE Standard Franchise per population of approximately 2,000,000 persons in any territory;

2. to use the Marks and the System Standards to sell any products or services similar to those which Franchisee will sell, through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, other channels of distribution such as television, catalog sales, wholesale to unrelated retail outlets or over the Internet;

3. to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering disaster recovery and property damage restoration services to residential and commercial customers, at any location, including within the Territory, which may be similar to or different from the CORE Business operated by Franchisee;

4. to engage in any transaction, including to purchase or be purchased by, to merge or combine with, any business, to convert to the CORE franchise system or to be converted to a new system with any business whether franchised or corporately owned, including a business that competes directly with Franchisee's CORE Business, whether located inside or outside of the Territory; provided that in such situations the newly acquired businesses will not operate under the Marks inside Franchisee's Territory;

5. to acquire and convert to the CORE franchise system operated by us, any businesses offering products and services similar to those offered by CORE Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association

with, any other system or chain, whether franchised or corporately-owned, and whether located inside or outside of the Territory, provided that in such situations, the newly-acquired businesses may not operate under the Marks in the Territory;

6. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs;

7. to service National Accounts within the Territory, or allow other CORE Group Restoration franchisees or third parties to service National Accounts within the Territory.

We are not required to pay Franchisee if we exercise any of the rights specified above within Franchisee's Territory. We do not pay compensation for soliciting or accepting orders inside Franchisee's Territory.

Franchisee is aware that other Core Businesses (both present and future) may operate under different forms of agreement which Franchisee may view as more favorable than this Agreement and that our obligations and rights and other franchisees' obligations to us may differ materially from one franchisee to another.

d. MODIFICATION OF SYSTEM

Because complete and detailed uniformity under various conditions may not be possible or practical, Franchisee acknowledges we specifically reserve the right and privilege to modify System Standards for any franchise owner based upon circumstances we consider important to promote that Franchise owner's successful operation. We may choose not to authorize similar variations or accommodations to Franchisee or other franchisees, and we may implement different modifications or standards for Elite franchisees and Standard franchisees.

3. SITE SELECTION, LEASE OF PREMISES, AND DEVELOPMENT AND BEGINNING OPERATIONS OF THE FRANCHISE

a. SITE SELECTION

Franchisee must operate Franchisee's CORE Business from an acceptable commercial facility ("**Facility**"). At Franchisee's request, we will provide our current site selection guidelines and provide other site selection counseling. We do not provide Franchisee with assistance in locating and contracting to lease or purchase the Facility and Franchisee has the ultimate responsibility in choosing, obtaining and developing the site for Franchisee's Facility. If Franchisee is not already operating out of a Facility, Franchisee must purchase or lease, at Franchisee's expense, the site for Franchisee's Facility within 60 days after signing this Agreement, or this Agreement will be terminated and the Initial Franchise Fee will be forfeited.

b. OPERATING ASSETS

Franchisee must operate Franchisee's CORE Business substantially in accordance with our System Standards. This may include purchasing or leasing products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the CORE Business under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates ("**Operating Assets**"). Franchisee must not materially deviate from these methods, standards, and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the CORE franchise system.

c. COMPUTER SYSTEM

1. Franchisee shall equip Franchisee's CORE Business with a computer system that consists of hardware and software designated in the Brand Standards Manual ("**Computer System**") as is consistent with our standards and specifications. Franchisee shall maintain a high-speed Internet connection at Franchisee's Facility. Franchisee is required to purchase and maintain Microsoft Office 2016 (or later) or Office 365. Franchisee shall also have access to the ONCORE Claims Management System (the "**ONCORE Claims Portal**"), an online portal that provides access to projects made available to CORE franchisees by the Franchisor.

2. Franchisee may be required, at Franchisee's sole cost and expense, to upgrade and update the Computer System hardware and software during the term of this Agreement. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs may not be fully amortizable over this Agreement'sremaining term, Franchisee agrees to incur the costs of obtaining the computer hardware and software for the Computer System (including additions and modifications) and required service or support. We have no obligation to reimburse Franchisee for any Computer System costs.

3. We reserve the right to: (i) charge Franchisee a fee for access to electronic and other communication and technology services we provide or make available to Franchisee; (ii) develop proprietary software or other technology for use in CORE Businesses and charge Franchisee a licensing fee for such software or other technology; (iii) derive revenues from Computer System or other technology maintenance and upgrade fees in the event proprietary software or other technology systems are developed for use in CORE Businesses; and (iv) require that Franchisee participate in all electronic data capture or other similar programs that we deem mandatory.

4. We and our affiliates own all data generated by and through the ONCORE Claims Portal as it relates to Franchisee's CORE Business, including the CORE Business's financial information and customer data and customer lists which relate to the ONCORE Claims Portal (collectively, the "**ONCORE Portal Data**"). Franchisee's right to access and use the ONCORE Portal Data is granted under this Agreement. Upon termination or expiration of this Agreement, all rights to the ONCORE Portal Data terminates. If required by us, Franchisee must store all data and information in the ONCORE Claims Portal that we designate, and report data and information in the manner we specify. The ONCORE Claims Portal will have the capacity to generate reports on the Referral Gross Sales of Franchisee's CORE Business. We may have access to the ONCORE Claims Portal, subject to applicable laws, and have the right to collect and retain any and all information and data from the ONCORE Claims Portal that concerns the Franchise. Franchisee agrees, subject to applicable laws, to ensure we maintain unlimited access to data collected by the ONCORE Claims Portal. We can use this information and data in any manner to promote the CORE franchise system and for the sale of CORE Group Restoration Franchises. This may include posting financial information of each franchisee on an intranet website, or through the collection of such data annually via a franchise system survey. There is no contractual limitation on our right to receive or use information through our data management and intranet systems. For purposes of clarification, Franchisor's rights and Franchisee's obligations under this <u>Section 3.c.4</u> relate solely to the ONCORE Claims Portal and the ONCORE Portal Data, and not to other aspects of Franchisee's business.

d. COMMENCEMENT OF OPERATIONS

Before Franchisee begins operation of Franchisee's CORE Business, we (or our designee(s)) will provide the following assistance and services to Franchisee:

1. provide discretionary specifications for the CORE Business, including standards and criteria for design, image, and branding of Vehicles, locations, and other trade dress;

2. make available to Franchisee and Franchisee's managers an optional CORE membership onboarding in a manner designated by us ("**Onboarding Program**"); and

3. loan to Franchisee, or make available to Franchisee on our website, one copy of the Brand Standards Manual.

Franchisee agrees not to open the Franchise until:

(1) we notify Franchisee in writing that all of Franchisee's pre-opening obligations have been fulfilled;

(2) all amounts due to us have been paid;

(3) we have been furnished with copies of all insurance policies and certificates required by this Agreement, or other documentation of insurance coverage and payment of premiums we request;

(4) Franchisee notifies us that all approvals and conditions stated in this Agreement have been met;

(5) Franchisee has received all required permits and licenses; and

(6) Franchisee has ordered and received supplies, inventory and related materials. Subject to Franchisee's compliance with these conditions, Franchisee must be prepared to open and operate Franchisee's CORE Business immediately after we state Franchisee's CORE Business is ready for operation and agrees to begin operations no later than 3 months after the Effective Date.

e. VEHICLES

Franchisee must have at least one vehicle which Franchisee will use in the operation of the CORE Group Business ("**Vehicle(s)**"). Franchisee may use a vehicle Franchisee currently owns as Franchisee's Vehicle. Franchisee must maintain Franchisee's Vehicles in good working condition. Vehicles must at all times be fewer than 15 years old. The Vehicles must be clean and free of damage. Franchisee may choose, but are not required, to add a wrap or other marketing decals to Franchisee's Vehicles, provided, these materials are approved by us. Franchisee must comply with our Vehicle policy contained in the Franchise Operations Manual. Franchisee must:

(1) outfit the Vehicles under the System Standards provided in the Franchise Operations Manual and periodically update or improve the appearance of the Vehicles at our request (any such updates or improvements must be made within 30 days of our delivery of notice to Franchisee that such updates or improvements must be made);

(2) maintain the condition of the Vehicles consistent with the image of a CORE Business; and

(3) allow us to inspect the Vehicles upon our request.

f. RELOCATION

Franchisee may relocate the headquarters of its CORE Business to another commercial location within the Territory without our prior written consent. If the lease for Franchisee's Facility expires or is terminated without Franchisee's fault, or if the site for the Facility is destroyed, condemned or otherwise rendered unusable, we will allow Franchisee to relocate the CORE Businesses to another commercial location within the Territory without our prior written consent. Franchisee shall de-identify any former location with respect to Franchisee's obligations upon termination and expiration, and shall reimburse and indemnify and hold us harmless from any direct and indirect losses, costs and expenses, including attorney fees, arising out of Franchisee's failure to do so.

4. **FEES**

a. INITIAL FRANCHISE FEE

Franchisee will pay us the initial franchise fee (the "**Initial Franchise Fee**") when Franchisee signs this Agreement in the amount set forth on Attachment A. The Initial Franchise fee is deemed fully earned by us once Franchisee signs this Agreement and is non-refundable under any circumstances, even if Franchisee chooses not to open Franchisee's CORE Business. Each franchise agreement will grant Franchisee the right to operate one CORE Business.

If Franchisee finances a portion of the Initial Franchise Fee, we will select the financing option and Franchisee will pay the Initial Franchise Fee, all as provided on Attachment A.

b. TERRITORY FEE

Beginning one month after Franchisee signs the Franchisee Agreement, Franchisee must pay us a monthly territory fee ("**Territory Fee**"), which is based on the population of Franchisee's Territory at the time the Territory is granted. Franchisee's Territory Fee is designated on Attachment A. Franchisee must pay the Territory Fee on or before the fifth day of each month. The Territory Fee is non-refundable and is uniformly calculated.

c. REFERRAL FEE

Franchisee agrees to pay us a referral fee ("**Referral Fee**") that typically ranges between two percent (2%) and five percent (5%) (but which may exceed this range depending on the client program) of monthly Referral Gross Sales (defined below) during the previous month for jobs that we or our affiliate refer to Franchisee during the Term. We will notify Franchisee of the Referral Fee amount when Franchisee accepts a referral from us. Program Referral Fees are currently subject to change on an annual basis and may be changed by us on a different basis in our sole discretion.

The Referral Fee payment is based on Referral Gross Sales and is due within thirty (30) days of collection, or as otherwise prescribed in the Brand Standards Manual. Any work performed outside of Franchisee's Territory is subject to the payment of Referral Fees in addition to the Referral Fees for work performed within Franchisee's Territory.

"**Referral Gross Sales**" means the total of all revenues, income and consideration from the sale of all CORE Business Services and products to any customers that we refer to Franchisee, whether or not sold or performed at or from the CORE Business, and whether received in cash, coupon, in services in kind, from barter or exchange, on credit (whether or not payment is received) or otherwise. Franchisee may deduct from Referral Gross Sales for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. Franchisee may also deduct from Referral Gross Sales the amount of any documented refunds, chargebacks, credits, charged tips, and allowances Franchisee gives in good faith to Franchisee's customers. All barter or exchange transactions in which Franchisee furnishes Services or products in exchange for goods or services provided to Franchisee by a vendor, supplier, or customer will, for the purpose of determining Referral Gross Sales, be valued at the full retail value of the goods or services so provided to Franchisee.

We reserve the right upon 90 days' notice to Franchisee to deem that Referral Gross Sales have been received by Franchisee when the products or Services from which they were derived are delivered or rendered or when the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) has been received by Franchisee.

The Referral Fee shall be paid to us within 30 days of collection in the manner specified by us, as more fully set forth in the Brand Standards Manual. Franchisee shall not subordinate to any other obligation Franchisee's obligation to pay the Referral Fee or any other fee or charge due to us or any affiliate of ours under this Agreement.

Each Referral Fee payment shall be, without exception, accompanied by a statement of the previous month's Referral Gross Sales in the manner that we require. Each failure to include a fully completed statement of the previous month's Referral Gross Sales with the Referral Fee payable to us when due shall constitute a material breach of this Agreement.

d. BRAND FUND CONTRIBUTION

Beginning one month after Franchisee signs this Agreement, Franchisee must contribute to a national advertising fund established by us ("**Brand Fund**") a monthly amount as specified on Attachment A ("**Brand Fund Contribution**"). The Brand Fund Contribution shall be paid on the fifth day of each month and in the same manner as Franchisee pays the monthly Territory Fee. The Brand Fund Contribution shall be in addition to, and not in lieu of, any local marketing done by Franchisee. The administration of the Brand Fund is described in Section 9.a.

e. TECHNOLOGY FEE

Beginning one month after Franchisee sign this Agreement, Franchisee must pay us a technology fee ("**Technology Fee**") of $300 per month to cover certain technologies used in the operation of Franchisee's CORE Business, including access to our intranet platform. The Technology Fee is payable at the same time and in the same manner as Franchisee pay Franchisee's monthly Territory Fee. The Technology Fee is non-refundable and uniform. We reserve the right to upgrade, modify, or add new software. Franchisee will be responsible for any increase in fees that result from an upgrade, modification, or any additional software or from increases from third party vendors. We will not increase the Technology Fee by more than 20% per year and we will provide Franchisee with 120 days' notice prior to increasing this fee.

f. LATE PAYMENTS/INSUFFICIENT FUNDS

All overdue amounts will bear a late fee of $100 per occurrence plus the lesser of the daily equivalent of eighteen percent (18%) per year simple interest or the highest rate allowed by law, beginning with the original due date and accruing until the original amounts plus late fees are paid off. Franchisee authorizes us to debit its bank account automatically. Franchisee acknowledges this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance Franchisee's operation of, the CORE Business.

Franchisee shall pay us a non-sufficient funds fee of $100 per occurrence, plus the lesser of the daily equivalent of eighteen percent (18%) per year simple interest or the highest amount allowed by law for any for any check or electronic payment that is not successful due to insufficient funds, stop payment, or any similar event.

g. APPLICATION OF PAYMENTS

Despite any designation Franchisee makes, we may apply Franchisee's payments to any of Franchisee's past due indebtedness to us. We may set off any amounts Franchisee or Franchisee's owners owe us or our affiliates against any amounts we or our affiliates owe Franchisee or Franchisee's owners. Franchisee may not withhold payment of any amounts Franchisee owes us due to our alleged nonperformance of our obligations under this Agreement.

h. METHOD OF PAYMENT

We currently require Franchisee to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("**EFT**") or other similar means. Franchisee is required to complete the Automated Clearing House Payment authorization (in the form attached as <u>Attachment D</u>). We have the right to periodically specify (in the Brand Standards Manual or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card and payment by check. Franchisee shall make funds available to us for withdrawal by electronic transfer no later than the due date for payment. If Franchisee has not timely reported the Referral Gross Sales to us for any reporting period, then we shall be authorized, at our option, to debit Franchisee's account in an amount equal to: (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Referral Gross Sales was provided to us as required; or (b) the amount due based on information retrieved from our approved computer system. For any payment Franchisee make to us or our affiliate(s) by credit card, we reserve the right to charge up to four percent (4%) of the total charge as a service charge.

