



FRANCHISE DISCLOSURE DOCUMENT

Simply Full Service Realty, LLC
a Delaware Limited Liability Company
800 North State Street, #304
Dover, Delaware 19901
Tel: 403-921-8880
info@3percentrealtyus.com
3percentrealtyus.com

The franchise that we offer is for a real estate brokerage that provides real estate brokerage services and other services and products using our system and under the 3% Realty marks (each, a “Franchised Business” or “3% Realty Business”).

The total initial investment necessary to begin operation of a 3% Realty Franchised Business under a franchise agreement ranges from \$29,200 to \$60,800. This includes between \$24,000 and \$25,500 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 this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Roy Almog, Simply Full Service Realty, LLC, #304, 800 North State Street, Dover, Delaware 19901.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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.

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D 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 3% Realty 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 3% Realty franchisee?	Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New York, New York. 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 New York, New York 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. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

3% Realty
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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Simply Full Service Realty, LLC, franchisor of the 3% Realty franchise is referred to in this franchise disclosure document (the “Disclosure Document”) as “we”, “us” or “our” as the context requires. A franchisee is referred to in this Disclosure Document as “you” and “your” as the context requires. If you are a corporation, partnership or other legal entity (a “Corporate Entity”), our Franchise Agreement will also apply to your individual owners, shareholders, members, officers, directors and other principals.

The Franchisor

We are a Limited Liability Company established under Delaware law on January 18, 2019. Our business address is 800 North State Street, #304, Dover, Delaware 19901. We conduct business under our corporate name Simply Full Service Realty, LLC and under the 3% Realty trade name. Our business is operating the 3% Realty Business franchise system and granting franchises to third parties like you to develop and operate a 3% Realty Business. We began offering franchises on September 12, 2019. We have not conducted a business of the type to be offered our franchisees but, as described below, our affiliate, 3 Percent Realty Inc., has conducted a substantially similar business in Canada since April 7, 2008. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business and we have not offered or sold franchises in any other line of business. We do not have any predecessors and we do not have any parent company. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

We have developed and presently license a system (the “System”) for the operation of a business that provides real estate brokerage services (the “System Services and Products”). The System is presently identified by the 3% Realty trademark, the 3% Realty logo and such other trade-names, trademarks, service-marks, logotypes, and commercial symbols as we may designate, modify and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the “Licensed Marks”).

The System features the prominent display of our Licensed Marks and trade dress in the establishment and operation of the Franchised Business. We refer to businesses in our System as “3% Realty Businesses” and we refer to the 3% Realty Business that you will develop and operate as either “your 3% Realty Business” or the “Franchised Business”. You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E (the “Franchise Agreement”) to develop and operate the Franchised Business located within a Designated Territory and in conformity with the requirements of our System. The System includes System Services and Products that we currently designate and that we may modify, add to or discontinue from time to time, and our proprietary specifications, methods and procedures for the preparation, service, marketing and sale of System Services and Products by the Franchised Business. The System also features and requires, as designated by us, your exclusive use of certain equipment, materials, and supplies designated by us (collectively, the “System Equipment and Supplies”). On an on-going basis, you are required to purchase the System Equipment and Supplies through us, our affiliates or our designated approved suppliers. The System also requires that you operate the Franchised Business in conformity with the specifications, procedures, criteria and requirements that we designate in our confidential operations manual and other proprietary manuals that we may designate and loan to you and, as we may, from time to time, supplement and modify the operations manual and other manuals (collectively, the “Manuals”).

When you sign the agreement, you or a person you select, must be designated as the duly licensed (pursuant to local and state law) real estate responsible broker for your Franchised Business (the “Operating”).

Manager”). You may also hire additional personnel to act as agents and brokers for your Franchised Business.

Franchise Agreement

You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E to develop and operate the Franchised Business at a location within a Designated Territory and in conformity with the requirements of our System. At the time of signing the Franchise Agreement. We will designate a geographic area comprising your Designated Territory and your right to establish a real estate office in the System will be limited to Designated Territory. However, you are not limited to providing System Products and Services within the Designated Territory; You may offer and provide our approved System Services and Products both within your Designated Territory and in any other areas in which you are eligible to provide residential and commercial services as permitted by your real estate license. You will receive all leads for potential customers in your Designated Territory that we collect through our designated call centers and websites.

A 3% Realty Business, if permitted by applicable law (including any applicable real estate commission and/or governing body), may be administratively operated and managed from your home as an administratively managed home-based business (an “Administrative Home Office”). If you elect to have a physical office, you are permitted to manage the Franchised Business from a commercial business and operations facility, provided the facility meets our standards and specifications (the “Retail Office”). Your Retail Office must be located within your Designated Territory and must be approved by us. Although we recommend that you operate the Franchised Business from a commercial Retail Office, subject to applicable laws, rules and regulations and, subject to our approval, you may designate your home as your Retail Office if your home is located within your Designated Territory and if otherwise permitted by law.

Our Affiliates

2 Percent Realty Inc. – 2 Percent Realty Inc. is a Canadian corporation formed on November 9, 2006 with a principal business address located at #400, 909 17 Ave SW, Calgary, Alberta, T2T 0A4, Canada from which our affiliate operates as the franchising entity for Canadian and Australian franchises under the brand name 2 Percent Realty. This affiliate has not offered franchisees outside of the realty industry. You will not conduct business directly with this affiliate.

2% Realty Franchising Inc. – Our affiliate 2% Realty Franchising Inc. is a Calgary corporation established on October 6, 2010. 2% Realty Franchising Inc.’s principal business address is #400, 909 17 Ave SW, Calgary, Alberta, T2T 0A4, Canada from which this affiliate licenses a substantially similar System to franchisees outside the United States of America for their operation of a real estate business. You will not conduct business directly with this affiliate. Other than as described above, 2% Realty Franchising Inc. has not in the past and does not now offer franchises in any lines of business.

3% Realty Franchising Inc. – Our affiliate 3% Realty Franchising Inc. is a Calgary corporation established on June 12, 2012. 3% Realty Franchising Inc.’s principal business address is #400, 909 17 Ave SW, Calgary, Alberta, T2T 0A4, Canada from which this affiliate licenses a substantially similar System to franchisees outside the United States of America for their operation of a real estate business. You will not conduct business directly with this affiliate. Other than as described above, 3% Realty Franchising Inc. has not in the past and does not now offer franchises in any lines of business.

3 Percent Realty Inc. – Our affiliate 3 Percent Realty Inc. is a Canadian corporation formed on April 7, 2008 with a principal business address at #400, 909 17 Ave SW. Calgary, Alberta. T2T 0A4. Canada, from which this affiliate operates a substantially similar business utilizing the Licensed Marks and System.

Market and Competition

The general market for the services and products offered by the Franchised Business includes the general real estate buying public. The market for real estate brokerage services is highly competitive and well developed. You will be competing with established independent and franchised real estate offices and businesses that provide real estate brokerage services. The services offered are generally not seasonal in nature but may vary based on your geographic location.

Industry Specific Laws

Many states and local jurisdictions have laws, rules, and regulations that may apply to the Franchised Business, including rules and regulations related to real estate brokerage services, including the Real Estate Settlement Procedures Act. Your Franchised Business may also be governed by rules and regulations of state and local boards of realtors. You must evaluate and you must obtain the necessary licenses, certification, permits and approval necessary to establish and operate the Franchised Business. You must investigate all of these laws. You must check your state, county and local jurisdiction about these rules and regulations and you should consult with your own legal advisor.

You will also be subject to federal and state laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration and employment laws. You must review federal minimum wage and overtime laws, as well as similar laws within your state to ensure compliance with labor and wage laws currently in existence and those that may later be adopted. You should consult with your attorney concerning these and other local laws, rules and regulations that may affect the operation of the Franchised Business.

ITEM 2 BUSINESS EXPERIENCE

Roy Almog, President

Roy Almog is our President and Mr. Almog has served in this role since January 2019. Mr. Almog has been the President of our affiliate 3% Realty Franchising Inc. since June 12, 2012; the President of our affiliate 2% Realty Franchising Inc. since October 6, 2010; the President of our affiliate 3 Percent Realty Inc. since April 7, 2008; and the President of our affiliate 2 Percent Realty Inc. since November 9, 2006. For all of these positions, Mr. Almog has been based out of Alberta, Canada.

Chris Syrnyk, Corporate Trainer

Chris Syrnyk has served as our Corporate Trainer since January 2019. Mr. Syrnyk has also served as the corporate trainer for our affiliates, 2 Percent Franchising, Inc. and 3% Realty Inc. since February 2010.

Ashley Pepper, Franchise Support Administrator

Ashley Pepper has served as our Franchise Support Administrator since January 2019. Mrs. Pepper has also served as the Executive Assistant to Roy Almog and Office Administrator of 2 Percent Realty, Inc. since April 2012.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

When you sign a Franchise Agreement you must pay to us a non-refundable initial franchise fee (the “Initial Franchise Fee”). The Initial Franchise Fee is \$24,000 for a geographic territory that includes a population of approximately 200,000 residents (a “Standard Designated Territory”). The Initial Franchise Fee is fully earned by us upon payment, represents consideration for a Standard Designated Territory as referenced in Item 12 of this Disclosure Document and, is used in part to defray our costs for providing initial training and other services. In certain limited markets, subject to our discretion, if you purchase a Standard Designated Territory, at the time of signing your Franchise Agreement or at a later date, you may request to add additional Standard Designated Territories for an additional non-refundable fee of \$20,000 per Standard Designated Territory, which we can approve in our sole discretion.

The method we use to calculate the Initial Franchise Fee is generally imposed, except that we reserve the right to negotiate the Initial Franchise Fee and offer the following discount which cannot be combined with any other discount and which must be requested by you in writing at the time of signing the Franchise Agreement: For qualified individuals who are currently enrolled in or were honorably discharged from any branch of the United States Military, the Initial Franchise Fee for each Standard Designated Territory is discounted by 10%.

During the prior fiscal year, we did not accept any reduced Initial Franchise Fees from any franchisees.

We do not charge any fee for a branded website for your first Standard Territory. However, if you purchase an additional Standard Territory at the time you enter into the Franchise Agreement and you wish to have a separately branded website and software system for your second office in the additional Standard Territory, you may, but are not obligated to, purchase an additional custom website for a non-refundable fee of \$4,000 (the “Additional Website Fee”).

You may (but are not required to) also purchase various branded materials from us and/or our affiliates (the “Branded Inventory”), such as (i) template mailers, flyers, brochures and cards; (ii) branded stationary, pens, bags, water bottles, and folders; (iii) signage, including interior signage, lawn sale signs, and sandwich boards and (iv) other products designated in our Operations Manual or otherwise in writing. We estimate that you may (but need not) spend between \$0 and \$1,500 on Branded Inventory when you commence operations. However, the cost of this Branded Inventory will vary depending on the types and amounts of materials ordered. Any amounts you pay to us for these Branded Materials, will be non-refundable.