5. **TRAINING AND ASSISTANCE**

a. ONBOARDING PROGRAM

We will make available to Franchisee and its designees an Onboarding Program. Franchisee is not required to attend the Onboarding Program, but attendance and completion of the program is encouraged. The Onboarding Program is available at no charge via webinar or other means to Franchisee (or Franchisee's Operating Principal, if Franchisee is an entity) and Franchisee's managers. The Onboarding Program currently includes up to 48 hours of classroom training on topics including commercial job management and estimating, business strategy, and marketing and sales practices. If Franchisee chooses to have any initial training provided by our corporate staff in-person at Franchisee's CORE Business, Franchisee must pay $250 per day, plus all travel, lodging, meals, and incidental expenses incurred by us. Additional persons and newly hired personnel may attend our available training and onboarding programs at our then-current training fees, subject to our approval. All fees are due before training begins, and are non-refundable under any circumstances, including if Franchisee fails to complete or attend a scheduled training.

b. ONGOING TRAINING

We will make available to Franchisee and its designees additional refresher and training courses. Attendance at these trainings is optional, except that if we hold an annual convention, Franchisee shall be required to pay for one employee to attend and pay our then-current convention fee. This fee is payable to us to help defray the cost of any annual convention and is due regardless of whether Franchisee (or a designee) attends our annual convention in any given year. Franchisee is responsible for all travel and expenses for Franchisee's attendees. We reserve the right to set the time and location of the conference and change attendee requirements and we may preclude Franchisee from participating in conventions or meetings if Franchisee is in default of this Agreement.

We may require that Franchisee or Franchisee's Operating Principal, Designated Manager (as each are defined below) and other employees attend remedial training if we determine that Franchisee is not operating in compliance with this Agreement or the Brand Standards Manual. Franchisee may also request that we provide additional training (either at corporate headquarters or at Franchisee's CORE Business). Additional training will be made available to Franchisee at both the regional and national levels and will be payable in advance of the training. Franchisee must pay us our then currently charged tuition for such additional training and Franchisee must pay for airfare, meals, transportation costs, lodging and incidental expenses for all of Franchisee's training program attendees. If the training program is conducted at Franchisee's CORE Business, then Franchisee must reimburse us for the expenses we or our representatives incur in providing the training.

Franchisee understands and agrees that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

c. GENERAL GUIDANCE

We will advise Franchisee from time to time regarding the Franchise operations based on Franchisee's reports and will guide Franchisee with respect to: (1) standards, specifications, operating procedures and methods that CORE Businesses use; (2) purchasing Operating Assets and other items and arranging for their distribution to Franchisee; (3) advertising and marketing materials and programs; (4) technician training; and (5) administrative, bookkeeping, accounting, and inventory control procedures.

We have the right to make periodic visits to the CORE Business for the purpose of assisting in all aspects of the operation and management of the CORE Business, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the CORE Business, and detailing any problems in the operations which become evident as a result of any visit. If provided at Franchisee's request, Franchisee must reimburse our expenses and pay our then-current training charges.

d. BRAND STANDARDS MANUAL

We shall provide the Franchisee with online access to our manuals, standard operating procedures, technical bulletins, or other written materials (collectively referred to as "**Brand Standards Manual**"), covering certain standards, specifications and suggested operating and marketing procedures that we require Franchisee to utilize in operating its CORE Business. The Franchisee shall comply with the mandatory portions of the Brand Standards Manual as an essential aspect of its obligations under this Agreement, and failure by Franchisee to substantially comply with the mandatory portions of the Brand Standards Manual may be considered by us to be a breach of this Agreement.

The form and content of the Brand Standards Manual maintained by us shall prevail in the event of any dispute regarding the form of or content of the Brand Standards Manual between Franchisee and us. We may modify the Brand Standards Manual periodically to reflect changes in System Standards. Franchisee acknowledges that Franchisee's compliance with the Brand Standards Manual is vitally important to us and other CORE franchise system franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation through the CORE franchise system. However, while the Brand Standards Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the CORE Business.

Franchisee agrees the Brand Standards Manual's contents are confidential and that Franchisee will not disclose the Brand Standards Manual to any person other than CORE Business employees who need to know its contents.

At our option, we may post some of or the entire Brand Standards Manual on a restricted website or intranet to which Franchisee will have access. If we do so, Franchisee agrees to monitor and access the website or intranet for any updates to the Brand Standards Manual or System Standards. Any passwords or other digital identifications necessary to access the Brand Standards Manual on a website or intranet will be deemed to be part of Confidential Information (defined in Section 7 below).

Should any physical copy of Franchisee's Brand Standards Manual become lost, stolen, destroyed or significantly damaged, Franchisee will be charged a fee of $150 for a replacement Brand Standards Manual.

e. DELEGATION OF PERFORMANCE

Franchisee agrees we have the right to delegate to third party designees, whether these designees are our agents or independent contractors with whom we have contracted: (1) the performance of any portion or all of our obligations under this Agreement; and (2) any right that we have under this Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement.

f. STAFFING

Franchisee must determine appropriate staffing levels for Franchisee's CORE Business to ensure compliance with this Agreement and our System Standards. Franchisee alone is responsible for all employment decisions and functions of Franchisee's CORE Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether Franchisee has received advice from us on these subjects or not. We will not provide general business or operations training to Franchisee's managerial employees or independent contractors; however, we may provide limited training on the System Standards to Franchisee's employees. Franchisee will be responsible for training Franchisee's employees and independent contractors, including any training on the day-to-day operations of the CORE Business. Franchisee must use Franchisee's legal business Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, consulting agreements, timecards, and similar items. Franchisee must require Franchisee's employees to work and abide by the Brand Standards Manual. Franchisee shall conduct a background check on all of its employees. Franchisee must purchase annual drug screening and background checks from an approved third-party supplier of drug screening and background check services.

Franchisee agrees to inform each of Franchisee's employees that Franchisee alone is their employer, and that we are not. At no time will Franchisee or Franchisee's employees be deemed to be our employees. Upon our request, Franchisee and each of Franchisee's employees will sign an employment relationship acknowledgment within seven days of our request stating that Franchisee alone are the employees' employer. Franchisee expressly agrees, and will never contend otherwise, that our authority under this Agreement to certify certain of Franchisee's employees or independent contractors for qualification to perform certain functions for the CORE Business does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. Franchisee must also post a conspicuous notice for employees and independent contractors explaining Franchisee's franchise relationship with us and that Franchisee (and not we) is the sole employer. We may prescribe the form and content of this notice. Franchisee agrees that any direction Franchisee receive from us regarding employment policies should be considered as examples, that Franchisee alone are responsible for establishing and implementing Franchisee's own policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel well-versed in employment law.

6. INTELLECTUAL PROPERTY

a. OWNERSHIP AND GOODWILL OF MARKS

Franchisee's right to use the Marks is derived only from this Agreement and limited to Franchisee's operating the Franchise according to this Agreement and all System Standards we prescribe during the Term. Franchisee's unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. Franchisee acknowledges and agrees that any unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. Franchisee acknowledges and agrees that Franchisee's use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Franchise under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize Franchisee to use. Franchisee may not, during or after this Agreement's Term, contest or assist any other person in contesting the validity or our ownership of the Marks.

b. LIMITATIONS ON FRANCHISEE'S USE OF MARKS

Franchisee may use the Marks in conjunction with its own tradenames and marks or logos. Franchisee shall identify itself as its independent owner and operator in the manner we prescribe in the Brand Standards Manual or otherwise in writing to Franchisee. Franchisee has no right to sublicense or assign Franchisee's right to use the Marks. Franchisee may not use any Mark part of any corporate or legal business name or in any other manner we have not expressly authorized in writing. Franchisee may not use any Mark as part of any domain name, homepage, electronic address, social media website, or otherwise for a website, without our prior written consent, and then only on the terms we specify.

Franchisee may not use any Mark in advertising the transfer, sale, or other disposition of the Franchise or an ownership interest in Franchisee without our prior written consent, which we will not unreasonably withhold. Franchisee agrees to display the Marks prominently, as we may prescribe, on forms, advertising, supplies, and other materials we designate. Franchisee agrees to give the notices of trade and service mark registrations we specify and to obtain any fictitious or assumed name registrations required under applicable law.

c. NOTIFICATION OF INFRINGEMENTS AND CLAIMS

Franchisee agrees to promptly notify us in writing of any possible infringement of or claim of right to a service mark or trademark the same as or confusingly similar to any of the Marks which may come to its attention. Franchisee acknowledges that we shall have the right to determine whether any action will be taken on account of any possible infringement or illegal use. We may commence or prosecute such action in our own name and may join Franchisee as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks and System Standards. We shall bear the reasonable cost of any such action, including attorneys' fees. Franchisee agrees to fully cooperate with us in any such litigation.

We will indemnify Franchisee against, and reimburse Franchisee for all damages for which Franchisee is held liable and costs Franchisee incur in any proceeding brought by a third party in which Franchisee's use of any Mark is held to constitute trademark infringement, unfair competition, or dilution; provided that, Franchisee (i) timely notifies us of the claim or proceeding and provide us with the opportunity to defend such claim; (ii) have otherwise complied with this Agreement; and (iii) have properly and fully followed all of our requirements for Franchisee's use of the Marks as set forth in Brand Standards Manual. If we defend the claim, we have no obligationto indemnify or reimburse Franchisee with respect to any fees or disbursements to any separate attorney that Franchisee retains.

d. DISCONTINUANCE OF USE OF MARKS

If it becomes advisable at any time, in our sole discretion, for us or Franchisee to modify or discontinue using any Mark or use one or more additional or substitute trademarks or service marks, Franchisee must comply with our directions within a reasonable time after receiving notice. We will not reimburse Franchisee for Franchisee's direct expenses of changing the signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for Franchisee's expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section apply to any and all of the Marks (and any portion of any Mark) that we authorize Franchisee to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, in our sole discretion. Franchisee acknowledges both our right to take this action and Franchisee's obligation to comply with our directions.

e. COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS

Franchisee acknowledges and agrees that:

1. Although we have not filed an application for a copyright registration for the Brand Standards Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant Franchisee the right to use this proprietary and copyrighted information ("**Copyrighted Works**") for the operation of Franchisee's CORE Business, but such copyrights remain our soleproperty. Additionally, all Copyrighted Works created by Franchisee and related to the operation of the CORE Business are works made for hire within the meaning of the United States Copyright Act and are our property, which we shall be entitled to use and license others to use such Copyrighted Works unencumbered by moral rights. To the extent the Copyrighted Works are not works made for hire or rights in the Copyrighted Works do not automatically accrue to us, Franchisee irrevocably assigns and agrees to execute additional documentation to effectuate the assignment of the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Works, which Franchisee and the author of such Copyrighted Works warrant and represent as being created by and wholly original with the

author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Works from another person or Entity necessary to ensure our right in the Copyrighted Works as required in this Section.

2. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITYOF THE COPYRIGHTED WORKS.

3. Any improvements or additions to the System Standards, Copyrighted Works, website or any other documents or information pertaining to or relating to the CORE franchise system or the Franchise, or any new trade names, trademarks and service marks, logos or commercial symbols related to the CORE Business or Franchise or any advertising and promotional ideas or inventions related to the CORE Business or Franchise (collectively, the "**Improvements**") conceived or developed by Franchisee shall become our property and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. Franchisee agrees to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisee shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other CORE Group Restoration franchisees without any obligation to Franchisee for Referral Fees or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement, and Franchisee shall cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and we shall have the rights prescribed in Section 6.e.1.

7. CONFIDENTIAL INFORMATION

a. CORE GROUP RESTORATION CONFIDENTIAL INFORMATION

Franchisee acknowledges that the distinctive business format, plans, methods, data, processes, marketing systems, manuals, techniques, operating procedures, service marks, trademarks, proprietary marks and information and know-how of ours that are developed and utilized in connection with the CORE franchise system are proprietary and confidential ("**Confidential Information**"). Such Confidential Information is unique, exclusive property and a trade secret of the Franchisor and has valuable goodwill associated with it. Franchisee acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor. It is understood that Confidential Information is deemed to include, without limitation, instructional techniques, sales and promotional materials, vendor lists, any and all information contained in the Brand Standards Manual, and any information of whatever nature which gives the Franchisor and its affiliates an opportunity to obtain an advantage over its competitors who do not have access to, know or use such techniques, lists, written materials or information. Franchisee further acknowledges that we have expended a great amount of effort and money in obtaining and developing the Confidential Information, that we have taken numerous precautions to guard the secrecy of the Confidential Information, that it would be very costly for competitors to acquire or duplicate the Confidential Information and that any unauthorized disclosure of such Confidential Information will cause irreparable harm to us. Consequently, Franchisee shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of Franchisee's Business, any of the Confidential Information. The parties agree that the Confidential Information does not include information that is generally available to the public or which was known to Franchisee prior to the execution of this Agreement.

b. CONFIDENTIALITY AGREEMENT

All of Franchisee's employees, independent contractors, agents or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement, the current form of which is attached as Attachment E. Franchisee must use Franchisee's best efforts to ensure that these individuals comply with the terms of the Confidentiality Agreement, and Franchisee must immediately notify us of any breach that comes to Franchisee's attention. Franchisee agrees to reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement, including reasonable attorneys' fees and court costs.

c. EXCLUSIVE RELATIONSHIP

Franchisee acknowledges that we have granted the Franchise to Franchisee in consideration of and reliance upon Franchisee's agreement to deal exclusively with us. Franchisee therefore agrees that, during the Term, Franchisee, Franchisee's managers, and/or any of Franchisee's owners, and any of their respective spouses or other immediate family members, will not:

(1) enter into any referral, co-branding, joint marketing arrangement or other agreement with any local, regional or national construction or restoration services company or business (a "Competitive Business") under which Franchisee is: (i) a preferred or recommended vendor or suppler of services similar to the Services; or (ii) is required or permitted to provide services similar to the Services. For clarification, a Competitive Business includes businesses and organizations that are franchise systems, and also includes industry membership or peer groups (or banner groups) which provide their members with the ability to connect with other restoration services companies for business development, educational and other related purposes.

(2) divert or attempt to divert any business from us (or one of our affiliates or franchisees);

(3) induce any customer or referred customer of ours (or of one of our affiliates or franchisees) to transfer their business to Franchisee or to any other person that is not then a franchisee of ours; or

(4) engage in any other activity which may injure the goodwill of the Marks and CORE franchise system.

Franchisee agrees to obtain similar covenants from the personnel we specify, including officers, directors, managers, and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement that Franchisee uses and to be a third-party beneficiary of that agreement with independent enforcement rights.

8. SYSTEM STANDARDS

a. CONDITION AND APPEARANCE OF THE FRANCHISE

1. Franchisee is not required to make any changes to the condition or appearance of their Facility upon becoming a CORE franchisee. Franchisee agrees, however, that Franchisee will maintain

and refurbish the condition and appearance of the Facility, its Operating Assets and the Vehicles as necessary to maintain Franchisee's image as a business that is efficiently operated, offering high quality products and Services, and observing the highest standards of cleanliness, sanitation, efficient courteous service and pleasant ambiance.

2. Franchisee shall place or display on the Vehicles and at the Facility (interior and exterior) certain CORE signs, emblems, designs, artwork, lettering, logos, and display and advertising materials as provided in the Brand Standards Manual. Any CORE signs, emblems, designs, artwork, lettering, logos, and display and advertising materials used by Franchisee must be approved by us in writing. Franchisee may use non-CORE related advertising in any manner it wishes, provided, that such advertising shall not harm or adversely affect our Marks.

3. If at any time, in our reasonable judgment, the general state of repair, appearance or cleanliness of the Vehicles or Facility of the Franchise or its fixtures, furnishings, equipment or signs does not meet our standards, we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency, at Franchisee's cost. If Franchisee does not initiate action to correct such deficiencies within 30 days after Franchisee receives our notice, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, we have the right, in addition to all other remedies, to enter the Facility of the Franchise and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur in that connection.

b. STANDARDS, SPECIFICATIONS, AND PROCEDURES

Although we do not dictate the products and Services offered by Franchisee, Franchisee agrees that the Franchise will offer the products and Services substantially in accordance with the Brand Standards Manual and our System Standards. Franchisee will not offer for sale or sell at the Franchise, the Facility or any other location any products or Services we have not approved; and we reserve the right to demand that Franchisee discontinue selling and offering for sale any products or Services that we at any time decide (in our sole discretion) to disapprove in writing.

c. CLIENT INFORMATION

We may contact any client of any CORE Business at any time for any purpose. We, or our authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by Franchisee and us, to inspect all client lists and documents and records related thereto.

d. APPROVED PRODUCTS, DISTRIBUTORS AND SUPPLIERS

We may designate ourselves and/or any affiliates we may have as an approved supplier, from whom Franchisee may lease or purchase certain services or products in developing and operating Franchisee's CORE franchise. Franchisee is not required to purchase products from any approved vendor or supplier.

We may negotiate purchase agreements with suppliers and distributors for the benefit of our franchisees and we may receive rebates or volume discounts from our purchase of services, equipment and supplies that we resell to Franchisee. Franchisee acknowledges and agrees that we and/or our affiliates may derive revenue based on Franchisee's purchases and leases (including, without limitation, from charging Franchisee for products and services we or our affiliates provide to Franchisee and from payments made to us or our affiliates by suppliers that we approve for some or all of our franchisees).

All suppliers, distributors, and vendors used by Franchisee are subject to our periodic review. We may, from time to time, request that Franchisee provide to us products samples and a list of its suppliers distributors, and vendors for certain products and services supplied to or supplied by the CORE Business. Franchisee shall, within ten (10) days of receipt of our request, provide this list to us. If any suppliers, distributors, or vendors do not meet the System Standards, in our sole but reasonable discretion, Franchisee shall consider discontinuing the use of such supplier, distributor or vendor within thirty (30) days of receipt of notice from us. We reserve the right to charge Franchisee the cost of evaluating Franchisee's suppliers, distributors, and vendors and product samples.

e. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Business and must at all times operate the Business in full compliance with all applicable federal, state and local laws, ordinances and regulations (including, without limitation, government regulations relating to truth-in-lending, health, franchising, Department of Transportation regulations, safety and sanitation, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance). We reserve the right in our sole discretion to require Franchisee upon sixty (60) days written notice to obtain and maintain the following certifications or designations: Water Damage Restoration Technician certification and Fire and Smoke Remediation Technician certifications from the Institute of Inspection Cleaning and Restoration Certification ("**IICRC**") or its successor; certification as either an Applied Microbial Remediation Technician from IICRC or its successor or a Certified Microbial Remediator from the American Council for Accredited Certification ("**ACAC**") or its successor; Certified Restorer Designation from the Restoration Industry Association ("**RIA**") or its successor; as well as other certifications and designations that we may require in the future. Franchisee is required to comply with IICRC, ACAC, RIA and other licensingbodies' guidelines and specifications.

Franchisee will conduct itself and operate its CORE Business in compliance with all applicable federal, state and local laws, including employment, immigration, worker's compensation, data security laws, privacy laws, and all applicable local, state and federal regulations, and in such a manner so as to promote a good public image in the business community. In connection therewith, Franchisee will be solely and fully responsible for obtaining any and all licenses and permits to operate the CORE Business and to carry on business at the Facility. Franchisee shall promptly forward to us copies of all health department, fire department, building department and other similar reports of inspections as and when they become available. Franchisee shall also immediately forward to us any health department, fire department, building department or other governmental entity notices of violation upon receipt thereof or any other inspection reports, warnings, certificates or ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the CORE Business which indicates the Franchisee's failure to meet or maintain the highest governmental standards, or less than full compliance by Franchisee with any applicable law, rule or regulation. Franchisee shall be solely responsible for any penalties or fines assessed for failure to abide by such laws, regulations and ordinances.

f. MANAGEMENT OF THE FRANCHISE

We require that either Franchisee directly operate Franchisee's CORE Business or designate a manager ("**Designated Manager**"). If Franchisee is not an individual, Franchisee must designate an "**Operating Principal**" who will be principally responsible for communicating with us about the CORE Business. The Operating Principal must have the authority and responsibility for the day-to-day operations of your CORE Business. We may require that the Operating Principal and Designated Manager have at least a 10% ownership interest in the Franchisee owner Entity. We reserve the right to require that Franchisee or Franchisee's Operating Principal and/or Designated Manager successfully complete our

Onboarding Program. The term “Designated Manager” means an individual with primary day-to-day responsibility for the Franchise’s operations and may or may not be Franchisee (if Franchisee is an individual) or the Operating Principal, or officer, director, or employee of Franchisee’s (if Franchisee is other than an individual). The Designated Manager shall have similar responsibilities as an Operating Principal. Franchisee must deliver to us a completed Attachment B accurately identifying the Designated Manager. The Designated Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Franchise’s operations, and must have full authority from Franchisee to implement the System Standards at the Franchise. If Franchisee is an Entity, each owner (i.e., each person holding a direct or indirect ownership interest in Franchisee) must sign an Owners Agreement guaranteeing the obligations of the Entity, in the form of which is attached to this Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the Owners Agreement. Franchisee must forward to us a copy of each such signed agreement. If a Designated Manager’s employment with Franchisee is terminated and Franchisee’s Operating Principal will not manage Franchisee’s Facility, Franchisee must appoint a new Designated Manager within 60 days.

g. INSURANCE

During the term of this Agreement, Franchisee must maintain in force at Franchisee’s sole expense, the types and amounts of insurance that are typical in the industry and otherwise required by law or applicable regulation. If you provide Services for a National Account, you will be required to obtain and maintain the types and limits of insurance coverage designated by us. Such insurance coverage typically includes: (1) commercial general liability coverage containing minimum liability coverage for bodily injury, property damage, and personal injury; products/completed operation coverage; and umbrella or follow-form excess liability coverage; (2) business interruption for a period adequate to re-establish normal business operations; (3) pollution coverage; (4) liability coverage of owned, hired and non-owned automobiles under one or more policies of insurance; (5) professional liability coverage; (6) workers’ compensation coverage as required by statute or rule in the state in which Franchisee’s CORE Business is located; (7) automobile coverage for any Vehicles used in the CORE Business; (8) underinsured or uninsured coverage that satisfies state requirements in the state(s) in which Franchisee operates Franchisee’s Vehicle(s); (9) any other insurance that may be required by statute or rule in the state(s) in which Franchisee’s CORE Business is located; and (10) any other insurance that we may require in the future.

The insurance company must be authorized to do business in the state where Franchisee’s CORE Business is located. It must also be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies or require different or additional insurance coverage at any time for National Accounts. All insurance policies must name us and any affiliates we designate as additional named insured parties. Franchisee must furnish us copies of Franchisee’s certificates of insurance or other evidence of Franchisee’s maintaining this insurance coverage and paying premiums. Franchisee’s policy must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days’ prior written notice. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. If Franchisee fails or refuses to obtain and maintain the insurance we specify, in addition to our other remedies, including, without limitation, termination, we may obtain insurance for Franchisee, and Franchisee must reimburse us for the cost of insurance obtained, plus 20% of the premium as an administrative cost of obtaining the insurance. Franchisee’s compliance with these insurance provisions does not relieve Franchisee of any liability under any indemnity provisions of this Agreement.

h. COMPLIANCE WITH SYSTEM STANDARDS

Franchisee shall operate and maintain the CORE Business according to all of our System Standards, as we periodically modify and supplement them. Additionally, Franchisee agrees to maintain and operate the CORE Business in compliance with this Agreement and the standards and specifications contained in the Brand Standards Manual, as such standards and specifications may be modified from time to time by us.

i. MODIFICATION OF SYSTEM STANDARDS

We periodically may modify System Standards, and these modifications may obligate Franchisee to invest additional capital in the Franchise and/or incur higher operating costs. Franchisee agrees to implement any changes in System Standards within the time period we request, whether they involve refurbishing or remodeling the Facility, Vehicles or any other aspect of the Franchise, buying new Operating Assets, adding new products and Services, adding personnel or otherwise modifying the nature of Franchisee's operations, as if they were part of this Agreement as of the Effective Date.

9. **MARKETING**

a. BRAND FUND

The Brand Fund is administered by us, or our affiliates or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional, or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, the System Website (defined below) and search engine optimization, the development of technology for the CORE franchise system, and any other purpose to promote the CORE Group Restoration brand. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Fund including for collecting amounts that are due to the Brand Fund. We may use the Brand Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs, including, without limitation, conducting market research, public relations, and preparing advertising, promotion, and marketing materials.

Franchisee understands and acknowledges that the brand Fund is intended to maximize recognition of the Marks and patronage of CORE Businesses. Although we will endeavor to utilize the Brand Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all CORE Businesses, we undertake no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions by CORE Businesses operating in that geographic area or that any CORE Business will benefit directly or in proportion to its contribution from the development of advertising and marketing materials or the placement of advertising. We do not owe Franchisee a fiduciary duty with respect to the maintenance, direction, or administration of the brand Fund.

We will not use the Brand Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. We may dissolve the Brand Fund upon written notice to Franchisee. All unspent monies on the date of termination shall be distributed to the franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12-month period.

The Brand Fund will be maintained in a bank account, commercial account or savings account segregated from our other accounts. The Brand Fund will be audited annually. Financial statements of the Brand Fund are available for review upon written request and will also be presented during our annual convention.

b. LOCAL ADVERTISING

All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing. Franchisee is encouraged but is not required to conduct local advertising within the Territory. Franchisee may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. Each unauthorized use of our logos and/or Marks is subject to a fee of $500.

We reserve the right, upon 30 days written notice to Franchisee, to create a local or regional advertising cooperative ("**Association**"). Franchisee may be required to participate in any Association for CORE Group Restoration Franchises that is established. Any amounts Franchisee contribute toward an Association will count toward Franchisee's Brand Fund Contribution. The area of each Association will be defined by us, based on our assessment of the area. Franchisees in each Association will contribute an amount to the Association for each CORE Business that Franchisee owns that exists within the Association's area. Each CORE Business we own that exists within the Association's area will contribute to the cooperative on the same basis as franchisees. In no event will Franchisee's contribution exceed the amount of Franchisee's monthly Brand Fund Contribution. Members of the Association will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each Association operate with governing documents which we have the right at any time to approve or disapprove, including any membership agreement that we may require, which will be made available in advance for Franchisee's review. Each Association must prepare annual unaudited financial statements, and such statements will be provided for review to each member of such Association. We reserve the right to form, change, dissolve or merge any Association formed in the future.

c. SYSTEM WEBSITE

We will maintain a website to advertise, market and promote CORE Businesses and the products and Services that CORE Businesses offer and sell ("**System Website**"). We will reference the Franchise in the manner that we determine. Franchisee must give us the information that we request, which shall be true and correct, concerning the Franchise to include on the System Website. We own all intellectual property and other rights in the System Website, all information contained on it, and all information generated from it. We are not required to reference Franchisee's CORE Business on the System Website while Franchisee is in default of this Agreement or the System Standards. We may, at our option, discontinue any or all System Websites at any time.

d. ADVISORY COUNCIL

We currently do not have, but may form, an advisory council ("**Council**") to advise us on all policies. Members of the Council would consist of both franchisees and corporate representatives. The Council would be governed by bylaws. Members of the Council would be selected by way of a voting method specified in the Council's bylaws. We anticipate each member will have one vote. The Council would serve in an advisory capacity only. We will have the power to form, change or dissolve the Council, in our sole discretion.

10. **REPORTS**

Franchisee shall establish and maintain, at its own expense, bookkeeping, accounting and data processing systems for its CORE Business. Each transaction of the CORE Business shall be processed in the manner prescribed by us. We shall have the right of access to all data with respect to the CORE Business.

Franchisee shall also participate in our annual survey which will collect data related to the operation of Franchisee's business. We may use the data collected from Franchisee without disclosing the identifying information about Franchisee's Business in such disclosure.

Subject to applicable law, Franchisee agrees to preserve and maintain all records in a secure location at the Franchise for at least five years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, client lists, check stubs, sales tax records and returns, cash revenue and disbursement journals, and general ledgers).

11. **INSPECTIONS AND AUDITS**

a. OUR RIGHT TO INSPECT THE FRANCHISE

We retain the right, upon reasonable advanced noticed, to: (1) inspect the Business; (2) photograph, observe and videotape the Facility, the Franchise operations and Franchisee's employees and agents providing Services as we deem necessary; (3) interview Franchisee's personnel and clients; and (4) inspect and copy any books, records, and documents relating to the Franchise operation. Franchisee agrees to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the Franchise operation.

b. OUR RIGHT TO AUDIT

We retain the right to have an independent audit made of Franchisee's books and financial records. Franchisee agrees to fully cooperate with us and any third parties that we hire to conduct the audit. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by Franchisee's failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least two (2%) percent in any reporting period, in which case Franchisee agrees to reimburse us for the cost of the audit and inspection, including, without limitation, any amount that Franchisee owe us, together with any related accounting and legal expenses. The audit cost reimbursements will be due ten days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

12. **TRANSFERS**

a. TRANSFER BY US

This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor in interest, and we shall in such event be fully released from the same.

b. TRANSFER BY FRANCHISEE

The rights and duties this Agreement creates are personal to Franchisee and Franchisee's owners and we have granted Franchisee the Franchise in reliance upon our perceptions of Franchisee's and Franchisee's owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Except as provided in Section 12.c, Franchisee may not transfer any rights or obligations under this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, the term "**transfer**" shall mean and include a voluntary, involuntary, direct, or indirect assignment, sale, gift, merger, consolidation, exchange, grant of a security interest, or other disposition by the Franchisee (or any of its owners) of any interest in: (1) this Agreement, (2) the ownership of the Franchisee, if the Franchisee is an entity or consists of more than one individual, (3) any part or portion of any business entity that owns Franchisee, or (4) all or a substantial portion of the assets of the damage restoration business owned by Franchisee. An assignment, sale, gift, or other disposition includes: transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest; merger or consolidation or issuance of additional securities or other forms of ownership interest; any sale of a security convertible to an ownership interest; transfer of an interest in Franchisee, this Agreement, the Franchise or substantially all of its assets, or in Franchisee's owners in a divorce, insolvency, or Entity dissolution proceeding or otherwise by operation of law; if one of Franchisee's owners or an owner of one of Franchisee's owners dies, a transfer of an interest in Franchisee or Franchisee's owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or foreclosure upon the Franchise, or Franchisee's transfer, surrender or loss of the Franchise possession, control or management.

c. CONDITIONS FOR APPROVAL OF TRANSFER

Provided that Franchisee is in compliance with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section. A non-controlling ownership interest in Franchisee or Franchisee's owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and meet our then applicable standards for CORE Business franchise owners (including no ownership interest in or performance of services for a Competitive Business). If the proposed transfer is of this Agreement or a controlling ownership interest in Franchisee, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in Franchisee, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

1. payment of all amounts due and owing pursuant to this Agreement by Franchisee to us or our affiliates or to third parties holding a security interest in any asset of the franchised business;

2. Franchisee's landlord consents to transfer the lease or sublease the Facility's premises to the transferee (if applicable);

3. the transferee signs our then current form of the franchise agreement and related documents, which franchise agreement may differ materially from this Agreement;

4. Franchisee signs a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;

5. provision by Franchisee of written notice to us 30 days prior to the proposed effective date of the transfer, such notice to contain information reasonably detailed to enable us to evaluate

the terms and conditions of the proposed transfer. If Franchisee is an Entity and one or more owners of Franchisee entity wish to transfer, sell, assign, or otherwise dispose of his or her interest in the Entity or if the Entity wishes to make a public or private offer of its stock or other ownership interests, the Franchisee must submit to us at least 30 days in advance of the proposed effective date, and obtain our prior written approval of, the documents effectuating the transfer, sale, assignment, offering or disposition;

6. payment to us of all the then current transfer fee, and all of our actual costs for commissions, finder's fees and similar charges; and

7. if Franchisee (and/or the transferring owners) finance any part of the sale price of the transferred interest, if any, unless waived in writing by us, Franchisee and/or its owners must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by the Franchisee or its owners in the assets of the CORE Business or the Facility shall be subordinate to the transferee's obligations to pay Referral Fees, the Brand Fund Contribution, and other amounts due to us and our affiliates and to otherwise comply with this Agreement.