You pay us or our affiliates no other fees or payments for services or goods before your Franchised Business opens.

**ITEM 6
OTHER FEES**

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Royalty (Note 2, 3)	3% of Gross Revenue (Note 3)	Due quarterly on the first day of each quarter for the preceding quarter	This payment will be debited automatically from your business bank through ACH. See, Notes 1, 2 and 3.
Agent Fee (Note 4)	\$45 per month per license real estate agent	Due monthly on the first of each month for the preceding month	You will be responsible for a monthly fee for each licensed agent that you are required to have operating from or through your Franchised Business as per the applicable Measurement Period's Agent Fee.
Brand Development Fund (Note 5)	Up to 2% of Gross Revenue. Currently we do not charge a Brand Development Fund Fee.	Due monthly on the first of each month for the preceding month	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 4.
Local Marketing (Note 6)	Minimum of \$300	Monthly, as incurred by you and negotiated with local suppliers	You must spend not less than \$300 per month on pre-approved business development and marketing within your Designated Territory. See, Notes 1 and 5.
DMA Marketing Fund (Note 7)	Up to 2% of Gross Revenue. Currently we have not implemented any DMA marketing funds	Due monthly on the first of each month for the preceding month	If a DMA is established, this payment will be debited automatically from your business bank through ACH. See, Notes 1 and 7.
Business Management System License (Note 8)	\$300 per month per office	Due monthly on the first day of every month for the preceding month	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 8.
Technology (Note 9)	\$45 per month, includes our administration of the website.	Due monthly on the first day of every month for the preceding month	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 9.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Customer Service and Refunds (Note 10)	Varies under the circumstances	On demand	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 10.
Initial Training for Additional Employees	Our then current training fee, plus expenses. Our current fee is \$300 per person per day	On demand	Under our pre-opening initial training program, we will train you or your managing owner and one of your designated managers at no additional charge. If you request that we provide our initial training program to additional managers, either before or after the opening of the Franchised Business, you must pay our then-current training fee.. See, Note 1.
Supplemental Training	Our then current daily rate per trainer, plus expenses. Our current daily trainer rate is \$300 per day	On demand	
Annual Conference (Note 11)	Varies	On demand, prior to conference	This payment will be debited automatically from your business bank through ACH. The fee charged to you for attendance at the annual conference shall not exceed \$750. See, Notes 1 and 11.
Late Fee	The lesser of 5% per month of any late payment or \$50	On demand	Applies to past due payments to us or our affiliates . See, Note 1.
Monthly Reporting Charge	\$50 per occurrence	On demand	If you fail to timely submit to us a complete and accurate monthly report when due, you will be required to pay the amount set forth in Column 2. See, Note 1.
Financial Reporting Late Charge	\$100.00 per occurrence	On demand	If you fail to timely submit to us your unaudited monthly profit and loss statement and balance sheet

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
			within sixty (60) days after the end of each month, you will be required to pay a fee of one hundred (\$100) dollars. See, Note 1.
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by the State in which your Franchised Business is located	On demand	Applies to past due payments of royalty fees, agent fees, brand development fund fees, advertising fund fees and all other fees, charges, interest and payments due to us from you. Interest begins to accrue on the date that any payment is due from you to us. See, Note 1.
Review and Audit	Actual costs	On receipt of invoice	You must pay to us the costs that we incur in reviewing and auditing your records if the review and/or audit performed by us results in a finding that you failed to comply with the terms of your Franchise Agreement. These fees include the actual costs that we incur including, fees for accountants, attorneys, administrative staff, travel, meals and lodging expenses. See, Note 1.
Transfer	\$5,000	Prior to the date of transfer	All transfers are subject to our approval and require the transferee's satisfaction of our training requirements. See, Note 1.
Renewal	\$3,000	Upon signing renewal franchise agreement	If we approve renewal of your Franchise Agreement, at the time of renewal, you will be required to sign our then current Franchise Agreement and pay the renewal fee.
Collection Costs and Attorney Fees	Amount incurred by us to collect unpaid royalty fees and other fees or sums due from you to us	On demand	Includes fees and expenses incurred by us, including legal demands and litigation, related to your breach of the Franchise Agreement, including attorney fees, deposition expenses, expert witness fees, accounting fees and filing fees. See, Note 1.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
NSF Check Fee of Failed Electronic Fund Transfer	5% of amount or \$50 whichever is greater or maximum fee allowed by law	On demand	Applies to payment of Royalty Fees, Agent Fees and Advertising Contributions and any other payments to us. See, Note 1.
Non-compliance	Amount of fees, costs and/or expenses that we incur in connection with your non-performance of your obligations under the Franchise Agreement. Includes attorney fees	Within 14 days of our invoice	You must pay to us and reimburse us for all costs, fees and expenses that we incur as a result of or in connection with your breach of the Franchise Agreement. This includes legal fees, expenses and costs that we incur with outside legal counsel and costs associated with services and/or work performed by our own in-house legal staff. See, Note 1.
Supplier Review	Our actual costs to review a supplier suggested by you	Within 14 days of invoice	As determined by us, in our reasonable business judgment. We may require your submission of samples and specifications. See, Note 1.
Additional Territory Fee	\$20,000	Prior to executing an addendum for an additional territory	If you request, and we approve, your request to operate an additional Real Estate Office in an Additional Designated Territories, you will pay us \$20,000 per additional territory and your new Real Estate Office's location will be subject to our approval.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Additional Website Fee	\$4,000	As incurred	If you request an Additional Territory and wish to have an additional website for such Additional Territory, you will pay us the Additional Website Fee to create this website for you.
Branded Inventory (optional)	Then-current costs	As incurred	If you want to purchase Branded Inventory (such as template mailers, flyers, brochures and cards, branded stationery, pens, bags, water bottles, and folders, signage, including interior signage, lawn sale signs, and sandwich boards, etc.) from us, you will be required to pay the then-current costs associated with same. However, you will not be required to purchase any Branded Inventory from us.

**Explanatory Notes to Item 6
“Other Fees”**

Note 1: Type of Fee / Fees Payable - The above table describes fees and payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party. All fees are recurring, payable to us, and are not refundable unless otherwise noted. All fees payable to us shall be payable subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account.

You will be required to sign an ACH authorization form (Franchise Agreement, Exhibit 8) permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the Initial Franchise Fee) as well as any amount owed to us or our affiliates for goods or services. You must deposit all Gross Revenue of your 3% Realty Business into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your 3% Realty Business. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account. All fees are uniformly imposed and collected.

Note 2: Royalty Fees - You must pay a continuing royalty fee equal to Three Percent (3%) of your quarterly Gross Revenue (defined below). If any federal, state or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly and, dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective rate received by us is not less than that which has been established by the Franchise Agreement and which was due to us on the effective date of the Franchise Agreement.

Note 3: Gross Revenue - “Gross Revenue” means the total dollar collected in commissions or other fees paid to you from all business and customers of your 3% Realty Business and includes the total gross amount of revenues and commissions from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or corporate entity from business conducted or which started in, on, from or through your 3% Realty Business and/or your Designated Territory, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Revenue include the total gross amount of revenues and commissions from whatever source derived from and/or derived by you (including any person and/or corporate entity acting on your behalf) from business conducted within and/or outside your Designated Territory that is related to your 3% Realty Business and/or a competitive business located and/or operated within your Designated Territory, outside your Designated Territory, and/or otherwise. Gross Revenue does not include sales or use taxes collected by you.

Note 4: Agent Fee. You will be required to maintain a minimum number of licensed real estate agents (“Agent(s)”) operating at or through your Franchised Business and will be responsible for paying us an Agent Fee equal to \$45 per Agent per month, due to us in one lump sum each month. The Agent Requirement is measured on a per Real Estate Office basis and a separate Agent Requirement will apply to any Real Estate Office you open in any additional Standard Territory we grant to you. We reserve the right to collect this Agent Fee from you, in one lump sum based on all of the Agents of your Franchised Business or (at our option) from each individual Agent (if we elect the latter, you will be required to require your Agent(s) to enter into an ACH Authorization and/or credit card authorization that will allow us or our designee to collect the Agent Fee directly from the Agent on the first of each month).

The number of Agents you are required to employ (the “Agent Requirement”) will vary depending on your Designated Territory, the number of Real Estate Offices you operate and the amount of time you have been operating, which will be measured from the month you begin operations of the Franchised Business (or, for any additional Agent Requirements, the respective date you open any additional Real Estate Office) (the “Business Commencement Date”), as illustrated on the below chart. However, the numbers set forth below are for illustration purposes only. Your actual Agent Requirement may be higher, lower or the same depending on your Designated Territory.

Measurement Period	Months since Business Commencement Date	Agent Requirement
Measurement Period 1	Months 2-6	3 Agents
Measurement Period 2	Months 7-12	6 Agents
Measurement Period 3	Months 13-24	9 Agents
Measurement Period 4	Months 25 – 35	11 Agents
Measurement Period 5	Months 36 - Expiration of Term	18 Agents

If you purchase an Additional Standard Territory, an additional Agent Requirement with a discrete Measurement Period shall be implemented, measured from the actual Business Commencement Date of the Real Estate Office and/or Administrative Home Office located in the Additional Standard Territory. The

total Agent Requirement will be equal to cumulative Agent Requirement for all offices you operate, measured by the respective Measurement Period of each Real Estate Office (e.g. if one Real Estate Office is in Measurement Period 3 and second Real Estate Office is in Measurement Period 1, you must employ and/or pay the Agent Fee for twelve (12) Agents).

If you fail to meet the Agent Requirement for the respective Measurement Period during any given month, we can elect to default your agreement or collect the Agent Fee directly from you. The total amount you owe if you fail to meet the Agent Requirement for any month in the respective Measurement Period will be the Agent Fee multiplied by the difference of the number of agents that you are contractually required to have during the respective measurement period and the number of agents actually operating at or through your Franchised Business directly from you. By way of example, if during the Measurement Period 2, you employ 4 agents rather than 6, we may require you to pay us an Agent Fee equal to \$45 multiplied by 2, for a total supplemental fee of \$90 per month.

Note 5: Brand Development Fund – In the future, we may require you to pay a continuing brand development fund fee in an amount up to two (2%) percent of your monthly Gross Revenue. However, we do not charge this fee at this time.

Note 6: Local Marketing – On a monthly and on-going basis are required to spend not less than \$300 per month toward the marketing and promotion of your 3% Realty Business. Your local marketing efforts and expenditures must be targeted to a market comprised of your Designated Territory and may only include media, networking, business development, public relations and other forms of business development that we designate and pre-approve.