We may review all information regarding the Franchise that Franchisee provides to the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that Franchisee has given us or we have made regarding the Franchise.

Our consent to a transfer of this Agreement and the Franchise, or any interest in Franchisee, is not a representation of the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the Franchise or transferee's prospects of success, or a waiver of any claims we have against Franchisee (or Franchisee's owners) or of our right to demand the transferee's full compliance with this Agreement.

d. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY

Notwithstanding Section 12.c, if Franchisee is in full compliance with this Agreement, Franchisee may transfer this Agreement to a corporation or limited liability company that conducts no business other than the Franchise and, if applicable, other CORE Businesses, in which Franchisee maintains management control, and of which Franchisee owns and controls one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests; provided that all of the Franchise assets are owned, and the Franchise business is conducted only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of Franchisee's obligations under this Agreement. Franchisee agrees to remain personally liable under this Agreement as if the transfer did not occur. Our right of first refusal and right of first offer to purchase will not apply for a transfer conducted under this Section. Franchisee must reimburse us for all of our fees and costs, including attorney fees, associated with Franchisee's transfer to the corporation or limited liability company.

e. FRANCHISEE'S DEATH OR DISABILITY

Upon Franchisee's or Franchisee's Operating Principal's death or disability, Franchisee's (or the Operating Principal's, as applicable) executor, administrator, conservator, guardian, or other personal representative must transfer Franchisee's interest in this Agreement, or the Operating Principal's ownership interest in Franchisee, to a third party (which may be Franchisee's or the Operating Principal's heirs, beneficiaries or devisees). That transfer must be completed within 180 days of death or disability and is subject to all of the terms and conditions in this Section 12. Franchisee's estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of Franchisee's death or disability. We may approve the transfer in our sole and reasonable discretion. If the transfer of the Franchise is not complete within 180 days following the death or disability of Franchisee (or its Operating Principal), we may terminate this Agreement. The term "**disability**" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Operating Principal from supervising the management and operation of the CORE Business for a period of 120 days from the onset of such disability, impairment or condition.

f. OUR RIGHT OF FIRST REFUSAL

If Franchisee wishes to transfer its rights under this Agreement or any interest in Franchisee, or any part or portion of any business entity that owns Franchisee, or all or a substantial portion of the assets of the damage restoration business owned by Franchisee, Franchisee agrees to grant to us a 30-day right of first refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to Franchisee by the proposed purchaser. Franchisee shall notify us of such offer by sending a written notice to us (which notice may be the same notice as required by Section 12.c above), enclosing a copy of the written offer from the proposed transferee. We may, by written notice delivered to Franchisee within 30 days after we receive such notice, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

1. we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held Entity);

2. our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

3. we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and

4. we must receive, and Franchisee and its owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal Entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the Entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section. If we choose not to exercise our right of first refusal, Franchisee may complete its transfer, subject to this Section 12.

If Franchisee does not complete the sale to the proposed buyer within 60 days after we waive our rights under this Section 12.f, or if there is a material change in the terms of the sale (which Franchisee agrees to tell us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

g. OUR RIGHT OF FIRST OFFER TO PURCHASE

1. Grant of Right of First Offer. Subject to the terms and conditions of this Agreement, if Franchisee wishes to transfer its rights under this Agreement or any interest in Franchisee, or any part or portion of any business entity that owns Franchisee, or all or a substantial portion of the assets

of the damage restoration business owned by Franchisee, Franchisee agrees to grant Franchisor a right of first offer to purchase such rights, interests or assets (the "**Offer Purchase Option**").

2. Procedure for Offer. If, at any time, Franchisee wishes to transfer its rights under this Agreement or any interest in Franchisee, or any part or portion of any business entity that owns Franchisee, or all or a substantial portion of the assets of the damage restoration business owned by Franchisee, Franchisee shall notify Franchisor in writing (the "**First Offer Notice**"). To exercise the Offer Purchase Option, Franchisor has ten (10) business days after receipt of the First Offer Notice to provide written notice to Franchisee of the terms and conditions upon which Franchisor offers to purchase such rights, interests or assets as described in the First Offer Notice (the "**Offer Purchase Terms**"). If Franchisor does not notify Franchisee within the 10-business day period, then Franchisee shall be free to transfer its rights under this Agreement or any interest in Franchisee, or any part or portion of any business entity that owns Franchisee, or all or a substantial portion of the assets of the damage restoration business owned by Franchisee, from time to time to anyone to whom Franchisee desires on any terms Franchisee desires, but subject to the terms of the our right of first refusal in Section 12.f above and the transfer requirements in this Section 12.

3. Procedure for Acceptance. If Franchisor timely delivers its notice of Offer Purchase Terms to Franchisee, Franchisee has ten (10) business days thereafter to either accept ("**Offer Acceptance Notice**") or reject the Offer Purchase Terms provided by Franchisor.

4. Definitive Contract. If Franchisee delivers an Offer Acceptance Notice in accordance with this Agreement, then Franchisee and Franchisor shall use reasonable diligence in good faith to negotiate, execute and mutually deliver a reasonable purchase and sale agreement consistent with the Offer Purchase Terms within 30 days after Franchisor's receipt of the Offer Acceptance Notice. If Franchisee and Franchisor do not execute and mutually deliver a purchase and sale agreement within the 30-day period, then Franchisee shall be free to transfer its rights under this Agreement or any interest in Franchisee, or any part or portion of any business entity that owns Franchisee, or all or a substantial portion of the assets of the damage restoration business owned by Franchisee, from time to time to anyone to whom Franchisee desires on any terms Franchisee desires, but subject to the terms of the our right of first refusal in Section 12.f above and the transfer requirements in this Section 12.

13. EXPIRATION OF THIS AGREEMENT

a. FRANCHISEE'S RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE

Upon expiration of this Agreement, Franchisee shall have three options for renewal terms, each for a period of five years, subject to this Section 12. If Franchisee is signing this Agreement as a Successor Agreement, the references to "**Term**" shall mean the applicable renewal term of the Successor Agreement. The qualifications and conditions for a successor term are as follows:

1. if Franchisee and each of Franchisee's owners have substantially complied with this Agreement during the Term, which includes satisfying all monetary obligations owed by Franchisee to us, our affiliates or Franchisee's suppliers or creditors, whether pursuant to this Agreement or otherwise;

2. if Franchisee and each of Franchisee's owners are, both (i) on the date Franchisee gives us written notice of Franchisee's election to acquire a successor franchise (as provided in Section 13.b below) and (ii) on the date on which the term of the successor franchise would commence, in full compliance with this Agreement or any other agreement with us or any affiliate of ours at the time Franchisee sends the renewal notice or the time Franchisee signs the Successor Agreement;

3. Franchisee provides written notice ("**Franchisee's Notice**") of Franchisee's election to acquire a successor franchise no more than 180 days and no less than 60 days before this Agreement expires;

4. Franchisee signs the successor franchise agreement ("**Successor Franchise Agreement**") and all ancillary documents that we require franchisees to sign;

5. Franchisee signs a general release;

6. Franchisee pays us a non-refundable renewal fee of 25% of the then-current Initial Franchise Fee;

7. Franchisee has the right under Franchisee's lease to maintain possession of the Facility where Franchisee's CORE Business is located for the duration of the renewal term or secure a substitute Facility; and

8. Franchisee takes any additional actions that we reasonably require,

then Franchisee has the option to acquire a successor franchise commencing immediately upon the expiration of this Agreement. The Successor Franchise Agreement and these other agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by us, including the payment of higher fees. We have the right to refuse to renew the license granted under this Agreement if we have given Franchisee written notice three or more times for failure to comply with the terms of this Agreement, whether or not such failure is subsequently cured.

b. GRANT OF A SUCCESSOR FRANCHISE

We agree to give Franchisee written notice ("**Our Notice**"), not more than one month prior to the date that this Agreement expires, of our decision:

1. to grant Franchisee a successor franchise;

2. to grant Franchisee a successor franchise on the condition that Franchisee correct existing deficiencies of the Franchise or in Franchisee's operation of the Franchise;

3. not to grant Franchisee a successor franchise based on our determination that Franchisee and Franchisee's owners have not substantially complied with this Agreement during the Term or were not in full compliance with this Agreement and all System Standards on the date Franchisee gave us written notice of Franchisee's election to acquire a successor franchise; or

4. not grant Franchisee a successor franchise because we no longer maintain a franchise program for CORE Businesses.

If applicable, Our Notice will:

(1) describe the remodeling, expansion, improvements, and/or modifications required to bring the Franchise into compliance with then applicable System Standards for new CORE Businesses;

(2) state the actions Franchisee must take to correct operating deficiencies or update and refurbish the Facility or Vehicle(s) and the time period in which Franchisee must correct these deficiencies; and

(3) summarize any changes to the Territory, Brand Fund Contribution and any other fees or amounts that are affected by the Territory's population.

If we elect not to grant Franchisee a successor franchise, Our Notice will describe the reasons for our decision. If we elect to grant Franchisee a successor franchise, Franchisee's right to acquire a successor franchise is subject to Franchisee's full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to Franchisee's compliance with the obligations described in Our Notice.

If Our Notice states that Franchisee must update or refurbish the Facility of Vehicle(s) and/or must cure certain deficiencies of the Franchise or its operation as a condition to our granting Franchisee a successor franchise, we may extend this Agreement's Term for that time period necessary to give Franchisee reasonable time to correct deficiencies. If Franchisee fails to notify us of Franchisee's election to acquire a successor franchise within the prescribed time period, we need not grant Franchisee a successor franchise.

14. TERMINATION OF FRANCHISE AGREEMENT

a. TERMINATION BY US – EFFECTIVE UPON NOTICE

We shall have the right, at our option, to terminate this Agreement and all rights granted Franchisee hereunder, without affording Franchisee any opportunity to cure any default (subject to any state laws to the contrary, where state law shall prevail), effective upon receipt of notice by Franchisee upon the occurrence of any of the following events:

1. Franchisee or any of Franchisee's owners have made or make any material misrepresentation or omission in acquiring the Franchise or operating the Franchise;

2. Franchisee does not open the Franchise for business and begin offering the Services within 12 months after the Effective Date;

3. Franchisee or Franchisee's owners make or attempt to make any transfer in violation of <u>Section 12</u>;

4. Franchisee fails to pay any amounts due to us or our affiliates, including any amounts which may be due as a result of any purchases of services by Franchisee from or through us or our affiliates, within 10 days after notice that such fees or amounts are overdue;

5. Franchisee or any of Franchisee's owners are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or other crime that we reasonably believe is likely to have an adverse effect on the CORE franchise system, the Marks, the goodwill associated with the Marks or our interests in the Marks;

6. Franchisee fails to maintain the insurance that we require and deliver required certificates of insurance to us and do not correct the failure within 48 hours after we deliver written notice of that failure to Franchisee;

7. Franchisee or any of Franchisee's owners engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Franchise reputation or the goodwill associated with the Marks;

8. Franchisee or any of Franchisee's owners knowingly make any unauthorized use or disclosure of any part of the Brand Standards Manual or any other Confidential Information;

9. Franchisee or any of Franchisee's owners fail on three or more separate occasions within any 12 consecutive month period to comply with this Agreement after we notify Franchisee of the failures;

10. Franchisee files a bankruptcy petition or are adjudicated bankrupt, or Franchisee makes an assignment for the benefit of creditors or admit in writing Franchisee's insolvency or inability to pay Franchisee's debts generally as they become due; Franchisee consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of Franchisee's property; the Franchise is attached, seized, subjected to a writ or distress warrant or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of Franchisee or the Franchise is not vacated within 30 days following the order's entry;

11. Franchisee or any of Franchisee's owners' assets, property or interests are blocked under any law, ordinance or regulation relating to terrorist activities, or Franchisee or any of Franchisee's owners otherwise violate any such law, ordinance or regulation;

12. Franchisee violates any health, safety or sanitation law, ordinance or regulation, or operate the Franchise in an unsafe manner and does not begin to cure the violation immediately and correct the violation within 48 hours after receipt of notice from us or any other party;

13. there is a termination of any other franchise agreement or other agreement between Franchisee or Franchisee's affiliates and us or any of our affiliates; or

14. Franchisee has three or more insufficient funds or returned checks in any one calendar year.

b. TERMINATION BY US – THIRTY DAYS NOTICE

We shall have the right to terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days' written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30 day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30 day period. Defaults shall include, but not be limited to, the following:

1. Franchisee violates any other applicable law, regulation, ordinance or consent decree, or fails to maintain any bond, license or permit;

2. Franchisee fails to pay when due any federal or state income, service, sales, or other taxes due on the Franchise operation, unless Franchisee is in good faith contesting Franchisee's liability for these taxes;

3. Franchisee understates the Franchise's monthly Referral Gross Sales on any report required by us three times or more during this Agreement's term or by two percent (2%) or more on any one occasion;

4. Franchisee or any of Franchisee's owners fail to comply with any other provision of this Agreement or any System Standard; or

5. There is a termination of any other franchise agreement or other agreement between Franchisee or Franchisee's affiliates and us or any of our affiliates.

c. EARLY TERMINATION FEE.

Upon termination of this Agreement by us, Franchisee agrees to pay to us within 15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder: liquidated damages equal to the combined monthly average of the Referral Fees, Territory Fees and Brand Fund Contributions that are owed by Franchisee to us (without regard to any fee waivers or other reductions) beginning with the date Franchisee open Franchisee's CORE Business through the date of early termination, multiplied by the lesser of: (i) 36; or (ii) the number of full months remaining in the term of this Agreement, provided, however, that liquidated damages will not, under any circumstances, be less than $30,000.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Referral Fees, Territory Fees and Brand Fund Contributions due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Referral Fees would have grown over what would have been this Agreement's remaining Term. The parties hereto consider these liquidated damages provision to be a reasonable, good faith estimate of those damages.

The liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Referral Fee, Territory Fee and Brand Fund Contribution sections and this provision only covers Franchisor's damages from the loss of cash flow from the Referral Fees, Territory Fees and Brand Fund Contributions. It does not cover any other damages, including damages to Franchisor reputation with the public and landlords, and damages arising from a violation of any provision of this Agreement.