Note 7: DMA Marketing Fund – If a regional or local Designated Marketing Area Marketing Fund (“DMA Marketing Fund”) is established for a designated marketing area (“DMA”) that includes the Designated Territory of your 3% Realty Business, you must become a member of the DMA Marketing Fund and make on-going contributions to the DMA Marketing Fund of up to Two (2%) Percent of your monthly Gross Revenue or such lesser amount that may be determined by us. We possess the exclusive right to designate, authorize and/or approve of a DMA Marketing Fund and to determine the DMA. Contributions to a DMA Marketing Fund shall count toward the satisfaction of your local marketing obligations.

Note 8: Business Management System License – You will be required to use the business management software system that we designate and as we may modify from time to time (the “Business Management System”). The Business Management System is a cloud-based software system that includes customer information, customer lists, and other tools for engaging, monitoring customers. You will be required to pay to us or to our designated supplier an on-going monthly license fee for your required use of the Business Management System. We may increase these monthly fees but may not do so more than once in any calendar year and not more than \$50 per month within any particular calendar year. For each additional Retail Real Estate Office, you must pay an additional Business Management License fee on a monthly basis.

Note 9: Technology Fee – The continuing monthly technology fee is an administrative fee we may collected now or in the future, in consideration of certain costs related administration of our web, media services and other services we may develop in the future.

Note 10: Customer Service and Refunds – This fee will be based on the costs incurred by us, including refunds and/or credits that we may undertake on behalf of a customer that was not satisfied with the services or products provided by your 3% Realty Business. You must guarantee your services to your customers. If we determine that your customer is entitled to reimbursement of fees paid to you we may reimburse your customer directly. You must reimburse us for the amounts that we reimburse your customer.

Note 11: Annual Conference – We currently require you or your Managing Owner to attend our annual sales conference on the dates and at the location that we designate. You will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. We may charge you an Annual Conference fee in an amount not exceeding Seven Hundred and Fifty (\$750) Dollars. We reserve the right to waive the Annual Conference Fee for those franchisees that attend the conference and to charge the Annual Conference Fee to those franchisees who fail to attend.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE (Note 1)	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee (Note 2)	\$24,000	Lump sum	When you sign the Franchise Agreement	Us.
Construction and Leasehold Improvements (Note 3)	\$0 - \$1,500	Varies	Prior to opening	Approved Third party suppliers and vendors, subject to our specifications.
Furniture, Fixtures and Equipment (Note 4)	\$0 - \$3,000	As billed	As incurred	Approved Third party suppliers and vendors, subject to our specifications.
Signs (Note 5)	\$0 - \$2,500	As billed	Before opening	Approved Third party suppliers and vendors, subject to our specifications.
Computer, Software and System (Note 6)	\$500 - \$3,000	As billed	As incurred	Approved Third party suppliers and vendors, subject to our specifications.
Printing, Stationary and Office Supplies	\$0- \$1,500	As billed	As incurred	Approved Third party suppliers and vendors, subject to our specifications.
Prepaid Rent and Lease Deposits (Note 7)	\$0 - \$6,000	Lump sum	Varies	Third party landlord.

TYPE OF EXPENDITURE (Note 1)	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Utility Deposits (Note 8)	\$0 - \$1,200	As billed	Before opening	Utility companies.
Insurance Deposits and Premiums (Note 9)	\$0 - \$5,000	As billed	Varies	Insurance companies.
Travel for Initial Training (Note 10)	\$0	As incurred	Before opening	Third party.
Grand Opening Marketing Expense (Note 11)	\$2,000 - \$3,000	In accordance with your grand opening marketing plan	As incurred but prior to opening	Approved Third party suppliers and vendors, subject to our specifications and approval.
Professional Fees (Note 12)	\$1,500 - \$3,000	As billed	Before opening	Third parties, including attorneys, accountants and architects.
Business Licenses and Permits (Note 13)	\$0 - \$2,000	Lump sum	Before opening	Government authorities.
Branded Inventory (Note 14)	\$0 - \$1,500	As incurred	As incurred	Us or our affiliate.
Additional Funds – Initial period of 3 months (Note 15)	\$1,200 - \$3,600	As incurred	Before opening	Utilities approved vendors, employees and other providers of services and/or goods necessary for the operation of the Franchised Business.
TOTAL	\$29,200 - \$60,800			

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Explanatory Notes to Item 7

“Your Estimated Initial Investment”

Note 1: About Your Estimated Initial Investment – These are only estimates and your costs may vary depending on the size of your Designated Territory and whether you elect to operate from an Administrative Home Office or a commercial Retail Office. These estimates do not include interest and financing charges that you may incur and they do not include royalties, marketing development and other continuing fees that you will be required to pay to us. Payments are non-refundable unless otherwise noted. We do not offer direct or indirect financing. The total estimates are based on experience of our affiliate in establishing a 3% Realty Business.

Note 2: Initial Franchise Fee – The Initial Franchise Fee for a 3% Realty Business under a Franchise Agreement is \$24,000 for a Standard Designated Territory. We must approve of the addition of an additional territory to your Standard Designated Territory at the time of signing the Franchise Agreement, the fee for which will be \$20,000, and you can add additional Standard Designated Territories at the time of entering into the Franchise Agreement or at a later date, except that approval of the additional territories is subject to our approval in our sole discretion. All fees paid to us for your initial franchise fee are non-refundable. There are no refunds under any other circumstances, including if you breach the franchise agreement and we terminate the Franchise Agreement.

Note 3: Construction and Leasehold Improvements – The low estimate contemplates an Administrative Home Office from which you will operate your 3% Realty Business, which is intended for backend operations and not for customer meetings. You will require at least one office desk and computer station for monitoring appointments, updating the Business Management Software System and monitoring service visits. The high estimate assumes you will be operating from a Retail Office (in a leased or purchased retail location).

Note 4: Furniture, Fixtures and Equipment – You will be required to purchase certain types of furniture, fixtures and equipment for your 3% Realty Business. The costs for furniture and fixtures may differ depending on the material quality and on other factors. Significant factors that will influence and will increase the cost of furniture, fixtures and equipment will depend on the size of your Designated Territory and whether you operate an Administrative Home Office or lease a commercial Retail Office. The costs listed here do not include any transportation or set up costs. It is assumed that some of the equipment will be leased. If you elect to purchase such equipment, your costs may be higher. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

Note 5: Signs – If your Franchised Business is operated from a Retail Office in a retail setting, you are required to purchase, subject to our design and construction specifications and approval, exterior signs and displays that we designate. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage. This estimate includes other elements of brand identification within the 3% Realty Business such as wall graphics.

Note 6: Computer, Software and System – You are required to acquire licenses to utilize, on a daily basis, the Business Management Software System that we designate from time to time. Your office facility computer will require high-speed internet access as you and your employees (including during service and estimate visits) will require constant access to the Business Management Software System. You will require at least one desktop office computer, one tablet, and one laptop or notebook with high-speed internet access, Microsoft Office 365, Adobe Acrobat 11.0 or greater, a Business Management Software System we designate from time to time, and should supply an additional computer for each Agent. You should also

purchase a scanner, printer, and digital camera. We may change vendors and to move your data and information to alternative Business Management Software System providers. This estimate includes your initial license fee only. Additional information about the Business Management Software and computer system is disclosed in Item 11 of this Disclosure Document.

Note 7: Prepaid Rent and Lease Deposits –We recommend that you manage and operate your 3% Realty Business from a commercial Retail Office; however, this is not required, and you may operate from an Administrative Home Office where allowable by real estate commission and/or governing body. Your Retail Office must be located within your Designated Territory and must be approved by us. The commercial facility that you select and lease as your Retail Office should be in a lower rent commercial district (not Class “A” office space) and should permit the operation of an administrative office and a working area to meet with staff and coordinate daily service efforts. The cost of real estate varies considerably based on the local real estate market and the size and location of the property that you elect to purchase or lease. The high “Estimated Initial Investment” for your 3% Realty Business is based on the assumption that you will be leasing Retail Office. The low-end estimate of your “Estimated Initial Investment” is based on the assumption that you will operate. You will be required to pay the landlord a security deposit that will be calculated based upon a number of months’ rent that the landlord requires to be held as security. The amount of your security deposit is something that you will negotiate directly with the landlord and will vary significantly based on a number of factors, including the desirability of your leased location and your own negotiations.

If you elect to lease a retail facility (rather than operate from an Administrative Home Office), the size of your Retail Office will vary depending on the size of your Designated Territory but, in general, should be approximately 100 - 200 square feet. The cost for your Retail Office will vary considerably depending on its size and location, should be used for operational purposes and should not be located in higher rent commercial areas. The Retail Office facility should allow parking and should permit and possess sufficient electrical capacity, water connections, gas connections and water disposal connections to permit office operations and inventory storage. Your Retail Office must, at all times, possess access to high speed internet connection. The “Estimated Initial Investment” does not include the purchase of real property should you elect to purchase the real property as the approved location for your Administrative Home Office or Retail Office.

Note 8: Utility Deposits – To secure the appropriate utilities required for the operation of your 3% Realty Business, including gas, electric, water, sewer and internet access, you will be required to pay upfront deposits to each applicable utility company.

Note 9: Insurance Deposits and Premiums – You are required to maintain certain insurance respecting the operations of your 3% Realty Business. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. The cost of your insurance coverage will be based on factors outside of our control. The amount charged for insurance coverage may be significantly more or less than our estimate. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based on the area in which your 3% Realty Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 10: Travel for Initial Training – Prior to opening your 3% Realty Business you must complete our pre-opening Orientation program. We will hold training at your location or via Zoom Cloud Meeting, so we do not anticipate that you will need to spend any amount on travel, food or lodging expenses in order to complete this training.

This estimate is for the cost for you or your Managing Owner and one designated manager (two individuals in total) to attend the initial training program held at your Franchised Business's location. We do not charge tuition or a training fee for you or your designated Managing Owner and one of your designated managers. You will be responsible for all costs (if any) associated with attending the initial training program for you and your staff. The duration of the training program is eight (8) hours over a period of four (4) days. This estimate does not include the cost of labor.

Note 11: Grand Opening Marketing Expense – Marketing expenses vary and will depend on your geographic market and the type of media that you utilize to market the grand opening of your 3% Realty Business. Your marketing efforts should be directed to communities located within your Designated Territory and must be approved by us. You are responsible for any advertising you wish to purchase. All advertisements, marketing and promotional materials must be approved by us. Following your initial three months of operation you must devote funds to on-going local marketing activities and media.

Note 12: Professional Fees – These estimates are for costs associated with the engagement of professionals such as attorneys and accountants to advise you prior to the signing of your franchise agreement and to assist with the start-up of your 3% Realty Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity and this Disclosure Document. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of the Franchised Business.

Note 13: Business Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate the Franchised Business. The licenses will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred, and are due prior to opening the Franchised Business.