15. OUR AND FRANCHISEE'S RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

a. PAYMENT OF AMOUNTS OWED TO US

Franchisee agrees to pay us within 15 days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us (or our affiliates), the Referral Fees, Brand Fund Contributions, Territory Fees, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

b. DE-IDENTIFICATION

When this Agreement expires or is terminated:

1. Franchisee may not directly or indirectly at any time or in any manner (except with other CORE Businesses Franchisee owns and operates) identify itself or any business as a current or former CORE Business or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a CORE Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

2. Franchisee agrees to take the action required to cancel or assign all fictitious or assumed names or equivalent registrations relating to Franchisee's use of any Mark;

3. Franchisee agrees to deliver to us, at Franchisee's expense, within 30 days all copies of the Brand Standards Manual, or any portions thereof, as well as all signs, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a CORE Business, and if Franchisee fails to do so in the required time period, Franchisee agrees to allow us, without liability to Franchisee or third parties for trespass or any other claim, to enter the Premises, if applicable, and remove any signs or other materials containing any Marks from the Franchise;

4. Franchisee acknowledges and agrees that all brand identifiers (collectively "**Identifiers**") used in the operation of Franchisee's CORE Business constitute our assets. Identifiers include dedicated telephone numbers, website URLs, social media presence and the like directly associated with Franchisee's affiliation with us. Upon termination or expiration of this Agreement, Franchisee will take such action within five days to cancel or assign to us or our designee as determined by us, all of Franchisee's right, title and interest in and to such Identifiers, and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. Franchisee agrees to take all action required to cancel all assumed name or equivalent registrations related to Franchisee's use of the Marks. Franchisee acknowledges that we have the sole rights to, and interest in, all Identifiers used by Franchisee to promote Franchisee's CORE Business and/or associated with the Marks. Franchisee hereby irrevocably appoints us, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer;

5. Franchisee must follow any reasonable procedures established by us to ensure the expiration of this Agreement creates the least disruption possible to the CORE franchise system. Franchisee agrees to give us, within 30 days after the expiration or termination of this Agreement, evidence satisfactory to us of Franchisee's compliance with these obligations;

6. immediately cease to use the Intellectual Property;

7. make such modifications and alterations to the Facility and Vehicles that are necessary or that we require to prevent any association between us or the CORE franchise system and any business subsequently operated by Franchisee or any third party at the premises; provided, however, that this subsection shall not apply if Franchisee's franchise is transferred to an approved transferee or if we exercise our right to purchase Franchisee's entire CORE Business.

c. CONFIDENTIAL INFORMATION

Franchisee agrees that, when this Agreement expires or is terminated, Franchisee will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to Franchisee or that otherwise are proprietary to us or the CORE franchise system) in any business or otherwise and return to us all copies of the Brand Standards Manual and any other confidential materials that we have loaned Franchisee.

d. CONTINUING OBLIGATIONS

All of our and Franchisee's and Franchisee's owners' obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

e. NON-SOLICITATION OF CUSTOMERS; POST-TERM COVENANTS

Franchisor hereby acknowledges that Franchisee is an existing business with existing relationships. For a period of two years after the termination or expiration of this Agreement, or Franchisee's transfer, sale or assignment of the CORE Business, whichever is later, Franchisee and its owners shall refrain from directly or indirectly: (1) soliciting any National Account customer of ours (for clarification, this non-solicitation requirement only relates to our National Account relationships/customers operating through a contract or other agreement with Franchisor), or (2) operating a business similar to or competitive with the CORE franchise system (a similar or competitive business is intended to mean a disaster recovery and property damage restoration services franchise system, banner group, or industry membership or peer group) within 25 miles of the territory of any CORE franchisee. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

a. INDEPENDENT CONTRACTORS

Franchisee and we understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and us, that Franchisee and we are and will be independent contractors, and that nothing in this Agreement is intended to make either Franchisee or us a general or special agent, joint venture, partner or employee of the other for any purpose. Franchisee agrees to identify itself conspicuously in all public records, letterhead, and in all dealings with clients, suppliers, public officials, Franchise personnel, and others as the Franchise owner under a Franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time. Franchisee will also use Franchisee's legal name on all documents for use with employees and contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and will not use the Marks on these documents. Franchisee acknowledges that we have no responsibility to ensure that the CORE Business is developed and operated in compliance with all applicable laws, ordinances and regulations.

b. NO LIABILITY FOR ACTS OF OTHER PARTY

We and Franchisee may not make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchisee's operation of its CORE Business.

c. TAXES

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied upon Franchisee or the Franchise, due to the business Franchisee conducts (except for our income taxes). Franchisee is responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either Franchisee's operation or payments that Franchisee makes to us.

d. INDEMNIFICATION

Franchisee agrees to indemnify, defend and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors and assignees ("**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties, to the fullest extent permitted by law, for all claims, obligations, and damages directly or indirectly arising out of the Franchise operation, the business Franchisee conducts under this Agreement, or the infringement, alleged infringement or any other violation by Franchisee, Franchisee's owners or principals, of:

1. any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to Franchisee's unauthorized use of all or any portion of the Marks and/or System Standards;

2. violation, breach or asserted violation or breach of any federal, state or local law, regulation, ruling or industry standard;

3. libel, slander or any other form of defamation;

4. Franchisee's employment or other contractual relationship with Franchisee's employees, workers, managers, or independent contractors, including, but not limited to, any allegation, claim, finding or ruling that we are an employer or joint employer of Franchisee's employees;

5. Franchisee's breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction;

6. Franchisee's failure to pay the monies payable (to any Indemnified Party or any of their affiliates) pursuant to this Agreement, or to do and perform any other act, matter, or thing required by this Agreement; or

7. any action by an Indemnified Party to obtain performance by Franchisee of any act, matter, or thing required by this Agreement.

For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorney, and expert witness fees; costs of investigation and proof of facts; court costs; travel and living expenses; and other expenses of litigation, arbitration or alternative dispute resolution, regardless of whether litigation, arbitration or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it and agree to settlements or take any other remedial, corrective or other actions, and such actions will affect Franchisee's obligation to indemnify pursuant to this Section.

This indemnity shall survive the termination or expiration of this Agreement. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

17. **ENFORCEMENT**

a. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, un- appealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, Franchisee and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination, or of our refusal to enter into a Successor Franchise Agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable, or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement as though it were separately articulated in and made a part of this Agreement.

b. WAIVER OF OBLIGATIONS

We and Franchisee may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or Franchisee has, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten days' prior written notice.

We and Franchisee will not waive or impair any right, power or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice at variance with this Agreement's terms; our or Franchisee's failure, refusal or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other CORE Businesses; the existence of franchise agreements for other CORE Businesses which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

No party shall be liable for any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Agreement where the delay or failure is solely due to Force Majeure. In the event of Force Majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Agreement, the term "**Force Majeure**" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the Force Majeure event. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 5 days after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of this Agreement and to fulfill its obligations under this Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Agreement. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the Force Majeure event, nor does that event affect any obligation to pay money owed under this Agreement, to indemnify us, whether such obligation arose before or after the Force Majeure event or to comply with restrictive covenants contained in this Agreement.

c. COSTS AND ATTORNEY FEES

Franchisee shall pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by us in successfully enforcing, issuing notices of default, or obtaining any remedy arising from the breach of, this Agreement. The existence of any claims, demands, or actions which Franchisee may have against us, whether arising from this Agreement or otherwise, shall not constitute a defense to our enforcement of Franchisee's or any equitable owners if Franchisee is a legal Entity, representations, warranties, covenants, agreements or obligations herein. Additionally, the prevailing party in any arbitration or litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorney fees incurred by the prevailing party in successfully enforcing any provision of this Agreement. Furthermore, if Franchisee requests that we make or agree to changes to this Agreement or to any Successor Franchise Agreement, Franchisee shall pay us any costs and expenses or administrative fees (including reasonable fees of attorneys and other engaged professionals) we incur in connection with considering or agreeing to such changes. Nothing herein shall require us to agree to any such changes.

d. RIGHTS OF PARTIES ARE CUMULATIVE

Our and Franchisee's rights under this Agreement are cumulative, and our or Franchisee's exercise or enforcement of any right or remedy under this Agreement will not preclude our or Franchisee's exercise or enforcement of any other right or remedy which we or Franchisee is entitled by law to enforce.

e. MEDIATION/ARBITRATION

Except as set forth in Section 17.i below, we and Franchisee agrees to submit any claim, action, dispute, demand or disagreement between Franchisee and us or our affiliates arising out of, or in any way relating to, this Agreement, including issues relating to the offer and sale of the Franchise or the relationship between the parties and any allegation of fraud, misrepresentation, violation of any state or federal laws, rules or regulations arising under, as a result of or in connection with this Agreement ("**Dispute**") first to non-binding mediation before a mutually-agreeable mediator, and then to binding arbitration to be conducted before one neutral arbitrator selected by the parties who is familiar with legal disputes of the type at issue and who has franchise business or contract experience. Such mediation shall take place within

30 days after either party makes a demand for mediation in the city where our principal place of business is located (currently Austin, Texas) and be conducted by a mediator that Franchisee and we agree upon. If Franchisee and we cannot agree upon a mediator, mediation will be held by the American Arbitration Association. Neither party may bring an arbitration action against the other that is subject to mediation unless the mediation proceeding has been completed. If the Dispute is not resolved by mediation, the parties will submit the Dispute to mandatory and binding arbitration. If Franchisee and we cannot agree upon an arbitrator, the Dispute will be held before the American Arbitration Association pursuant to its Commercial Arbitration Rules. Arbitration proceedings shall be held in the city where our principal place of business is located (currently Austin, Texas). We and Franchisee will submit any claim that would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the Dispute to which it relates. Any such claim that is not submitted or filed in such proceeding will be barred. We will each bear our own travel, legal and other costs and expenses incurred with respect to preparing for, attending and participating in the mediation or arbitration. The cost of any arbitration or mediation fees or costs shall be equally divided between the parties. The arbitrator will not have authority to award exemplary or punitive damages. The arbitrator will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. The arbitrator must follow the law and must not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that have been made by either Franchisee or us. Except for Disputes excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to, any claim that all or any part of this Agreement is void or voidable. All findings, judgments, decisions and awards by the arbitrator shall be final and binding on Franchisee and us and the written decision of the arbitrator shall be deemed to be an order, judgment and decree which may be entered by the court of any competent jurisdiction by either party. We and Franchisee agree that any mediation and/or arbitration including any findings by any mediator or arbitrator will be confidential, and may not be disclosed except to enforce the determination, judgment or decree or as required by applicable law, including the required disclosure in our franchise disclosure document.

f. GOVERNING LAW

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES.

g. VENUE AND CONSENT TO JURISDICTION

ALL DISPUTES AND CLAIMS MUST BE MEDIATED, ARBITRATED AND, IF APPLICABLE, LITIGATED IN THE PRINCIPAL CITY CLOSEST TO OUR PRINCIPAL PLACE OF BUSINESS (CURRENTLY AUSTIN, TEXAS). WE AND FRANCHISEE (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, WE AND FRANCHISEE (AND FRANCHISEE'S OWNERS) AGREE THAT WE HAVE THE OPTION TO BRING SUIT AGAINST FRANCHISEE IN ANY STATE OR FEDERAL COURT WITHIN THE JURISDICTION WHERE FRANCHISEE'S CORE BUSINESS IS OR WAS LOCATED OR WHERE ANY OF FRANCHISEE'S OWNERS LIVES: (A) TO ENFORCE ANY ARBITRATION ORDER OR AWARD AGAINST FRANCHISEE; OR (B) FOR CLAIMS BROUGHT IN ACCORDANCE WITH SECTION 17.i.

h. WAIVER OF PUNITIVE DAMAGES; WAIVER OF JURY TRIAL; WAIVER OF CLASS ACTIONS

EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 16.d, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, SPECIAL OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND FRANCHISEE IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

i. INJUNCTIVE RELIEF

Notwithstanding the foregoing, we shall not be required to first attempt to mediate or arbitrate a controversy, dispute or claim against Franchisee as set forth in Section 17.e, if such controversy, dispute or claim concerns an allegation by us that Franchisee has violated (or threaten to violate, or pose an imminent risk of violating): (a) any of our federally protected intellectual property rights in the Marks, Copyrighted Works, the System Standards, or in any of our intellectual property; (b) any claims pertaining to the use or protection of our Confidential Information (c) any claims pertaining to or arising out of any warranty issued; (d) any of the restrictive covenants contained in this Agreement; (e) our right to indemnification; or (f) any of the post-termination obligations under this Agreement. Franchisee acknowledges that breach of any of these restrictions and obligations would result in irreparable injury to us, and as the damages arising out of any such breach would be difficult to ascertain in addition to all other remedies provided by law or in equity, we shall be entitled to seek injunctive relief without the posting of bond (whether a restraining order, a preliminary injunction, or a permanent injunction) against any such breach, whether actual or contemplated, and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). Our right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 17. Our rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

j. BINDING EFFECT

This Agreement is binding upon us and Franchisee and our and Franchisee's respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Subject to our right to modify the Brand Standards Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and Franchisee's duly-authorized officers.

k. LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH FRANCHISEE WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING

IS COMMENCED WITHIN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. HOWEVER, THE PARTIES AGREE THAT, IN ORDER TO COMPLY WITH THIS PROVISION, EITHER PARTY MAY COMMENCE A JUDICIAL OR ARBITRATION PROCEEDING BEFORE A RELATED MEDIATION PROCEEDING IS DECLARED COMPLETED.

l. ENTIRE AGREEMENT

The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the Brand Standards Manual (which may be periodically modified, as provided in this Agreement), and the Franchise Disclosure Document constitutes our and Franchisee's entire agreement, and there are no other oral or written understandings or agreements between us and Franchisee, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or the Franchise. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal Entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of Franchisee's actions or requests, we have the absolute right to refuse any request Franchisee makes or to withhold our approval of any of Franchisee's proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "**we**," "**us**," and "**our**," with respect to all of our rights and all of Franchisee's obligations to us under this Agreement, include any of our affiliates with whom Franchisee deal. The term "**affiliate**" means any person or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling Franchisee or us. The term "**control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the Franchise, whether as partners or joint venture, their obligations and liabilities to us will be joint and several. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Franchisee (or a transferee of this Agreement and the Franchise or an ownership interest in Franchisee), including, without limitation, any person who has a direct or indirect interest in Franchisee (or a transferee), this Agreement, the Franchise, or the Franchise and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights or assets.

References to a "**controlling ownership interest**" of the franchisee shall mean greater than twenty five percent (25%) of the equity or voting control. In the case of a proposed transfer of an ownership interest in Franchisee or one of Franchisee's owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

"**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional Entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "**Franchise**" includes all of the assets of the CORE Business Franchisee operates under this Agreement, including its revenue.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

m. SURVIVAL

The provisions of this Section 17 shall apply during the term of this Agreement and following the termination, expiration or non-renewal of this Agreement.

18. NOTICES AND PAYMENTS

All written notices, reports and payments permitted or required to be delivered by this Agreement or the Brand Standards Manual will be deemed to be delivered: (i) at the time delivered by hand; (ii) at the time delivered via computer transmission and, in the case of the Referral Fees, Brand Fund Contributions and other amounts due, at the time we actually receive payment; (iii) one business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission; (iv) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or (v) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to us must be sent to the address specified on the signature page of this Agreement, although we may change this address for notice by giving Franchisee notice of the new address. Any written notice we send to Franchisee may be sent only to the Operating Principal, or, if applicable, the Designated Manager at the address specified on the signature page of this Agreement. Franchisee may change the person and/or address for notice only by giving us 30 days' prior written notice by any of the means specified in the above paragraph.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

19. COMPLIANCE WITH ANTI-TERRORISM LAWS

Franchisee and Franchisee's owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and Franchisee's owners certify, represent and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and Franchisee's owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, or any blocking of Franchisee's or

Franchisee's owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

20. NO WAIVER; NO DISCLAIMER

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.

21. ELECTRONIC MAIL

Franchisee acknowledges and agrees that exchanging information with us by email is efficient and desirable for day-to-day communications and that we and Franchisee may utilize email for such communications. Franchisee authorizes the transmission of email by us and our employees, vendors and affiliates ("**Official Senders**") to Franchisee during the term of this Agreement.

Franchisee further agrees that: (a) Official Senders are authorized to send emails to those of Franchisee's employees as Franchisee may occasionally authorize for the purpose of communicating with us; (b) Franchisee will cause Franchisee's officers, directors and employees to give their consent to Official Senders' transmission of emails to them; (c) Franchisee will require such persons not to opt out or otherwise ask to no longer receive emails from Official Senders during the time that such person works for or is affiliated with Franchisee; and (d) Franchisee will not opt out or otherwise ask to no longer receive emails from Official Senders during the term of this Agreement.

The consent given in this Section 20 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 18 using email unless the parties otherwise agree in a written document manually signed by both parties.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

Address for Notices Pursuant to Section 18 of this Agreement:	
Our Address:	Signatures:
44 East Avenue, #2301 Austin, TX 78701	CORE GROUP RESTORATION FRANCHISING, LLC
Date: ______________________	By: ______________________ Printed Name: ______________________ Title: ______________________
Franchisee's Address:	FRANCHISE OWNER:
______________________ ______________________ ______________________	______________________
Date: ______________________	By: ______________________ Printed Name: ______________________ Title: ______________________

ATTACHMENT A TO FRANCHISE AGREEMENT

FRANCHISE DATA SHEET

1. **Effective Date**. The Effective Date set forth in the introductory paragraph of the Franchise Agreement is: ______________________________, 20__.

2. **Grant of Franchise**. The Franchise granted to Franchisee, as referenced in Section 2.a of the Franchise Agreement, is:

_____ CORE Standard Franchise

_____ CORE Elite Franchise

Franchisee shall abide by all of the terms of the Franchise Agreement and in the Brand Standards Manual for the specific type of franchise Franchisee is granted.

3. **Territory**. The Territory referred to in Section 2.b of the Franchise Agreement shall be the geographic area listed below and (if applicable on the attached map) below, or the following description: _ ____.

4. **Territory Population & Associated Fees**. As of the date of the FranchiseAgreement, the Territory identified above has a total population of ________ persons, resulting in the following fees:

Initial Franchise Fee under Section 4.a of the Franchise Agreement is $________________.

Brand Fund Contribution under Section 4.d of the Franchise Agreement is $____________.

Territory Fee under Section 4.b of the Franchise Agreement is $________________.

5. **Initial Franchise Fee**. The Initial Franchise Fee set forth above shall be paid as follows: (**check as applicable**)

☐ Paid in full on the date that Franchisee signs the Franchise Agreement.

☐ Financing for the Initial Franchise Fee has been approved by Franchisor. Franchisee shall pay $__________ of the of the total Initial Franchise Fee amount indicated above on the Effective Date of the Franchise Agreement and shall execute a Promissory Note and Security Agreement, inthe forms attached in the Franchise Disclosure Document for the remaining balance of $___________ of the Initial Franchise Fee for a term of _____ months at an interest rate of ____%.

6. **Franchisee Name**: If Franchisee is a legal Entity, the full legal name, state of incorporation and Entity type of Franchisee is: ____________________, a ______________________.

7. **ONCORE Repair Services**: Specify below whether Franchisee intends to opt-in to ONCORE Repair Services. Franchisees who opt-in must comply with Section 1.c above.

☐ (**check as applicable**) Franchisee intends to opt-in to ONCORE Repair Services

☐ (**check as applicable**) Franchisee does not intend to participate in ONCORE Repair Services

FRANCHISOR:	**FRANCHISEE:**
CORE GROUP RESTORATION FRANCHISING, LLC, a Texas limited liability company	______________________________
By: ______________________________	By: ______________________________
Printed Name: ______________________ Title: ______________________________	Printed Name: ______________________ Title: ______________________________

ATTACHMENT B TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: ___________________________________

Form of Ownership
(Check One)

_____ Individual _____ Partnership _____ Corporation _____ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: ____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners*:

Name	Address	Percentage Owned

*If any members, stockholders, or partners are entities, please list the owners of such entities up through the individuals.

<u>Identification of Operating Principal</u>. Franchisee's Operating Principal as of the Effective Date is __________________. Franchisee may not change the Operating Principal without prior written approval.

Identification of Designated Manager. Franchisee's Designated Manager, if applicable, as of the Effective Date is ________________. Franchisee may not change the Designated Manager without prior written approval.

FRANCHISOR:

CORE GROUP RESTORATION FRANCHISING, LLC,
a Texas limited liability company

Date: ___________________________________ By: ___________________________________
Title: ___________________________________

FRANCHISEE:

(If Franchisee is taking the Franchise as a corporation, limited liability company, or partnership):

____
(Entity Name)

Date: ___________________________________ By: ___________________________________
Title: ___________________________________

(If Franchisee is taking the Franchise individually and not as a legal entity):

Date: ___________________________________ ___________________________________
(Signature)

____
(Print Name)

Date: ___________________________________ ___________________________________
(Signature)

____
(Print Name)

ATTACHMENT C TO FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by CORE Group Restoration Franchising, LLC ("**we**" or "**us**"), of a Franchise Agreement with ___________________________ ("**Franchisee**"), each of the undersigned individuals ("**Owners**"), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement ("**Owners Agreement**").

1. **Acknowledgments**.

a. Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of ___________________, 20____ ("**Franchise Agreement**"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

b. Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. **Non-Disclosure and Protection of Confidential Information**.

a. Confidentiality. Under the Franchise Agreement, we may provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

b. Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.a by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.a if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. **Covenant Not to Compete and to Not Solicit**.

a. Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

b. Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

c. Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. **Guarantee**.

a. Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

b. Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

c. Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

d. No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

e. Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

f. Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. **Transfers**.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and b) that any attempt to do so will be a material breach of this Owners Agreement and the Franchise Agreement.

6. **Notices**.

a. Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

b. Notice Addresses. Our current address for all communications under this Owners Agreement is:

CORE Group Restoration Franchising, LLC
44 East Avenue, #2301
Austin, TX 78701

The current address of each Owner for all communications under this Owners Agreement is designated onthe signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. **Enforcement of this Owners Agreement**.

a. Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

b. Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

c. Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. **Miscellaneous**.

a. No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.c (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

b. Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

c. No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

d. Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

e. Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

f. Successors. References to "**Franchisor**", "**we**", "**us**", "**our**" or "**the undersigned**," or "**Franchisee**" or "**Franchisee's**" include the respective parties' heirs, successors, assigns or transferees.

g. Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

h. No Personal Liability. Franchisee agrees that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to Franchisee for any reason.

i. Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

______________________________	______________________________
(Insert Name of Owner)	(Insert Name of Spouse)
______________________________	______________________________
(Insert Name of Owner)	(Insert Name of Spouse)
______________________________	______________________________
(Insert Name of Owner)	(Insert Name of Spouse)
______________________________	______________________________
(Insert Name of Owner)	(Insert Name of Spouse)

CORE Group Restoration Franchising, LLC hereby accepts the agreements of the Owner(s) hereunder.

CORE GROUP RESTORATION FRANCHISING, LLC

By: ______________________________

Title: ______________________________

ATTACHMENT D TO FRANCHISE AGREEMENT

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)	☐ Checking ☐ Savings	
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes CORE Group Restoration Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: ____________________________________ Date: ____

Printed Name: _________________________________

Its: ____

Federal Tax ID Number: _________________________

NOTE: MEMBER MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT E TO FRANCHISE AGREEMENT

CORE GROUP RESTORATION FRANCHISE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("**Agreement**") is entered into by the undersigned ("**you**", "**your**") in favor of CORE Group Restoration Franchising, LLC, a Texas limited liability company, and its successors and assigns ("**us**"), upon the terms and conditions set forth in this Agreement.

1. **Definitions**. For purposes of this Agreement, the following terms have the meanings given to them below:

a. "**Copyrights**" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow CORE Group Restoration franchisees to use, sell, or display in connection with the marketing and/or operation of a CORE Business, whether now in existence or created in the future.

b. "**CORE Business**" means a business that provides marketing, support, sales and back office services to independent businesses in the property damage, mitigation and restoration industry and other related products and services using our Intellectual Property.

c. "**Franchisee**" means the CORE Group Restoration franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

d. "**Intellectual Property**" means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

e. "**Know-how**" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a CORE Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

f. "**Manual**" means our confidential Brand Standards Manual (as defined in the Franchise Agreement) for the operation of a CORE Business.

g. "**Marks**" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a CORE Business, including "CORE GROUP RESTORATION" and any other trademarks, service marks, or trade names that we designate for use by a CORE Business. The term "Marks" also includes any distinctive trade dress used to identify a CORE Business, whether now in existence or hereafter created.

h. "**System**" means our system for the establishment, development, operation, and management of a CORE Business, including know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. **Background**. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. **Know-How and Intellectual Property: Nondisclosure and Ownership**. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the CORE Business operated by you or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of Franchisee's employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of CORE Group Restoration Franchising, LLC. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with Franchisee any documents or data or copies containing or pertaining to any Intellectual Property.

4. **Immediate Family Members**. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. **Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.

6. **Breach**. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other CORE Group Restoration franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. **Miscellaneous**.

a. Although this Agreement is entered into in favor of CORE Group Restoration Franchising, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Texas, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date: ____________________________ ________________________________

Signature

____

Typed or Printed Name

ATTACHMENT F TO FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT FOR NATIONAL ACCOUNT PARTICIPATION

This Addendum to Franchise Agreement ("**Addendum**") is made and entered into as of ____________________, 20___, by and between CORE Group Restoration Franchising, LLC, ("**Franchisor**" or "**CGR**") and ___________________________________ ("**Franchisee**").

WHEREAS, Franchisor and Franchisee have entered into a franchise agreement ("**Franchise Agreement**") pursuant to which Franchisee was granted a license to use the Marks and Systems in the operation of a Franchise in a specific area ("**Territory**").

WHEREAS, CORE Group Restoration Franchising, LLC and CORE Group Restoration, Inc. ("**CGR Affiliate**") (hereinafter referred to as "**Administrator**") have entered into a contract ("**Contract**") for a National Accounts Program ("**NAP**") to provide restoration services ("**Services**") in various locations to various National Accounts Program Customers ("**NAP Customer**").

WHEREAS, Administrator will utilize CGR's franchisees ("**CGR Franchisees**") to provide the Services and Administrator desires to provide project management services related to the Contract for the Services.

NOW, for and in consideration of the mutual covenants, terms, and conditions herein and other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Administrator represents that it is pursuing and attempting to negotiate national account contracts for products and services provided by CGR Franchisees in the System. Franchisee acknowledges that Administrator is not required to pursue a national account contract with any particular customer or on any particular terms. Administrator, in its sole discretion, shall determine the best method of pursuing, negotiating with, and servicing national account customers, and shall establish the terms of each account, based on the customers' needs.

2. Franchisee is responsible for any and all expenses, including travel and lodging, associated with any NAP Customer work. Franchisee acknowledges that NAP Customer work is subject to all Franchisee's requirements under the Franchise Agreement, including, but not limited to, payment of Territory Fees, Referral Fees and Brand Fund contributions, and indemnification, insurance, and warranty.

3. Franchisee understands and agrees that Franchisee has no right to any NAP Customer or jobs except as assigned by Franchisor to Franchisee in Franchisor's sole discretion. Franchisee shall automatically be disqualified from any NAP Customer work if any of the following occur:

a. If a NAP Customer has notified administrator in writing that the customer does not want to deal with Franchisee for any reason.

b. If Franchisee is not qualified or certified by Franchisor to perform a particular type of work;

c. If Franchisor has notified Administrator that Franchisee is in default or otherwise not in good standing under the Franchise Agreement;

d. If Franchisee does not meet minimum insurance requirements for a NAP contract;

e. If Administrator is unable to timely communicate with Franchisee about a customer work request despite making reasonable efforts to do so;

f. If Franchisee does not deliver or complete the work to the satisfaction of NAP Customer.

In any of the above instances, Franchisee will automatically be disqualified and Administrator may contract the work to another Franchisee.

4. Franchisee agrees to accept the NAP prices ("**NAP Prices**") as set by the Administrator. Franchisee understands and agrees that all income received by Franchisee under the NAP is considered "Referral Gross Sales" within the definition of Section 4.c of the Franchise Agreement and is subject to all reporting, audit and fee requirements under the Franchise Agreement. Franchisee is responsible for complying with all insurance and tax requirements, even if jobs are located outside Franchisee's Territory or state.

5. Franchisee's participation in the NAP is voluntary. Franchisee may terminate further participation in the NAP for any reason, by completing any assigned jobs or jobs in-process and giving at least ten business days' written notice to Administrator and Franchisor.

6. Franchisee acknowledges that Section 16.d of the Franchise Agreement is amended to include Administrator as one of the "Indemnified Parties," and Franchisee acknowledges that any NAP work is subject to Franchisee's indemnification obligations under Section 16.d.

7. Franchisee understands and agrees that Franchisee must be and remain in good standing with Franchisor under the Franchise Agreement in order to participate in the NAP. Franchisee agrees to service national account customers when requested to do so in accordance with NAP standards and procedures, and any terms in the contract with the NAP Customer. Franchisee understands that at no time does the Franchisee have the ability to choose which NAP jobs they would like to participate in if they are part of the NAP. Franchisee specifically acknowledges that Administrator may represent to a NAP Customer that Franchisee will comply with terms and conditions negotiated between Administrator and the national account customer.

8. Franchisee acknowledges that NAP Customers may require the execution of additional documents or fulfillment of additional conditions prior to providing any Services. Franchisee acknowledges and agrees it is solely responsible for review and execution of any additional contracts, review and execution of any documents, and/or fulfillment of additional conditions required by NAP Customers for the Services.

9. Franchisee acknowledges that jobs with NAP Customers may not be assigned or subcontracted without written permission from Administrator, and that Franchisee's participation in the NAP is not assignable without the express written consent of Franchisor.

10. Administrator will pay Franchisee only upon receipt of funds from the NAP Customer and upon the receipt of all paperwork requested by Administrator. Such payment(s) will be provided to Franchisee promptly after receipt of funds by Administrator from NAP Customer. Typically, such payment should occur within 45-60 days after the invoice for the NAP Customer work invoice has been properly submitted and approved.

11. This Addendum will terminate:

a. Automatically if the Franchise Agreement terminates, expires, or is not renewed;

b. On written notice to Administrator and Franchisee if Franchisor decided for any reason to terminate its participation in the NAP;

c. On written notice to Franchisor and Franchisee if Administrator decides for any reason that it will no longer pursue or service NAP Customers needing products and services provided by CGR Franchisees;

d. On written notice to Franchisee if Administrator terminates Franchisee's participation in the NAP for Franchisee's failure to comply with the written standards and procedures of the NAP.

12. Each party agrees that it shall take any necessary steps, sign and execute any and all necessary documents, agreements, or instruments which are required to implement the terms of this Addendum, and each party agrees to refrain from taking any action which would have the effect of prohibiting or hindering the performance of any other party.

13. Franchisee agrees to defend, indemnify, pay, save, and hold harmless Franchisor and Administrator from any liabilities, damages (including, without limitation, direct, special, and consequential damages), costs, expenses, suits, losses, claims, actions, fines, and penalties (including, without limitation, court costs, reasonable legal fees, and any other reasonable costs of litigation) (hereinafter, collectively, the "**Claims**") that Franchisor or administrator may suffer, sustain, or incur arising out of or in connection with:

a. Franchisee's work, advice, or presence that gives rise to actual negligent acts, errors, or omissions; intentional misconduct or fraud of Franchisee, its employees, subcontractors, or agents, whether active or passive, whether in the provision of the services; failure to provide any or all of the Services or otherwise;

b. A material breach by Franchisee of this Addendum;

c. Proven assertions under workers' compensation or similar employee benefit acts by Franchisee or its employees or agents, and/or any failure by Franchisee to pay any employment benefits and any taxes required of it of any nature whatsoever;

d. Franchisee's failure to comply with any applicable Law.

The foregoing indemnification shall apply irrespective of whether Claims are asserted by a party, by its employees, agents, or subcontractors, or by unrelated third parties. Nothing contained herein shall relieve Franchisee of any responsibility for Claims regardless of whether Franchisee is required to provide insurance covering such Claims or whether the matter giving rise to the Claims is the responsibility of Franchisee's agents, employees, or subcontractors. The provisions of this section shall survive the termination of this Addendum.

14. Franchisee agrees that all insurance required by the Franchise Agreement will cover Franchisee's activities under the NAP, and will name Administrator as an additional insured.

15. Franchisee agrees to notify Administrator of any change in Franchisee's ownership or management, business address, fax number, telephone number, email address, or any change in the Territory in which

Franchisee is authorized to provide services, not less than seven business days before such change is effective.