Note 14: Branded Inventory – You can elect, but are not required to, purchase Branded Inventory from us and/or our affiliates at the then-current price, as described in our Operations Manual or otherwise in writing. We do not charge any fee for a branded website for your first Standard Territory. However, if you wish to operate in an Additional Territory and elect to operate a different website for your Additional Territory, you may also pay an Additional Website Fee of \$4,000.

Note 15: Additional Funds – You will need additional capital to support on-going businesses expenses, including business expenses such as payroll, inventory, marketing, rent and utilities. This estimate is only to cover on-going expenses during the initial start-up phase of the Franchised Business comprised of the first three (3) months following the opening of your 3% Realty Business. We have relied on the experiences of our Canadian affiliate in making this estimate.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may only offer and sell services and products that we designate. You may only use those products, supplies, equipment, and services that we authorize and designate in writing.

Source Restricted Purchases and Leases – Generally

We require that you purchase or lease certain source restricted goods and services for the development and operation of your 3% Realty Business. Source restricted goods and services are goods and services that must meet our specifications and/or must be purchased from an approved or designated supplier. We may designate a supplier (which may include us or our affiliates) as the sole and exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Manuals. We

will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, verbal and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System.

Suppliers and Supplier Criteria

We may designate ourselves, our affiliate or a third party as exclusive supplier irrespective of the existence of competing suppliers. If there is no designated supplier for a particular item, you will purchase all products, supplies and services from suppliers who meet our specifications and standards. Currently, we are the only approved supplier of the Branded Inventory and your website(s), the Business Management System, and branded signage. Currently no officer of ours owns an interest in any of our designated suppliers.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a fee equal to the costs and expenses that we incur in reviewing and/or evaluating an alternate supplier, product, and/or service requested by you. We may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time (not to exceed sixty (60) days) after we receive your written request for approval and all additional information and samples that we may request. We may, in our discretion, withhold our approval. We do not make our procedures or criteria for approving suppliers available to our System franchisees, except that when evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 60% of your total purchases and leases in establishing the Franchised Business and approximately 50% of the on-going operating expenses of your Franchised Business.

Business Management System and Computer Equipment – You must utilize the Business Management System that we designate and pay us an ongoing monthly license fee equal to \$300 per month for each Real Estate Office you operate. You will be required to continuously enter, maintain and update your business and financial information in the Business Management System. At all times the Business Management System must be maintained on a tablet. You will need an additional tablet for each Real Estate office. At our election, the data and information related to your 3% Realty Business may be maintained on a cloud-based server, servers hosted by us or as otherwise designated by us.

We reserve the exclusive right to change vendors and to move your data and information to alternative Business Management Software System Providers.

Additionally, you must purchase and maintain a computer system on-site at the Administrative Home Office or Retail Office of your 3% Realty Business. In general, you will be required to obtain a computer system that will consist of certain hardware, software, and peripheral devices such as printers and scanners. You will be required to meet our requirements involving: (a) back office and point of sale systems; (b) security

systems; (c) printers, scanners, shredders and other peripheral devices; (d) archive and back-up systems; and (e) high-speed internet access mode. You are required to utilize a desktop computer, tablet, and notepad/laptop.

Branded Items and Marketing Materials - All materials bearing the Licensed Marks (including, but not limited to, stationary, business cards, brochures, apparel, signs and displays) must meet our standards and specifications and must be purchased from either us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your 3% Realty Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.

Insurance - You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than thirty (30) days' prior written in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of fifteen (15) days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program.

Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Article 8 of the Franchise Agreement). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

- a) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, for all-risk perils, including flood and earthquake, if the relevant property is situated in a flood or earthquake zone, equal to at least 90% of your 3% Realty Business's full insurable value;
- b) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, for all-risk perils, including flood and earthquake, if the relevant property is situated in a flood or earthquake zone, equal to at least 90% of your 3% Realty Business's full insurable value;
- c) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$1,000,000 per occurrence, \$1,000,000 in aggregate;
- d) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which your 3% Realty Business is located, including statutory workers' compensation limits and employers' liability limits of at least \$1,000,000;

- e) Business automobile insurance (including liability insurance coverage for non-owned automobiles) with a combined single bodily injury and property damage limit of at least \$1,000,000 per occurrence;
- f) Business interruption insurance of at least \$200,000;
- g) Commercial umbrella liability insurance with total liability limit of at least \$1,000,000;
- h) Products liability insurance with a limit of at least \$1,000,000, which policy must be considered primary;
- i) Employer practices liability insurance with a limit of at least \$2,000,000; and
- j) All other insurance that we require in the Manual or that is required by law or by the lease or sublease for your 3% Realty Business.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the 3% Realty Businesses under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from and we may designate one vendor as your sole supplier. Presently there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on franchisee purchases or leases and we reserve the right to institute and expand rebate programs in the future. As of December 31, 2023, neither we nor our affiliates have received revenue from suppliers based on our franchisees' purchases or leases from of source restricted products or services (but our international affiliates may have received revenue from suppliers based on their franchisees purchases or leases). We do not provide our franchisees with any material benefits based on a franchisee's purchase of particular products or services or use of particular suppliers.

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	Article(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1 and 2.A	7 and 11
b. Pre-opening purchases and leases	1, 3 and 8	7 and 8

Obligation	Article(s) in Agreement	Disclosure Document Item
c. Site development and other pre-opening requirements	1, 3, 4, 7.F, 7.G, 7.I, 7.J, 8 and 9.B	6, 7 and 11
d. Initial and ongoing training	1, 4 and 7.J	11
e. Opening	1 2, 3, 4 and 9.B	11
f. Fees	1, 3, 4.A, 5, 9, 12, 13, 14, 15, 16 and 18.N.	5, 6 and 7
g. Compliance with standards and policies/manual	1, 3, 4, 7 8, 9 and 12	8 and 11
h. Trademarks and proprietary information	1, 6, 7 and 11	13 and 14
i. Restrictions on products and services offered	1, 3, 4.C, 7.F, 7.G. 7.H, 7.I, 7.J and 8	8, 11 and 16
j. Warranty and customer service requirements	1 and 7	16
k. Territorial development and sales quotas	1 and 2	12
l. Ongoing product and service purchases	1, 3, 4.C, 5 and 7	8
m. Maintenance, appearance and remodeling requirements	1 and 7	7 and 17
n. Insurance	1 and 8	7 and 8
o. Advertising	1, 3.F, 4.C, 7.I, 9 and 11	6 and 11
p. Indemnification	1 and 10	6
q. Owner's participation, management, staffing	1, 4, 6, and 7	11 and 15
r. Records and reports	1, 5 and 12	6
s. Inspections and Audits	1 and 13	6 and 11
t. Transfer	1 and 14	I17
u. Renewal	1 and 15	17
v. Post-termination obligations	1, 6, 17 and 18	17
w. Non-Competition Covenants	1, 6 and 17 and 18	17

Obligation	Article(s) in Agreement	Disclosure Document Item
x. Dispute Resolution	1, 18.F and 18.G	17
y. Other: Individual guarantee of franchisee obligations	1, 2.C, 6, 14.C and 14.E	9

ITEM 10 FINANCING

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

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

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

Pre-Opening Obligations

1. Grant of Franchise – We will grant you the right to operate the Franchised Business within a Designated Territory. (Franchise Agreement, Article 2);
2. Manuals – We will loan you a copy of our confidential and proprietary Manuals. You must operate the Franchised Business in accordance with the Manuals and all applicable laws, rules and regulations. At all times, we reserve the right to supplement, modify and update the Manuals. (Franchise Agreement, Article 4.C.). The operations manual as of the Issuance Date of this Disclosure Document currently consists of 169 pages (including the brand standards guideline) and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). The major subjects contained in the operations manual consists of establishing, developing, marketing and operating the Franchised Business;
3. Site Review, Approval and Designated Territory – At the time of signing your Franchise Agreement we will have selected and approved of the Designated Territory within which you will operate the Franchised Business. Your Administrative Home Office or Retail Office must be located within your Designated Territory. If you are leasing a Retail Office, there is no specified time limit for us to review the proposed site of your Retail Office; we will do so within a reasonably expedient time period if same is not selected prior to the execution of your Franchise Agreement.
4. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors (to the extent that we have designated them), either as part of the Manuals or otherwise in writing. (Franchise Agreement, Articles 3 and 4);
5. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture and fixtures (to the extent that we have designated them), either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage, equipment, furniture and fixtures. We do not provide any assistance in delivering or installing signs, equipment, furniture, or fixtures; conforming the premises to local ordinances and building codes; obtaining

any required permits; constructing, remodeling or decorating the premises; or, hiring or training your employees (except for providing the Initial Training Program as described below). (Franchise Agreement, Articles 3 and 4);

6. Website and Digital Media – We will include one website for your Franchised in the Initial Franchise Fee. If you purchase an additional Standard Territory, you may either use the website provided for your Franchised Business for both offices and/or territories, or you may purchase an additional website for \$4,000 and we will design a website specifically for your second office and/or additional Standard Territory. We will also identify and locate your 3% Realty Business on our website. You may not utilize any websites, web-based media or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.G. and 9); and

7. Initial Training – Not less fourteen (14) days prior to the opening of your 3% Realty Business you or your Managing Owner or Operating Manager and any employees or Owners you designate must attend and complete our initial training program. We will provide you (and up to one of your designated managers) with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your managing owner and one operating manager at your office. The training program takes place over a 4 day period, and will be delivered via Zoom Cloud Meeting. Training details are described below in this Item 11 in more detail.

Site Selection

Although you are responsible for selecting a site for your Retail Office (if you elect not to operate from an Administrative Home Office), you must obtain our approval of the location of your Retail Office. Generally, we do not own or lease the real property that will serve as your Retail Office and you are responsible for all costs and expenses in locating and evaluating proposed sites for your Retail Office, but we may in the future. Before you enter into a lease or other agreement for your Retail Office you must obtain our approval. We will provide you with site selection guidelines. Your Retail Office must be located within your Designated Territory at a site that we approve.

Although there is no specified time limit for us to review the proposed site for your Retail Office, we will do so within a reasonably time period, not exceeding thirty (30) days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request concerning the proposed site. In determining whether to approve or disapprove a proposed site for your Retail Office, factors that we take into consideration include: (a) characteristics of the proposed site; and (b) the location of your proposed site relative to your overall Designated Territory and proximity to other.

Within ninety (90) days of signing your Franchise Agreement you must secure a Retail Office and lease that we approve (Franchise Agreement, Article 3.A.). If you do not meet this requirement for any reason, including our disapproval of a proposed business location, we may terminate your Franchise Agreement without refunding any fees to you. It is your obligation to consult with government agencies, architects and legal professionals to evaluate and determine that your Retail Office permits the establishment and operation of the Franchised Business and that you possess the necessary licenses and authority to operate a business that offers and provides the System Services and Products. (Franchise Agreement, Articles 2, 3, 7 and 16).