16. Except as specifically modified by this Addendum, all of the terms and conditions of the Franchise Agreement (including provisions for notice, construction, and dispute resolution) are reaffirmed in their entirety.

17. Except as specifically provided in this Addendum, all of the terms, conditions, and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed. In the event of any inconsistency between the provisions of the Franchise Agreement and this Addendum, the terms of this Addendum shall control.

FRANCHISOR:

CORE GROUP RESTORATION FRANCHISING, LLC,
a Texas limited liability company

By:
Printed Name:
Title:

ADMINISTRATOR:

CORE Group Restoration, Inc.
A Texas corporation

By:
Printed Name:
Title:

FRANCHISEE:

____

By:
Printed Name:
Title:

EXHIBIT C

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
(866) 275-2677
www.dfpi.ca.gov
Ask.DFPI@dfpi.ca.gov

2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205
(866) 275-2677

1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 610-2093
(866) 275-2677

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559
(866) 275-2677

Florida

Department of Agriculture and Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
(850) 488-2221

Hawaii

Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

State of Michigan
Consumer Protection Division
Attention: Franchise
P.O. Box 30213
Lansing, MI 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Securities Unit
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

New York State
Department of Law
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

South Dakota Department of Labor and Regulation
Division of Insurance - Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

LIST OF AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Financial Protection
and
Innovation
California Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
(866) 275-2677
www.dfpi.ca.gov
ASK.DFPI@dfpi.ca.gov

Hawaii

Commissioner of Securities
Department of Commerce and Consumer
Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, IN 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910
(517) 334-6212

Minnesota

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

New York

New York Secretary of State
99 Washington Avenue
Albany, NY 12231
(518) 473-2492

North Dakota

North Dakota Securities Commissioner
600 E. Boulevard Avenue
State Capitol, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910

Oregon

Director of Oregon Department of
Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, OR 97310
(503) 378-4387

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

Director of South Dakota Division of
Insurance
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Virginia

Clerk of the State Corporation
Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371-9733

Washington

Securities Administrator
Washington State Department of
Financial Institutions
150 Israel Road S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Box 1768
Madison, WI 53703
(608) 261-9555

EXHIBIT D

STATE ADDENDA AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR CORE GROUP RESTORATION FRANCHISING, LLC

The following modifications are made to the CORE Group Restoration Franchising, LLC ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated ________, 20__ ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means Texas.When the term "**Supplemental Agreements**" is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

<u>**CALIFORNIA**</u>

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the California Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor's Choice of Law State. 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 the Franchise Agreement restricting venue to a forum outside the State of California. The Franchise Agreement contains a mediation provision. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement requires the application of the law of Franchisor's Choice of Law State. This provision may not be enforceable under California law.

<u>Item 1</u>, regarding Industry Specific Laws, is amended to clarify that due to the unique nature of property damage restoration and mitigation, a contractor's license is not required in California as this industry has internal industry certifications. If a contractor does rebuild work in addition to property damage restoration and mitigation, then a contractor's license is required.

Neither Franchisor nor any other person listed in Item 2 of the FDD 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. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. The Franchise Agreement contains a provision that is inconsistent with the California Franchise Investment Law and the California Franchise Investment Law will control.

The Franchise Agreement provides for termination upon bankruptcy. Such a provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. The provision contained in the Franchise Agreement may not be enforceable.

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

Our website has not been reviewed or approved by the California Department of Financial Protection 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.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third to last page of the FDD on the page entitled, "State Effective Dates."

2. States which have refused, by order or otherwise, to register these Franchises are: None

3. States which have revoked or suspended the right to offer the Franchises are: None

4. States in which the proposed registration of these Franchises has been withdrawn are: None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

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

Franchise Fee Deferral:

The Illinois Attorney General's Office has imposed the deferral requirement because of our financialcondition. Item 5 and Item 7 of the FDD and Section 3 of the Franchise Agreement are hereby revised to state that payment of all initial fees, including the Franchise Fee, shall be deferred until after all of the Franchisor's initial obligations are complete and the Franchise is open for business.

INDIANA

Item 8 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_______(enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to CORE Group Restoration Franchising, LLC, 44 East Avenue, #2301, Austin, TX 78701, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: ______________________________________

By: ____

Print Name: ______________________________________

Its: ____

Date: ____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: "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."

Representations in the Franchise Agreement 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.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that 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 Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

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

Franchise Fee Deferral:

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.

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by MinnesotaStatutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise

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 lawsof Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relatingto Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 6 of the FDD and Section 3D of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

6. Item 13 of the FDD is hereby amended to state that we will protect your rights under the FranchiseAgreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit, or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

7. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

8. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rightsas provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota lawwill prevail.

10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under an 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.

NEW YORK

1. 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 C 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.

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

Except as provided above, with regard to 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 ten-year period immediately preceding the application for registration, has beenconvicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for Franchisee to renew or extend," and Item 17(m), entitled "Conditions for Franchisor approval of transfer:"

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of

New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by Franchisee."

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of Forum," and Item 17(w), titled "Choice of Law:"

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

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a limitation of claims within one year may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 9.99 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

Franchise Fee Deferral:

The North Dakota Securities Commissioner's Office has imposed the deferral requirement because of our financialcondition. Item 5 and Item 7 of the FDD and Section 3 of the Franchise Agreement are hereby revised to state that payment of all initial fees, including the Franchise Fee, shall be deferred until after all of the Franchisor's initial obligations are complete and the Franchise is open for business.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials______________ Date______________________

NOTICE OF CANCELLATION

_______________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to CORE Group Restoration Franchising, LLC, 44 East Avenue, #2301, Austin, TX 78701, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date:_______________________________

By: ____

Print Name: ________________________________

Its: ____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for CORE Group Restoration Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the 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.

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 an 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.

WASHINGTON

1. The following language replaces the "Summary" section of Item 17(d), titled "Termination by Franchisee":

You may terminate the Franchise Agreement on any grounds available under Washington law.

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

3. RCW 19.100.180 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.

4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

7. 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.

8. 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.

9. Franchise Fee Deferral:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

10. The following statement is added to Exhibit G-1 (Waiver and Release of Claims):

The Waiver and Release of Claims does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

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

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

Dated: ___________________________________

FRANCHISOR:

CORE GROUP RESTORATION
FRANCHISING, LLC

By: ______________________________________
Title: _____________________________________

FRANCHISEE:

____

____

By: ______________________________________
Title: _____________________________________

EXHIBIT E

BRAND STANDARDS MANUAL
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MEMBER OPERATIONS MANUAL

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EXHIBIT F

LIST OF CURRENT AND FORMER FRANCHISEES

CURRENT FRANCHISEES:

ELITE FRANCHISEES AS OF DECEMBER 31, 2022

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Richardson	Andrea	Royal Restoration	908 Belcher Dr	Pelham	AL	35124	(205) 988-9696	arichardson@restorewithroyal.com
Palmer	Russ	Titan Restoration of AZ	1544 S. Euclid Ave., #B	Tucson	AZ	85215	(480) 797-6326	russ@titan911.com
Anderson	Steven	Anderson Group International	11109 River Run Blvd, Ste 200	Bakersfield	CA	93390	(661) 392-7072	steven@goagi.com
Andreasen	Dan	Cleanrite, Inc.	2684 Hwy 32, Suite 100	Chico	CA	95973	(530) 246-4886	danandreasensr@crbr.com
Carpenter	Jaclyn	Ideal Restoration	1499 Evans Avenue	San Francisco	CA	94124	(415) 418-2420	jaclyn@idealsf.com
Cosley	Mike	Americraft Constructors, Inc	26074 Ave Hall, Unit 10	Santa Clarita	CA	91355	(661) 295-5176	mike@americancraftsman.net
Eaton	Mark	MSB Restoration	30665 Old Hwy 395	Escondido	CA	92026	(818) 735-7935	mark@msbuilders.com
Negrinelli	David	G&N Construction, Inc.	2570 W. 237th St., Unit B	Torrance	CA	90505	(310) 534-1921	david@accuratepropertyrestoration.com
Walker	Jean	Crystal Restoration	3 Duke Pl	Norwalk	CT	06854	(203) 853-4179	jwalker@crystal1.com
DeBlander	David	Pro Clean Carpet Cleaning, LLC	3255 Potter Street, Suite C	Pensacola	FL	32514	(850) 484-8500	dave@procleanrestoration.com
Stamper	Scott	Regency DRT	3900 Fiscal Ct. Suite 200	West Palm Breach	FL	33404	(561) 475-1387	scott@regencydrt.com
Value	Beau	Disaster Response, LLC	13888 ID-55	McCall	ID	83638	(208) 315-3100	bvalue@teamdr.com
Smolyansky	Michael	GCPRO, LLC	220 Eisenhower Lane North	Lombard	IL	60148	(773) 269-6509	info@gcprochicago.com
Gershengorin	Morris	Real Restoration Group	1322 Walton	Chicago	IL	60642	(847) 338-5047	morris@realrestore.com
Folks	Shawn	Guarantee Restoration Services, LLC	16248 Perkins Rd	Baton Rouge	LA	70810	(225) 753-8682	shawn@guaranteerestoration.com
Grove	David	BYLT, LLC	700 Americana Dr, Suite 34	Annapolis	MD	21403	(443) 770-2900	dgrove@bylt.com
Albrecht	Pat	Restorations by Highmark	8720 Eagle Creek Parkway	Savage	MN	55378	(952) 882-8904	pat.a@highmarkcos.com
Robbins	Neil	Insurcomm, Inc	290 Heritage Ave Suite 1	Portsmouth	NH	03801	(603) 978-0031	neil@insurcomm.com
Coffman	James	Rapid Response Restoration	68 Route 31	Flemington	NJ	08822	(973) 781-9119	ed@rapidresponsenj.com

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Curry	Mike	Milro Services	41 Hanse Ave	Freeport	NY	11520	(516) 379-6100	mikecurry@milro.com
Fein	Marc	Four Seasons Restoration, LLC	125 Denton Ave	New Hyde Park	NY	11040	(516) 616-4300	mfein@mitandrestore.com
Bostdorff	Michael	J&R Contracting	1300 Michigan Ave	Waterville	OH	43566	(419) 878-8550	mike@disastersolution.net
Bevilacqua	Michael	Mammoth, Inc	320 W. College Avenue	Pleasant Gap	PA	16823	(814) 359-4144	mike@mammothrestoration.com
Rose	Michael	Impact Disaster Services, LLC	3495 Industrial Drive	York	PA	17402	(717) 885-2290	mike.rose@impactdisasterservices.com
Junell	Elizabeth	Mr. Restore	1590 TX Hwy 121 Building 2 Ste 100	Lewisville	TX	75056	(877) 631-7576	elizabeth@mrrestore.com
Reynolds	Sherry	Stanley Restoration	1471 American Way	Cedar Hill	TX	75104	(972) 296-4959	contact@stanleyrestoration.com
Moss	Jon	Alpine Cleaning & Restoration Specialists, Inc.	177 South Main Street	Smithfield	UT	84335	(435) 563-3707	jon.moss@alpinecleaning.com
Collier	David	First Atlantic Restoration	414 S Parliament Drive	Virginia Beach	VA	23462	(757) 499-1915	DavidC@firstatlanticfire.com
Kersemeier	Craig	K-Tech Kleening	1220 N. 6th St	Wausau	WI	54403	(715) 355-1369	craig.kersemeier@k-techkleening.com
Contraguerro	Bob	Panhandle Restoration	42 38th Street	Wheeling	WV	26003	(304) 232-2321	bobjr@panhandlecr.com

STANDARD FRANCHISEES AS OF DECEMBER 31, 2022

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Brown	Ken	Allied Ventures Group, LLC	10981 Harmony Park Dr., Suite 2	Bonita Springs	FL	34135	(239) 215-4257	ken@aeretusa.com
Green	Mike	Green Construction Services LLC	3829 Progress Dr	Lakeland	FL	33811	(863) 665-2767	mike@green-construction.com
Ramierez	Miguel	Nat-Cat, Inc.	919 Estes Court #4418	Schaumburg	IL	60193	(847) 906-3473	miguelr@nat-cat.com
Hendrickson	Josh	Dryco, Inc.	5816 Ryan Road	Duluth	MN	55804	(218) 628-6101	josh@drycoduluth.com
Fisher	Chris	Bailfish Services LLC	7500 Green Meadows Dr, #2102	Lewis Center	OH	43035	(614) 956-8763	chris@bailfishllc.com
Gilyeat	Ryan	Oregon Restoration	9350 SW Tigard Rd	Tigard	OR	97223	(503) 860-9567	ryan@oregonrestoration.com
Heffelfinger	Joel	Quantum Restoration	539 Ford St, Ste. C	Conshohocken	PA	19428	(267) 324-1849	joel@qrsrestore.com

Jones	Doug	CORE Realty Partners, LLC	3510 E. TC Jester Blvd	Houston	TX	77354	(281) 356-6333	djones@core247restoration.com
Steiner	Derek	TDJ Restoration	6115 Camp Bowie Blvd #280	Fort Worth	TX	76116	(817)786-6286	dsteiner@tdjdallas.com
Cornwell	Nic	Quick Dry Restoration	826 Wagon Trail	Austin	TX	78753	(512) 598-5025	nic@quickdryrestoration.com

ELITE AND STANDARD FRANCHISEES WITH UNOPENED OUTLETS AS OF DECEMBER 31, 2022:

None.

FORMER FRANCHISEES:

The name and last known address of every franchisee who had a CORE Group Restoration Franchise transferred, terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

ELITE FRANCHISEES WHO LEFT THE SYSTEM

None.

STANDARD FRANCHISEES WHO LEFT THE SYSTEM

None.*

* The following franchisee left the system in 2023.

Quick Dry Restoration
Nic Cornwell
(512) 598-5025

EXHIBIT G

CONTRACTS FOR USE WITH THE CORE GROUP RESTORATION FRANCHISE

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the CORE Business. The following are the forms of contracts that CORE Group Restoration Franchising, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT G-1

CORE GROUP RESTORATION FRANCHISE
GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("**Release**") is made as of ____________________, 20___ by ______________________________________, a(n) ____________________________ ("**Franchisee**"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "**Releasor**") in favor of CORE Group Restoration Franchising, LLC, a Texas limited liability company ("**Franchisor**," and together with Releasor, the "**Parties**").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("**Agreement**") pursuant to which Franchisee was granted the right to own and operate a CORE Business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or **[the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release]**, and Franchisor has consented to such **[transfer/successor franchise agreement/amendment/termination/other reason]**; and

WHEREAS, as a condition to Franchisor's consent to **[transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason]**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "**Released Parties**"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, the Agreement or this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the CORE Business is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

____, a
____

By: ____________________________________
Printed Name: ____________________________
Title: __________________________________

FRANCHISEE'S OWNERS:

Date ______________________

____
Signature

____
Typed or Printed Name

____
Signature

____
Typed or Printed Name

EXHIBIT G-2

CORE GROUP RESTORATION FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("**Agreement**") is entered into this ____day of ____________, 20____, between CORE Group Restoration Franchising, LLC ("**Franchisor**"), a Texas limited liability company, __________________ ("**Former Franchisee**"), the undersigned owners of Former Franchisee ("**Owners**") and, ____________________ a ________________________________ ("**New Franchisee**").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated ________________, 20____ ("**Former Franchise Agreement**"), in which Franchisor granted Former Franchisee the right to operate a CORE Group Restoration franchise located at ________________________________ ("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Assignment**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("**New Franchise Agreement**"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("**Franchisor's Assignment Fee**").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this

Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. **New Franchise Agreement**. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a CORE Group Restoration franchise as stated in Franchisor's Franchise Disclosure Document.

6. **Former Franchisee's Contact Information**. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. **Acknowledgement by New Franchisee**. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee and shall not involve Franchisor.

8. **Representation**. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. **Notices**. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. **Further Actions**. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. **Affiliates**. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. **Miscellaneous**. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. **Governing Law**. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state where the CORE Business is located.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

CORE GROUP RESTORATION FRANCHISING, LLC,
A Texas limited liability company

By: ______________________________________
Printed Name: ______________________
Title: _____________________________________

FORMER FRANCHISEE:

____

By: ______________________________________
Printed Name: ______________________
Title: _____________________________________

NEW FRANCHISEE:

____

By: ______________________________________
Printed Name: ______________________
Title: _____________________________________

EXHIBIT G-3

CORE GROUP RESTORATION FRANCHISE

PROMISSORY NOTE

$__________ ____________________, 20___

FOR VALUE RECEIVED, the undersigned, [FRANCHISEE], a [STATE] [ENTITY] ("**Debtor**"), hereby promises to pay to the order of CORE Group Restoration Franchising, LLC, a Texas limited liability company ("**Holder**"), the principal sum of _____________________ and no/100 Dollars ($_____), as set forth herein. Such principal shall be payable pursuant to Section 1 at such address as Holder may designate from time to time in writing.

1. Payment and Maturity.

   a. **Interest**. This note will bear interest at ____%, compounded monthly on the last day of each month on the outstanding balance.

   b. **Payment Terms**. Monthly payments for_______months, due on the fifth day of each month.

   c. **Down Payment**. The required down payment is $___________________.

2. Prepayment. Debtor may prepay any portion of this Promissory Note at any time without penalty. Any prepayments shall be first applied to any other sums due hereunder and then to the outstanding principal balance.

3. Acceleration and Defaulting Interest. At the option of Holder, the entire outstanding principal balance of this Promissory Note shall become immediately due and payable, without notice or demand, upon the occurrence of any one or more of the following events of default: (a) the failure of Debtor to make any required payment on or before the date such payment is due; (b) the filing of a petition by or against Debtor under the provisions of any state insolvency law or the Federal Bankruptcy Act; or (c) any assignment by Debtor for the benefit of creditors. In this event, interest and principal shall, from and after the date of such default, bear interest at the rate of 10% per annum.

4. Attorney Fees. Debtor agrees to promptly reimburse Holder for all reasonable costs and expenses, including attorney fees and court costs, incurred to collect this Promissory Note or any installment hereunder, if not paid when due.

5. No Waiver. No failure on the part of Holder to exercise, and no delay in exercising, any right hereunder shall operate as a waiver of such right; nor shall any single or partial exercise by Holder of any right hereunder preclude the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

6. Waiver. Debtor hereby waives presentment, demand for payment, protest for nonpayment, notice of dishonor, diligence in collection, and all other indulgences.

7. Governing Law. This Promissory Note shall be governed by and interpreted in accordance with the laws of the State of Texas.

8. Security. This Promissory Note and the indebtedness evidenced hereby are secured by the Security Agreement attached hereto as Exhibit 1.

9. Guarantee. This Promissory Note must be signed by Debtor and be personally guaranteed by your spouse (if applicable) and if Debtor is an entity, Debtor's owners and the owners' spouses.

10. General Provisions. This Promissory Note may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought.

Whenever used herein, the words "**Debtor**" and "**Holder**" shall be deemed to include their respective heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned has duly executed this Promissory Note the day and year first above written.

DEBTOR:	**HOLDER:**
______________________________	**CORE GROUP RESTORATION FRANCHISING, LLC**, a Texas limited liability company
By: ______________________	By: ______________________
Printed Name: ______________	Printed Name: ______________
Title: ____________________	Title: ____________________

EXHIBIT 1 TO PROMISSORY NOTE

SECURITY AGREEMENT

1. Security Interest. Effective as of the _______________ day of _____________ 20___, [FRANCHISEE], a [STATE] [ENTITY] ("**Debtor**"), with a mailing address at _____________________ hereby grants to CORE Group Restoration Franchising, LLC, a Texas limited liability company ("**Secured Party**"), with an address at 44 East Avenue, #2301, Austin, TX 78701, and its successors and assigns, a security interest in the following assets, together with all replacements, proceeds, accessories, parts, additions and accessions thereof or related thereto, now or hereafter affixed or used in connection therewith, and whether now owned or hereafter acquired (the "**Collateral**"):

> All assets (including personal and fixture property of every kind and nature) used by or in connection with the business of the Debtor for that certain franchised business pursuant to which a Franchise Agreement has been entered into with Secured Party, dated as of_____ _____________ (the "**Franchise Agreement**"), including all instruments (including promissory notes), documents, accounts, accounts receivable, chattel paper (whether tangible chattel paper or electronic chattel paper), deposit accounts (other than payroll accounts), letter of credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, all sums payable under any policy of insurance (including without limitation, any return for premiums), tort claims, all general intangibles (including all payment intangibles), personal assets, any other contract rights (including all executory contracts pertaining to or arising from the operation of the Debtor's business), franchise lease and rights thereto, customer lists, customer profiles, promotional brochures, mailing lists, equipment, vehicles and goodwill.

Debtor agrees to execute such other documentation as may be necessary under applicable law to allow Secured Party continuously to hold and perfect a security interest in the Collateral.

2. The Obligation. The security interest granted hereby is to secure payment and performance of all of the liabilities and obligations of Debtor to Secured Party pursuant to that certain Promissory Note of even date herewith (the "**Note**").

3. Representations and Warranties Respecting the Collateral. Debtor hereby represents and warrants that Debtor shall not allow any liens to attach to the Collateral that are senior to the Secured Party's interest in the Collateral.

4. Default. Time is of the essence under this Security Agreement, and Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions: 1) the occurrence of a default under the Promissory Note; 2) Debtor's failure to use the Collateral as provided herein; or 3) Debtor's failure to prevent liens from attaching to the Collateral, except as provided herein. Waiver of any default by the Secured Party shall not constitute a waiver of any subsequent default.

5. Remedies. Upon the occurrence of any default pursuant to Section 4 above, Secured Party may, by written notice to the Debtor, declare the commitments of Secured Party under the Franchise Agreement between Debtor and Secured Party to be terminated, whereupon such commitments shall forthwith terminate, regardless of when such event occurs. Secured Party, by written notice to the Debtor, may terminate the Franchise Agreement, whereupon all amounts due to Secured Party shall become and be

forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by the Debtor.

Without limiting the foregoing, upon the occurrence of a default, Secured Party shall have all the rights of a secured party under the Uniform Commercial Code, including the right to take possession of and to sell all, or any part of, the Collateral at public or private sale. Upon the request of Secured Party, the Debtor shall assemble and deliver the Collateral to such location as Secured Party shall request. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed to have occurred if mailed, in accordance with Section 12 of this Security Agreement, at least seven (7) days before such disposition. Any proceeds of a disposition of the Collateral or any part thereof may be applied by Secured Party to the payment of expenses in connection with the Collateral (including, without limitation, the storage and/or disposition thereof), including reasonable attorney fees and legal expenses, and any balance of such proceeds may be applied by Secured Party toward the payment of any obligation of Debtor arising under this Security Agreement or the Franchise Agreement in such order of application as Secured Party may from time to time deem appropriate.

Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to sign (if required) and file in any appropriate Filing Office, wherever located, any Financing Statement that (a) describes the Collateral (i) as all assets of Debtor or words of similar effect, regardless of whether any particular assets comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of such jurisdiction, or (ii) as being of any equal or lesser scope or with greater detail, and (b) contains any other information required by Part 5 of Article 9 of the Uniform Commercial Code of the applicable jurisdiction for the sufficiency or Filing Office acceptance of any Financing Statement, including (i) whether Debtor is an organization, the type of organization and any organization identification number issued to Debtor, and (ii) in the case of a Financing Statement filed as a Fixture Filing, a sufficient description of real property to which the Collateral relates. Debtor also authorizes Secured Party to file a copy of this Agreement in lieu of a Financing Statement, and to take any and all actions required by any earlier versions of the Uniform Commercial Code or by any other applicable law. Debtor shall provide Secured Party with any information Secured Party shall reasonably request in connection with any of the foregoing.

6. Debtor's Right to Possession. Unless and until the occurrence of a default as defined herein or in the Franchise Agreement, and unless possession is required to perfect a security interest, Debtor shall have possession of the Collateral and may use the same in any lawful manner not inconsistent with or contrary to this Security Agreement.

7. Termination. Upon payment to Secured Party of all obligations of Debtor pursuant to the Franchise Agreement, this Security Agreement shall terminate and Secured Party hereby agrees to execute and deliver any and all necessary documents to effectuate a release of the Collateral and termination of any security interest granted pursuant hereto.

8. Complete Agreement; Amendments. This Security Agreement, along with the Promissory Note, is the entire agreement and supersedes any prior agreements and contemporaneous oral agreements of the parties concerning its subject matter. No amendment of, or waiver of a right under, this Security Agreement will be binding unless it is in writing and signed by the party to be charged.

9. Governing Law. This Security Agreement will be governed by the laws of the State of Texas, without giving effect to conflicts of law principles.

10. Severability. To the extent a provision of this Security Agreement is unenforceable, this Security Agreement will be construed as if the unenforceable provision were omitted.

11. Successors and Assigns. A successor to or assignee of Secured Party's rights and obligations under the Security Agreement will succeed to Secured Party's rights and obligations under this Security Agreement.

12. Notices. A notice or other communication to a party under this Security Agreement will be in writing (except that entitlement orders may be given orally), will be sent to the party's address set forth above or to such other address as the party may notify the other parties, and will be effective on receipt.

13. Jury Waiver. EACH OF THE PARTIES WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS SECURITY AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF.

14. Counterparts. This Security Agreement may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Facsimile signature pages will be acceptable and shall be conclusive evidence of execution.

15. Time. Time is of the essence with regard to each provision of this Security Agreement as to which time is a factor.

16. Attorney Fees. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Security Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Security Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney fees and other costs incurred in that action or proceeding in addition to any other relief to which it or they may be entitled.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the date first above written.

DEBTOR:

____

By: ________________________________
Printed Name: _________________________
Title: _______________________________

SECURED PARTY:

CORE GROUP RESTORATION FRANCHISING, LLC,
a Texas limited liability company

By: ________________________________
Printed Name: _________________________
Title: _______________________________

EXHIBIT H
(TO DISCLOSURE DOCUMENT)

NOTICE OF RESTRICIVE COVENANTS

This is a Notice of Restrictive Covenants ("**Notice**") that CORE Group Restoration Franchising, LLC ("**Franchisor**") requires the undersigned prospective franchisee (the "**Prospective Franchisee**") and the undersigned Prospective Franchisee's management personnel (which includes, Operating Principal/Designated Manager and owners, officers, directors and designated employees of Prospective Franchisee; collectively, the "**Management Personnel**") to sign and acknowledge receipt of the following documents:

1. A Franchise Agreement ("**Franchise Agreement**"), the form of which is attached as Exhibit B to the Franchise Disclosure Document ("**FDD**") provided to Prospective Franchisee as a condition of purchasing a franchise, on ___________, 202__.

This Notice is attached to the FDD as Exhibit H. Initial capitalized terms not defined in this Notice have the respective meanings set forth in the Franchise Agreement.

Article 7, Section 15.e., and Attachments C and E of the Franchise Agreement contain covenants of confidentiality and covenants not to compete by engaging in a similar business that could restrict Prospective Franchisee's activities during the term of the Franchise Agreement and following the termination of the Franchise Agreement.

Prospective Franchisee acknowledges that it has received this Notice at least fourteen (14) days before Prospective Franchisee signs the Franchise Agreement or pays any nonrefundable consideration to Franchisor. The effective date of the Franchise Agreement shall be not less than fourteen (14) days after (i) the date of this Notice; and (ii) the date Prospective Franchisee signs the FDD Receipt.

Management Personnel acknowledge that they have received this Notice at least fourteen (14) days before Management Personnel sign Attachment C ("**Owner's Agreement**") or Attachment E ("**Confidentiality Agreement**") to the Franchise Agreement.

Prospective Franchisee and Management Personnel acknowledge and agree that (1) complying with the restrictions contained in the Franchise Agreement or Attachments C and E (as applicable) will not prevent Prospective Franchisee or Management Personnel from earning a living, and (2) such restrictions are necessary and reasonable to protect Franchisor's valid interests (including, without limitation, relationships with customers, goodwill, the protection of trade secrets and other confidential information, protection from unfair competition, and other protectable interests).

Prospective Franchisee and Management Personnel understand and acknowledge that: (i) Franchisor's System Standards, Marks, and proprietary operating systems are unique to Franchisor and of great competitive value; (ii) Franchisor has invested and continues to invest substantial resources in developing its franchise system, trade secrets, confidential information, and goodwill; and (iii) the loss of any goodwill will cause significant and irreparable harm to Franchisor.

PROSPECTIVE FRANCHISEE AND MANAGEMENT PERSONNEL REPRESENT AND WARRANT THAT PROSPECTIVE FRANCHISEE AND MANAGEMENT PERSONNEL HAVE

HAD THE OPPORTUNITY TO REVIEW THE FRANCHISE AGREEMENT, OWNER'S AGREEMENT AND CONFIDENTIALITY AGREEMENT WITH PRIOR NOTICE OF ITS RESTRICTIVE COVENANTS AND TO CONSULT AN ADVISOR OR ATTORNEY OF THEIR CHOICE BEFORE SIGNING THE FRANCHISE AGREEMENT, OWNER'S AGREEMENT OR CONFIDENTIALITY AGREEMENT. PROSPECTIVE FRANCHISEE AND MANAGEMENT PERSONNEL FURTHER ACKNOWLEDGE THAT THEY UNDERSTAND THE FRANCHISE AGREEMENT, OWNER'S AGREEMENT AND CONFIDENTIALITY AGREEMENT, AND THAT THEY SIGN THE FRANCHISE AGREEMENT, OWNER'S AGREEMENT OR CONFIDENTIALITY AGREEMENT (AS APPLICABLE) KNOWINGLY AND VOLUNTARILY.

PROSPECTIVE FRANCHISEE

Signature:________________________________
Name:__________________________________
Effective Date:____________________________

MANAGEMENT PERSONNEL

Operating Principal/Designated Manager:

Signature:________________________________
Name:__________________________________
Effective Date:____________________________

Owner of Prospective Franchisee:

Signature:______________________________
Name:_________________________________
Effective Date: ___________________________

Owner of Prospective Franchisee:

Signature:________________________________
Name:__________________________________
Effective Date:____________________________

Owner of Prospective Franchisee:

Signature:______________________________
Name:_________________________________
Effective Date: ___________________________

_______________:

Signature:________________________________
Name:__________________________________
Effective Date:____________________________

_______________:

Signature:______________________________
Name:_________________________________
Effective Date: ___________________________

EXHIBIT I

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
Rhode Island	
Virginia	
Washington	
Wisconsin	

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 J

RECEIPT

RECEIPT

(Retain This Copy)

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 CORE Group Restoration Franchising, 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 Iowa law, if applicable, CORE Group Restoration Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires CORE Group Restoration Franchising, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If CORE Group Restoration Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Daniel Cassara, Andrew Neiman, Nick Dyroff and Allen Reid, CORE Group Restoration Franchising, LLC, 44 East Avenue, #2301, Austin, TX 78701; (877) 219-6168

Issuance Date: June 19, 2023

I received a disclosure document issued June 19, 2023 which included the following exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	List of State Administrators/Agents for Service of Process
Exhibit D	State Addenda and Agreement Riders
Exhibit E	Brand Standards Manual Table of Contents
Exhibit F	List of Current and Former Franchisees
Exhibit G	Contracts for use with the CORE Group Restoration Franchise
Exhibit H	Notice of Restrictive Covenants
Exhibit I	State Effective Dates
Exhibit J	Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Exhibit J	Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to CORE Group Restoration Franchising, LLC, 44 East Avenue, #2301, Austin, TX 78701.