Time to Open

You may not open the Franchised Business until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Designated Territory, obtained and provided us with written proof of the required insurance, and have timely secured a Retail Office that we approved.

We estimate that the length of time between the signing your Franchise Agreement and opening your 3% Realty Business to be approximately three (3) months to four (4) months. Factors that may affect this estimated time period include: (a) evaluating and selecting a suitable site for your Retail Office that is approved by us; (b) length of time undertaken by you to complete our initial training program to our satisfaction; (c) negotiating and obtaining a suitable lease for your Retail Office that is approved by us; (d) obtain third-party lender financing, if necessary; and (e) obtaining the necessary licenses for the operation of your 3% Realty Business. You must open your 3% Realty Business within six (6) months from the effective date of your Franchise Agreement, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Franchise Agreement, Articles 3.C.).

Post-Opening Obligations

1. Supplemental Training - We may require that you and your Operating Manager participate in supplemental training that we may designate and require in our discretion. You will be required to pay our then current supplemental training fee, which is currently Three Hundred (\$300) Dollars, per trainer, per day, plus travel expenses, meals and accommodation expenses incurred by us if such Supplemental Training is provided on-site. (Franchise Agreement, Article 4.A.);

2. Initial Training for Replacement Operating Manager(s) - Your Operating Manager must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be completed to our satisfaction. The initial training program will be provided by us virtually. You will be required to pay our then current supplemental training fee for replacement Operating Manager, which is currently Three Hundred (\$300) Dollars, per manager, per day for each replacement manager attending our initial training. You will also be responsible for all costs incurred by your managers in attending our initial training (Franchise Agreement, Article 4.A. and 4.C.);

3. Communication of Operating Standards - We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your 3% Realty Business including, but not limited to, System Services and Products, System Equipment and Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and, as set forth in the Manuals which we may, in our discretion, modify from time to time. (Franchise Agreement, Articles 4.B. and 4.C.);

4. Marketing Standards and Approval - We may establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, those marketing materials and mediums that you may utilize. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, Article 4.B.);

5. Approved Vendors - We will provide the names and addresses of approved vendors and suppliers for the System Services and Products and the System Equipment and Supplies. (Franchise Agreement, Articles 4.B. and 4.C.);

6. Annual System Conference - We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. We may also allow other realtors to attend these conferences. We may charge an annual conference fee not exceeding Seven Hundred and Fifty (\$750) Dollars. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. (Franchise Agreement, Article 4.B.);

7. Administration of Marketing Funds - We may administer and manage System-wide marketing funds comprised of a Brand Development Fund and/or a DMA Marketing Fund. (Franchise Agreement, Articles 9.A. and 9.F.);

8. Hiring and Training of Employees - We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms including, but not limited to the apparel and uniforms comprising System Equipment and Supplies. You must monitor and ensure that all System Equipment and Supplies and System Services and Products are prepared, maintained, and served in accordance with the System standards and Manuals; and

9. Pricing - You will exclusively determine the prices that you charge for the System Services and Products served and sold by your 3% Realty Business. However, we may suggest pricing levels that we recommend.

Advertising

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your 3% Realty Business must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within fifteen (15) days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your designated territory and we are not required to conduct any advertising on behalf of the franchise System or on your behalf. (Franchise Agreement, Article 9). We may employ both an in-house advertising department and national or regional advertising agencies.

2. Local Marketing – You are not authorized to engage in any marketing unless we pre-approve such marketing. (Franchise Agreement, Article 9.B.). You are required to engage in local marketing and you are required to commit and spend an amount equal to no less than \$300 of your monthly Gross Revenue on your local marketing efforts. We will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access to our approved brochures, displays, presentations and marketing campaigns (in the form of a source document) that you may utilize. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs and design specifications. However, you will incur the direct costs associated with duplicating and utilizing such marketing campaigns and in having such campaigns printed, distributed and/or placed with media sources. (Franchise Agreement, Article 9);

3. Digital Media and Website – If you are a new 3% Realty franchisee, then a website for your 3% Realty Business will be included in the Initial Franchise Fee. You can purchase additional websites from us if you wish to operate multiple sites for your additional Standard Territories. We (but need not) may provide additional digital media services. All other digital media and marketing not provided by us must be approved by us. We will designate for your Designated Territory information about your 3% Realty Business on the 3percentrealtyus.com webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9);

4. Brand Development Fund – We may establish, control and administer a brand development fund (the "Brand Development Fund") (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, you must contribute a monthly sum not to exceed 2% of monthly Gross Revenue to the Brand Development Fund. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. Our company and/or affiliate owned 3% Realty Businesses may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will be required to maintain unaudited financial records detailing its expenditures and will make available to you (no more frequently than one time in any twelve-month period) an unaudited accounting of how the monies contributed to the Brand Development Fund were spent each year. You may obtain the accounting of the Brand Development Fund that is unaudited by submitting a written request. We are not required to segregate the Brand Development Fund from our general operating funds, and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund will not be used to directly promote your 3% Realty Business or the marketing area in which your 3% Realty Business will be located. (Franchise Agreement, Article 9.A.). We may utilize the Brand Development Fund to develop and test various media and technologies for potential utilization and/or improvement of the operations of 3% Realty Businesses and the marketing of 3% Realty Businesses. These technology developments and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of 3% Realty Businesses. You may or may not benefit from these technology developments and improvements. (Franchise Agreement, Article 9.A.);

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing, developing and managing media of the Brand Development Fund. We will not directly utilize the Brand Development Fund to directly market the sale of 3% Realty Businesses, however the advertising, marketing and brand development materials developed (including the System website) may contain basic information as to the availability of 3% Realty Business franchises for sale and contact information for franchise inquiries. As of December 31, 2023, we have not implemented the Brand Development Fund, but intend to do so in the future.

5. DMA Marketing Fund. – We possess the exclusive right to authorize, establish, control, administer and/or designate a regional or local Designated Marketing Area Marketing Fund ("DMA Marketing Fund") for a designated marketing area ("DMA") that includes the Designated Territory of your 3% Realty Business (See, Franchise Agreement, Article 9.F.). As disclosed in Item 6 of this Disclosure Document, if a DMA

Marketing Fund is established for a DMA that includes the Designated Territory of your 3% Realty Business, you must contribute to the DMA Marketing Fund a monthly sum not to exceed Two (2) Percent of the monthly Gross Revenue of your 3% Realty Business. We will exclusively determine the geographic and other boundaries constituting each respective DMA and factors that we will consider include media markets including print, television and digital. If we establish a DMA Marketing Fund, we will administer the DMA Marketing Fund and the DMA Marketing Fund will be subject to the terms of your Franchise Agreement and the administration rules that we establish. Your DMA Marketing Fund may conduct and administer media advertising, marketing and public relations for all of its contributing members and we may establish governance rules such that determinations and decisions as to marketing spends and utilization of the funds in the DMA Marketing Fund may be determined by a simple majority of franchisees in the DMA with twenty-five percent of the member franchisees voting and constituting a quorum. Your DMA Marketing Fund may employ the services of advertising agencies and public relations firms. Each 3% Realty Business with operating territories located within the DMA will contribute a monthly sum not to exceed Two (2) Percent of monthly Gross Revenue to the DMA Marketing Fund. The DMA Marketing Fund will be required to maintain unaudited financial records detailing its expenditures for approved media advertising, marketing and public relations in your DMA, and will provide its contributing members with an unaudited accounting of how the monies contributed to the DMA Marketing Fund were spent each year. Contributions to the DMA Marketing Fund will be spent in the fiscal year in which they are paid. We maintain the authority, in our discretion, to change, dissolve or merge DMA Marketing Funds. Our company and/or our affiliate owned 3% Realty Businesses may but are not required to contribute to any DMA Marketing Fund. We will administer this marketing fund in our sole discretion. There are no governing documents as to how we will administer this fund other than as contained in the Franchise Agreement. At present, we have not established and/or approved any DMA Marketing Fund nor designated any DMA's. As of December 31, 2023, we have not established nor require your participation in any DMA.

6. Regional Advertising Cooperatives – As of December 31, 2023, we have not established and, presently, do not require your participation in any local or regional advertising cooperative, but we reserve the right to do so in the future, including through a DMA that we may designate. (Franchise Agreement, Article 9); and

7. Advertising Council – As of December 31, 2023, we have not established an advertising council but reserve the right to do so in the future. (Franchise Agreement, Article 9.A.).

Computer System

You are required to operate and maintain at least (a) one new notebook computer to be utilized from your Retail Office that must possess broadband internet access permitting your access to and utilization of the designated Business Management System, (b) a tablet computer with broadband wireless internet access, and (c) a desktop computer. You are required to utilize the Business Management System that we designate. At all times, we will possess direct access to the Business Management System utilized by you and we will have access to all information entered into the Business Management System including information about the sales of the Franchised Business such as revenues earned, and your customers, such as their names, addresses and related information. The cost of the computer system that you will be required to purchase varies depending on your number of Agents working at your through your Franchised Business with your estimated costs for a computer system being \$500 to \$3,000. You are obligated to install the software upgrades and patches as provided by the manufacturer of the computer and the Business Management System. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer systems is \$500 per year. You will also be required to utilize those customer reward programs and systems that we designate. There are no contractual limitations on the frequency or cost of this obligation. We will have independent access to all of the information and data that is electronically collected and stored on your

Business Management System and, as such, will have access to all data related to the sales, inventory and financial performance of your Franchised Business.

Initial Training.

If this is your first 3% Realty Business, we will provide initial training for you (or if you are a corporate entity, your managing owner) plus one designated manager. Either you or your managing owner and/or Operating Manager must successfully complete the initial training program to our satisfaction no later than fourteen (14) days prior to the opening of your 3% Realty Business. The initial training program takes place over an approximate four (4) day period. If more than two individuals attend initial training, you will be charged an additional fee per additional persons attending initial training (Item 6). Although we provide you (or your managing owner if you are a corporate entity) plus your general manager with initial training at no additional fee or charge, you will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance and participation in our initial training program and the attendance and participation of your designated managers in our initial training program. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

TRAINING PROGRAM

The following chart summarizes the subjects covered in our initial training program:

Subject	Classroom Training (Hours)	On the Job Training (Hours)	Location
Orientation and Pre-Opening Requirements: Introductions to Key Personnel, Overview of the Real Estate Industry, Company History, Opening Timeline; Regulatory Compliance and Legal issues, Support Systems, and Website Overview	1	n/a	Via Zoom Cloud Meeting
Sales Training: <i>3 Percent Realty</i> sales, marketing and business development training	7	n/a	Via Zoom Cloud Meeting
Subtotal Hours	8	0	
Total Hours	8		

Instructional materials that will be utilized in the initial training process includes our Manuals. All training will be conducted under the direction and supervision of our Corporate Trainer, Chris Syrnyk, and will utilize instructional materials comprised of live instruction, handouts and the Manuals. Mr. Syrnyk has at least 15 years of experience in the real estate industry and nine years of experience with our affiliates.

Each newly hired Operating Manager must at your sole cost and expense, attend and successfully complete the initial Training Program. You shall pay to Franchisor a training fee of \$300 per person, per day in connection with such training. We will conduct this training virtually.

You (or your managing owner, if you are a corporate entity) and your designated manager, at your sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as we periodically may designate or offer in our Reasonable Business Judgment. We reserve the right to assess reasonable charges for such training. You are responsible for all expenses that you and your employees incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

In addition, subject to our approval and agreement, we may offer supplemental training to you (hereinafter referred to as “Supplemental Training”). We, in our Reasonable Business Judgment, reserve the right to reject or approve of any request by you for Supplemental Training. If we do agree to offer and provide Supplemental Training, you shall pay to us a supplemental training fee at the rate of \$300 per trainer per day plus (the “Supplemental Training Fee”). If you are in breach of the Franchise Agreement, without limitation to our other rights and remedies in connection with same, we may require that you participate in and pay for Supplemental Training.

ITEM 12 TERRITORY

Designated Territory

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. However, during the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and, except as to the Reserved Rights identified below, neither us nor our affiliates will establish or operate, or franchise any third-party to establish or operate, a 3% Realty Business using the Licensed Marks and System within your Designated Territory (your “Designated Territory”).

You may only operate the Franchised Business within your Designated Territory. Your Designated Territory will consist of at least one Standard Designated Territory and any additional Standard Territory. In certain limited markets, subject to our discretion, if you purchase a Standard Designated Territory, at the time of signing your Franchise Agreement or at a later date, you may add an additional Standard Designated Territories for an additional fee of \$20,000 per Standard Designated Territory.

A Standard Designated Territory consists of a geographic area that generally contains approximately 200,000 residents. Our determination as to the approximate number of residents within your Designated Territory will be based on U.S. Census Bureau data or other publicly available data that we believe to be more reliable. Our determination as to the number of residents, within your Designated Territory will be made at the time of signing your Franchise Agreement and will be based on raw data and without regard to demographics or other qualifying factors.

We will not alter the size of your Designated Territory without your written consent. We will not decrease the size of your Designated Territory if the population within your Designated Territory increases. We will not increase the size of your Designated Territory if the population within your Designated Territory decreases. The continuation of your Designated Territory is not dependent on the achievement of a certain sales volume, market penetration or other contingency other than your continued compliance with and satisfaction of the terms and conditions of your Franchise Agreement. The Franchise Agreement does not grant you options, rights of first refusal or similar rights for your acquisition of additional franchises within your Designated Territory or any contiguous areas.

Territory Rules

You must operate your 3% Realty Business and provide the System Services and Products of your 3% Realty Business from an approved Retail Office location within your Designated Territory. If, as of the Effective Date of the Franchise Agreement, you have not selected a proposed Retail Office location that has been approved by us, you must locate, identify and secure a Retail Office in accordance with the terms of the Franchise Agreement, including the requirement that you obtain our approval. If you request and we approve the purchase of any additional Standard Territory, you may elect to operate an additional Retail Office therein.

You will not receive an exclusive territory. We will not permit any other System franchisee to operate an office within your Designated Territory, but we do not place restrictions on where you and any other System franchisee offer, provide and market the System Services and Products. However, your ability to provide residential and commercial real estate services in a state or region will be limited by your real estate license and other local laws and regulations, and you are responsible for complying with applicable laws and regulations. In addition, as disclosed below, we reserve the exclusive right to use the Licensed Marks and System to offer, sell and/or distribute the approved products and services offered and sold by the Franchised Business in alternative channels of distribution (including through internet real estate websites) within or outside your Designated Territory; you are not permitted to use other channels of distribution (such as the internet) to make sales outside of the Designated Territory.

Reserved Rights

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you (Franchise Agreement, Article 2.D.), to engage in the following activities (our “Reserved Rights”): (a) operate and grant to others the right to develop and operate 3% Realty Businesses and Franchised 3% Realty Businesses using the System and Licensed Marks at locations outside your Designated Territory as we deem appropriate and irrespective of the proximity to your Designated Territory (even if such business are located immediately proximate, adjacent or abutting the boundary of your Designated Territory); (b) acquire, be acquired by, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation to own and operate, franchise, and/or license others the right to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business, either under such businesses' existing trademarks and/or to convert such businesses to utilize the Licensed Marks within or your Designated Territory; (c) to own, operate, grant franchises, licenses, contracts for, offices within or outside of your Designated Territory providing real estate brokerage and other services in connection with the sale of undeveloped land (including, without limitation, land on which one or more homes will be constructed) and/or of tracts of newly constructed homes; (d) to own, operate, grant franchises, licenses, contracts for, offices within or outside of your Designated Territory offering, selling and performing services under the Licensed Marks or any other trademarks other than the same real estate brokerage services you offer under the Franchise Agreement, such as, by way of example but without limitation, relocation management services, financial services, title search and related services, escrow, insurance, and pre-license and post-license training in real estate brokerage and related services; (e) use the Licensed Marks and System to offer, sell and/or distribute the approved products and services offered and sold by the Franchised Business or products and services similar to the approved products and services offered and sold by the Franchised Business in alternative channels of distribution (including through internet real estate websites) within or outside your Designated Territory; (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement; and (f) allow System

franchisees to market System Services and Products within your Designated Territory, provided that no other offices may located in the Designated Territory.

Additional Disclosures

We do not grant to you any right to share in the proceeds received by us, our affiliates or any third-party from the activities outlined in the preceding paragraph as to our Reserved Rights including, soliciting or conducting business under our Reserved Rights within your Designated Territory. We will not unreasonably withhold our approval of your request to relocate your Retail Office provided that it is relocated within your Designated Territory and otherwise meets our System standards.


We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business; however, we reserve the right to do so.


ITEM 13 TRADEMARKS

You will be granted a non-exclusive license to use the “3% Realty” trademarks and those other marks that we designate (“Licensed Marks”). Our founder Roy Almog d/b/a 3% Realty is the owner of the Licensed Marks and has granted to us a non-exclusive license with an initial twenty-year term and with automatic renewal thereafter to use the Licensed Marks and to license our franchisee’s to use the Licensed Marks. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your 3% Realty Business. You may only use the Licensed Marks in the manner authorized by us in writing and pursuant to the terms of the Franchise Agreement. You may not use the Licensed Marks in the name of your corporation or other corporate entity that you may establish in connection with the operations of your 3% Realty Business. Currently there are no agreements in effect that significantly limit the right of franchisor to use or license the use of the Licensed Marks that are material to the franchise, including the manner or extent of limitation, the duration of the limitation, the parties to the agreement and any other material terms of this agreement.

Principal Trademarks Registered with the United States Patent and Trademark Office (“USPTO”)

The principal trademarks identified in the schedule below are a part of the Licensed Marks and our System, are registered with the USPTO and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks, any and all required affidavits and renewals have been filed when due with the USPTO.

Mark	Registration Number with USPTO	Registration Type	Registration Date
Simply Full Service Realty, 3 Percent Realty (word mark)	5916628	Principal	November 19, 2019
	7129452	Principal	August 8, 2023

	6965885	Supplemental	January 24, 2023
3% REALTY (word mark)	6965884	Supplemental	January 24, 2023

Except as disclosed below, there are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement, opposition or cancellation proceedings related to the Licensed Marks; and no pending litigation involving the Marks.

On February 23, 2023, Barton D. Bartelli, Inc. ("Bartelli") filed Petitions to Cancel two of the trademark registrations disclosed above (registration numbers 6965885 and 6965884) with the USPTO Trademark Trial and Appeal Board (Cancellation Proceeding No. 92081694) based on its alleged prior use in the states of Michigan and Wisconsin (the "Cancellation Proceeding"). However, the parties entered into a Trademark Concurrent Use Agreement effective January 23, 2024 (the "Concurrent Use Agreement"), wherein it was agreed that Bartelli may only use the marks in the states of Michigan and Wisconsin and that we may use the marks in all other U.S. states, territories and possessions. In connection with the Concurrent Use Agreement, the parties are in the process of having the above Cancellation Proceeding dismissed. Except for the foregoing, we know of no other superior rights or infringing uses that could materially affect your use of the Licensed Marks or other related rights in any state.

You are required to provide us with written notice of all claims that you may become aware of concerning the Licensed Marks including your use of the Licensed Marks and/or a claim associated with a third-party's use of a trademark that is identical or confusingly similar to the Licensed Marks. We maintain the exclusive discretion to take any and all actions or, to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. We possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlements concerning any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable respecting the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that your use of the Licensed Marks is in accordance with the Franchise Agreement, the Manuals, and is consistent with our instructions and the license granted to you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions to you and, you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third-party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use the those trademarks, service marks, logos and trade names designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents. We may copyright or have copyrighted brochures, advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the United States Copyright Office to register these copyrights. We have not applied to the United States Patent and Trademark Office for the issuance of any patents.

You must keep as confidential our Manuals, supplements to the Manuals and any other manuals or written materials (including those materials made available to you in electronic format or as part of an online or cloud-based network that is a part of the System or designated by the System) used in connection with the Franchised Business. The Manuals contain information about our System, System Services and Products, System Equipment and Supplies, proprietary products, marketing systems, and, among other things, confidential methods of operation. We consider the information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copy, duplication, record, reproduction or access to this information. You must also require your employees to sign confidentiality agreements that will require them to keep confidential, both during and after their employment, all information designated by us as confidential. You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, and/or proprietary or confidential information, including, but not limited to, our Manuals. We will take any and all actions (or refrain from same) that we determine, in our discretion, to be appropriate. We may control any action we choose to bring. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third-party establishes to our satisfaction, in our discretion, that its right to these materials are superior, then you must modify or discontinue your use of these materials in accordance with our written instructions.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You, or if you are a Corporate Entity, your managing shareholder, member and/or partner, will be personally responsible for the management and overall supervision of your 3% Realty Business (the “Managing Owner”). Your Managing Owner must complete, to our satisfaction, our initial training program and must be We must approve your Managing Owner. (Franchise Agreement Article 7.I). Your Managing Owner must have satisfactorily completed our initial training and must have obtained all required licenses and permits necessary to operate the Franchised Business. While we recommend that your Managing Owner personally participate in the day-to-day management and on-site supervision and operations of your 3% Realty Business, you may hire an operating manager to supervise and manage the day-to-day on-site operations of your 3% Realty Business provided that your Operating Manager: (a) meets all of our minimum standards and criteria for managers, including the requirement that they serve as the responsible broker for the Franchised Business; (b) completes, to our satisfaction, our initial training program; and (c) signs our confidentiality agreements (an “Operating Manager”). We do not require that your Operating Manager own

any equity interest in the franchise. (Franchise Agreement, Article 7.I.). At all times, your 3% Realty Business must be managed and supervised on-site by either a Managing Owner or Operating Manager. If you own and operate multiple 3% Realty Businesses then each 3% Realty Business must be managed and supervised on-site by an Operating Manager.

You and, if you are Corporate Entity, each of your members, shareholders and/or partners (collectively, “Owners”), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and Owner’s spouse must personally guarantee your obligations to us under the Franchise Agreement (Franchise Agreement, Articles 2.C. and 6 and, Franchise Agreement Exhibits 1 and 2). You and each Owner and spouse must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for thirty-six (36) months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), you will not participate in any competitive business located within and/or servicing customers located within your Designated Territory and a twenty-five (25) mile radius surrounding your Designated Territory. Further you will not participate in any competitive business located within and/or servicing customers located within a twenty-five (25) mile radius of any other 3% Realty Business and/or the Designated Territory of any other Franchised Business. Your managers and all other employees and agents with access to our confidential information will be required to sign a confidentiality agreement (Franchise Agreement, Article 6 and, Franchise Agreement, Exhibit 4).

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the System Services and Products as specified in the Manuals or otherwise required or approved by us in writing. You must at all times offer and sell all System Services and Products unless you are prohibited by local law or regulation from selling a particular System Service or Product or we have granted you our advance written approval to exclude a particular System Service or Product. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered sold by 3% Realty Businesses. You are not limited to whom you may sell products and services of your 3% Realty Business, provided you do so exclusively within your Designated Territory and as otherwise required by us and in compliance with the standards we determine for the System.

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	Sections in Franchise Agreement	Summary
a. Length of the franchise term	Article 2.B.	The term is five (5) years.
b. Renewal or extension of the term	Article 15	If you meet our conditions for renewal you may renew your franchise for three additional five (5) year terms.

Provision	Sections in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Article 15	You must: not be in default of the Franchise Agreement; have complied with all material terms and conditions of your current Franchise Agreement; your owners and the spouses of your owners must be in compliance with and not have violated their agreements with us; give us one hundred and eighty (180) days prior written notice of your request to renew the Franchise Agreement; sign our then current form of franchise agreement and related agreements; sign a general release; pay a renewal fee; pay all monetary obligations owed to us; remodel and upgrade the facility for your Retail Office. Upon renewal, the then current form of franchise agreement that you will be required to sign may contain terms and conditions materially different from those in your previous franchise agreement.
d. Termination by franchisee	Article 16.B.	You have no express contractual right to unilaterally terminate the Franchise Agreement for any reason.(Subject to State Law)
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with “cause”	Article 16.A.	We can terminate if you are in default of the terms of the Franchise Agreement.
g “Cause” defined-curable defaults	Article 16.A.(3)	<p>You will have thirty (30) days to cure a default where you: fail to timely lease a location that we approve for your 3% Realty Business; fail to timely develop your 3% Realty Business; fail to timely open your 3% Realty Business; your development and/or operation of your 3% Realty Business violates federal, state or local laws, unless such violation poses a threat to public health or safety; fail to maintain insurance coverage that we require; fail to comply with our standards, systems or specifications as we may designate or as otherwise designated in the Manuals; refuse or fail to pay a supplier or vendor without legal justification; fail to operate your 3% Realty Business in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable.</p> <p>You have ten (10) days to cure a failure to pay fees due to us or an affiliate of ours.</p>

Provision	Sections in Franchise Agreement	Summary
h. "Cause" defined-non-curable defaults	Articles 16.A.(1) and 16.A.(2)	<p>The following defaults cannot be cured where: you are deemed insolvent; you make an assignment for the benefit of creditors; admit in writing your inability to pay debts; you are adjudicated bankrupt or insolvent; you file a voluntary bankruptcy petition; a voluntary bankruptcy petition is filed against you and you fail to file a motion to vacate or dismiss the petition within sixty (60) days of its filing; you seek or acquiesce to the appointment of a trustee or receiver; a court orders the appointment of a trustee or receiver over the Franchised Business; execution is levied against the Franchised Business; a final judgment is entered against the Franchise Business and is not satisfied within thirty (30) days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchise Business and such action is not dismissed after sixty (60) days; real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; you abandon or fail to continuously own and operate the Franchised Business; on three (3) or more occasions during the term of the Franchise Agreement you fail to timely submit records and/or reports to us; on three (3) or more occasions during the term of the Franchise Agreement you fail to timely pay fees and/or other financial sums due to us; the Franchisee's Disclosure Questionnaire and Representations Statement contains material omissions and/or misstatements; you attempt to transfer the Franchise Agreement and/or the assets of the Franchised Business without our prior written consent; you misuse, divulge or communicate to any unauthorized third party the confidential information and/or the contents of the Manuals; you engage in conduct that materially impairs our Licensed Marks or System and/or the goodwill and reputation of our Licensed Marks or System; you or an owner are convicted of a felony or plead guilty or nolo contendere to a felony; you or an owner engaged in dishonest or unethical conduct that, in our judgment, results in embarrassment to us, our 3% Realty Businesses and/or the System; you underreport your Gross Revenue and/or financial performance resulting in, in any instance, the underpayment, by five (5%) percent or more, of royalties and/or other fees due from you to us; you use equipment and/or supplies</p>

Provision	Sections in Franchise Agreement	Summary
		not approved by us; you fail to timely complete our training programs as designated by us and as determined in our discretion; engage in conduct and/or operations of the Franchised Business that poses an immediate threat or danger to public health or safety; you lose the right to occupy the facility and approved location of the Franchised Business; you fail to comply with Anti-Terrorism laws; you fail to immediately notify us of any know breach by a third-party of our Confidentiality Agreement; you misappropriate, misuse or otherwise make any unauthorized use of the Licensed Marks, the confidential information and/or the System; you fail to pay a fee due to us within ten (10) days' notice from us; and/or you fail, without legal justification, on more than three (3) occasions to pay a supplier or vendor of the Franchised Business.
i. Franchisee's obligations on termination/non-renewal	Article 6 and 17	You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the Manuals, the Business Management System, the Business Management System Data, and the System Equipment and Supplies; return the Manuals and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.
j. Assignment of the contract by franchisor	Article 14.A.	No restriction on our right to assign.
k. "Transfer" by franchisee-definition	Article 14.B.	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation,

Provision	Sections in Franchise Agreement	Summary
		the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
l. Franchisor's approval of transfer by franchisee	Article 14.B.	Transfers require our prior written consent, which may be granted or withheld in our discretion.
m. Conditions for franchisor's approval of transfer	Article 14.C.	Provide us with thirty (30) days prior written notice of the proposed transfer; you and your owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee's owners and their spouses must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your owners and their spouses must sign a general release in favor of us; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; and we approve of the transfer and transferee in writing and subject to our discretion; you pay the Transfer Fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Article 14.F.	We have the right to match any offer to purchase your 3% Realty Business or the corporate entity operating your 3% Realty Business.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	Article 14.D.	If you are an individual, within thirty (30) days of the death or permanent disability of Franchisee, your

Provision	Sections in Franchise Agreement	Summary
		<p>executor and/or legal representative must appoint an Operating Manager approved by us and within sixty days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within twelve (12) months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement.</p> <p>If franchisee is a Corporate Entity, within thirty (30) days of the death or permanent disability of your Managing Owner, if there are other Owners, must appoint a replacement Operating Manager approved by us and within sixty days of such appointment the replacement Operating Manager must complete, to our satisfaction, our initial training program.</p>
q. Non-competition covenants during the term of the franchise	Article 6	No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants.
r. Noncompetition covenants after the franchise is terminated or expires	Articles 1, 6 and 17.E.	No involvement, ownership or interest whatsoever I for three (3) years in any competing business in: your Designated Territory; a twenty-five (25) mile radius surrounding your Designated Territory; the Designated Territory of any other 3% Realty Business; and you must comply with confidentiality, non-disclosure and non-solicitation covenants.
s. Modification of the agreement	Article 18.L.	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
t. Integration/merger clauses	Article 18.M.	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 disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in New York, New York and, if mediation

Provision	Sections in Franchise Agreement	Summary
		is unsuccessful, then to binding arbitration New York, New York (subject to applicable state law).
v. Choice of forum	Article 18.G.	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to New York, New York (subject to applicable state law) or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed.
w Choice of law	Article 18.F.	Delaware law will govern (subject to applicable state law and except as otherwise disclosed in <u>Exhibit H</u> to this Disclosure Document).

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

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) franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Roy Almog, Simply Full Service Realty, LLC at 800 North State Street, #304, Dover, Delaware 19901 and 403-921-8880, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM WIDE OUTLET SUMMARY
FOR YEARS 2021 to 2023

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2021	0	7	+7
	2022	7	15	+8
	2023	15	12	-3
Company Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	7	+7
	2022	7	15	+8
	2023	15	12	-3

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 to 2023

STATE	YEAR	NUMBER OF TRANSFERS
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of year
Arkansas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	1	1
	2023	1	0	0	0	0	0	1
Illinois	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Iowa	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kentucky	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Montana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Missouri	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	1*	1
	2023	1	0	0	0	0	1	0
North Carolina	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	2	0
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Texas	2021	0	1	0	0	0	0	1

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of year
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	0	0	0	0	0	0	0
	2022	0	1*	0	0	0	0	1
	2023	1	0	0	0	0	1	0
Washington	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
West Virginia	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
All Other States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	0	7	0	0	0	0	7
	2022	7	10	0	0	0	2	15
	2023	15	2	0	0	0	5	12

*During the 2022 calendar year, a franchisee opened an outlet opened in Missouri, and then subsequently relocated its outlet to Virginia.

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Outlets at start of year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at end of year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

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

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Delaware	1	0	0
Florida	1	1	0
Massachusetts	1	1	0
Pennsylvania	0	0	0
Texas	1	1	0
Washington D.C.	1	1	0
TOTAL	5	4	0

Notes to Tables:

During the last three fiscal years, there are certain current and former franchisees that have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. We know of no franchisee organizations that are associated with our System and that utilize our Licensed Marks or the 3% Realty trade name as part of the franchisee organizations name.

Exhibit F to this Disclosure Document contains a list of our then current franchisees as of December 31, 2023.

Exhibit G to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during our most recently completed fiscal year or who has not communicated with us within ten (10) weeks of the Issuance Date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21
FINANCIAL STATEMENTS

Our fiscal year ends on December 31. Attached as Exhibit D are our audited financial statements for the years ended December 31, 2023, December 31, 2022 and December 31, 2021.

ITEM 22 CONTRACTS

Attached to this Disclosure Document or to the Exhibits attached to and comprising the Franchise Agreement attached to this Disclosure Document are copies of the following franchise and other contracts and agreements in use or proposed for use:

Exhibits to this Disclosure Document

Exhibit E	Franchise Agreement
Exhibit H	State Specific Addendum

Schedules and Exhibits to the Franchise Agreement

Schedule 1	Designated Territory Acknowledgement
Schedule 2	Designated Territory Type, Franchise Fee and Retail Office Location Acknowledgment
Schedule 3	Statement of Franchisee's Owners
Exhibit 1	Franchise Owner and Spouse Agreement and Guaranty
Exhibit 2	Joinder Agreement
Exhibit 3	Franchisee Disclosure Questionnaire and Representations Statement
Exhibit 4	Confidentiality Agreement
Exhibit 5	Retail Office Location Acknowledgment
Exhibit 6	Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 7	General Release
Exhibit 8	ACH Authorization
Exhibit 9	Operations Manual Confidentiality Agreement

Individual state law may supersede the provisions contained in your Franchise Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. See, the state specific addendums contained in Exhibit H of this Disclosure Document.

ITEM 23 RECEIPTS

Two copies of a detachable receipt in Exhibit J are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address Roy Almog, Simply Full Service Realty, LLC, 800 North State Street, #304, Dover, Delaware 19901. The duplicate is for your records.



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection and
Innovation

320 West 4th Street Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

Ask.DFPI@dfpi.ca.gov

Connecticut

Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division

260 Constitution Plaza
Hartford, CT 06103

Florida

Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii

Franchise & Securities Division
State Department of Commerce
P.O. Box 40
Honolulu, HI 96813

Illinois

Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana

Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street Room E-111
Indianapolis, IN 46204

Kentucky

Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine

Department of Professional and Financial
Regulations

Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
PO Box 30213
Lansing, MI 48909

Minnesota

Minnesota Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska

Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400, Lincoln, NE 68509

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

North Carolina

Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota

Office of Securities Commissioner
600 East Boulevard, Fourteenth Floor
Department 414
Bismarck, ND 58505

LIST OF STATE ADMINISTRATORS (CONTINUED)

Rhode Island

Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina

Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota

Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas

Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah

Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
PO Box 146704
Salt Lake City, UT 84114

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington

Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200

Wisconsin

Franchise Office
Wisconsin Securities Commission
PO Box 1768
Madison, WI 53701



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

Simply Full Service Realty, LLC,
800 North State Street, #304, Dover, Delaware 19901
Attn: Roy Almog

California

Commissioner of Financial Protection and
Innovation
Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834

Connecticut

Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii

Director of Department of Commerce and
Consumer Affairs
335 Merchant Street, Suite 203
Honolulu, HI 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota

Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York

Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue, State Capitol
Fourteenth Floor, Dept 414
Bismarck, ND 58505
Phone 701-328-4712

Rhode Island

Director of Department of Business
Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington

Securities Administrator
Washington Department of Financial
Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin

Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C
OPERATIONS MANUAL TABLE OF CONTENTS

SIMPLY FULL SERVICE REALTY, LLC
OPERATIONS MANUAL TABLE OF CONTENTS

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FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D FINANCIAL STATEMENTS



SIMPLY FULL-SERVICE REALTY, LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

SIMPLY FULL-SERVICE REALTY, LLC
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YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of
Simply Full Service Realty, LLC
874 Walker Road – Suite C
Dover, DE 19904

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Simply Full Service Realty, LLC, which comprise the balance sheet as of December 31, 2023 and the related statements of operations and member's equity (deficit), and cash flows for the year ended December 31, 2023, 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 Simply Full Service Realty, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Simply Full Service Realty, LLC 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.

Prior Periods' Financial Statements

The financial statements of Simply Full Service Realty, LLC as of December 31, 2022 and 2021 were audited by other auditors whose report, dated March 31, 2023, expressed an unqualified opinion on those financial statements.

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 Simply Full Service Realty, LLC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

To the Members of
Simply Full Service Realty, LLC

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

LPS & Company CPAs

LPS & Company CPAs

Melville, NY

April 24, 2024

SIMPLY FULL SERVICE REALTY, LLC
BALANCE SHEETS
DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
ASSETS			
Current Assets			
Cash	\$ 75,682	\$ 111,168	\$ 84,417
Accounts Receivable	-	18,000	8,263
Prepaid Commissions, Current	86,735	79,620	73,020
Total Current Assets	<u>162,417</u>	<u>208,788</u>	<u>165,700</u>
Other Asset:			
Prepaid Commissions, Net of Current Portion	<u>194,667</u>	<u>260,910</u>	<u>311,380</u>
Total Assets	<u><u>\$ 357,084</u></u>	<u><u>\$ 469,698</u></u>	<u><u>\$ 477,080</u></u>
LIABILITIES AND MEMBER'S DEFICIT			
Current Liabilities			
Accrued Expenses	\$ 17,838	\$ 9,897	\$ 10,661
Deferred Franchise Fees, Current	<u>152,890</u>	<u>139,640</u>	<u>113,040</u>
Total Current Liabilities	<u>170,728</u>	<u>149,537</u>	<u>123,701</u>
Long-Term Liability:			
Deferred Franchise Fees, Net of Current Portion	<u>370,130</u>	<u>458,670</u>	<u>481,410</u>
Total Liabilities	<u>540,858</u>	<u>608,207</u>	<u>605,111</u>
Member's Deficit	<u>(183,774)</u>	<u>(138,509)</u>	<u>(128,031)</u>
Total Liabilities and Member's Deficit	<u><u>\$ 357,084</u></u>	<u><u>\$ 469,698</u></u>	<u><u>\$ 477,080</u></u>

SIMPLY FULL SERVICE REALTY, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
REVENUES			
Royalties	\$ 7,689	\$ 23,499	\$ 8,240
Franchise Fees	182,290	129,140	63,750
Other Fees	10,304	8	3,329
Total Revenues	<u>200,283</u>	<u>152,647</u>	<u>75,319</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>245,548</u>	<u>163,125</u>	<u>199,652</u>
NET LOSS	(45,265)	(10,478)	(124,333)
Member's Equity (Deficit) - Beginning	<u>(138,509)</u>	<u>(128,031)</u>	<u>(3,698)</u>
MEMBER'S DEFICIT - ENDING	<u><u>\$ (183,774)</u></u>	<u><u>\$ (138,509)</u></u>	<u><u>\$ (128,031)</u></u>

SIMPLY FULL SERVICE REALTY, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities			
Net Loss	\$ (45,265)	\$ (10,478)	\$ (124,333)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:			
Accounts Receivable	18,000	(9,737)	(8,263)
Prepaid Commissions	59,128	43,870	(366,400)
Accrued Expenses	7,941	(764)	10,661
Deferred Franchise Fees	(75,290)	3,860	558,450
Net Cash Provided by Operating Activities	<u>(35,486)</u>	<u>26,751</u>	<u>70,115</u>
NET (DECREASE) INCREASE IN CASH	(35,486)	26,751	70,115
Cash - Beginning	<u>111,168</u>	<u>84,417</u>	<u>14,302</u>
CASH - ENDING	<u><u>\$ 75,682</u></u>	<u><u>\$ 111,168</u></u>	<u><u>\$ 84,417</u></u>

**SIMPLY FULL SERVICE REALTY, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021**

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

Simply Full Service Realty, LLC (the Company), was formed on January 18, 2019, as a Delaware limited liability company, to sell franchises pursuant to a nonexclusive license agreement dated September 14, 2020, between the Company and Roy Almong (the “Licensor” and the Member), the sole member of the Company. Pursuant to the Company’s standard franchise agreement, franchisees will operate a business known as the “3% Realty” in the United States of America with its own unique system relating to the operation of residential real estate brokerage service businesses.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations, or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company derives its revenues from franchise fees, sales-based royalties, transfer fees and other fees.

Franchise Fees and Royalties

Contract consideration from franchise operations primarily consists of initial and renewal franchise fees, sales-based royalties, and transfer fees payable by a franchisee for the transfer of a franchise unit to another franchisee. The initial franchise fees are nonrefundable and collected when the underlying agreement is signed by the franchisee. Sales-based royalties are payable monthly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third-party occurs, respectively.

**SIMPLY FULL SERVICE REALTY, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Franchise Fees and Royalties (Continued)

The Company's primary performance obligation under the franchise agreement includes granting certain rights to access the Company's intellectual property in addition to a variety of activities relating to opening a franchise unit, training and other such activities commonly referred to as "pre-opening activities." All pre-opening activities have been determined to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore are accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

Initial and renewal franchise fees are fixed considerations under the franchise agreement. The fixed considerations are allocated to the right to access the Company's intellectual property and are recognized as revenue on a straight-line basis over the term of the respective agreement.

Royalties are earned based on a percentage of a franchisee's gross sales over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties represent sales-based royalties that are related to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

Brand Development Fund and Designated Marketing Fund

The Company reserves the right to establish and maintain a brand development fund and designated marketing are marketing fund (collectively referred to as the "Fund") to collect and administer funds contributed for use in advertising and promotional programs for franchise units. The Fund fees will be collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the Fund and therefore will recognize the revenues and expenses related to the Fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the Fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the Fund represent sales-based royalties related to the right to access the Company's intellectual property which will be recognized as franchisee sales occur.

When the Fund fees exceed the related Fund expenses in a reporting period, advertising costs will be accrued up to the amount of the Fund revenues recognized.

Other Revenues

The Company recognizes revenues from other fees and other services provided to the franchisees as a single performance obligation when the services are rendered.

Incremental Costs of Obtaining a Contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement.

**SIMPLY FULL SERVICE REALTY, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectability of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company had no allowance for doubtful accounts at December 31, 2023, 2022 and 2021.

Deferred Revenue

Deferred revenue represents franchise fees received that have not been fully earned and will be recognized in future periods. Deferred revenues are considered contract liabilities.

Advertising Costs

Advertising costs are expensed as incurred. The Company incurred approximately \$9,092, \$0, and \$24,490 in 2023, 2022 and 2021, respectively.

Income Taxes

As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Member. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

The Company recognizes and measures its unrecognized tax benefits in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each reporting period. The measurement of unrecognized tax benefits is adjusted when the new information is available, or when an event occurs that requires a change.

Guaranteed Payments to Member

Guaranteed payments to member that are intended as compensation for services rendered are accounted for as the Company expenses rather than as allocation of the Company net income. The Company paid \$0, \$0, and \$80,470 for the years ended December 31, 2023, 2022 and 2021, respectively, which is included in selling, general and administrative expenses in the accompanying statements of operations and members' equity (deficit).

SIMPLY FULL SERVICE REALTY, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchised Outlets (Continued)

The following data reflects the status of the company's franchised outlets as of December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchises Sold	-	4	19
Franchises Purchased	-	-	-
Franchised Outlets in Operation	7	7	7
Franchisor-Owned Outlets in Operation	-	-	-

Subsequent Events

Management has evaluated subsequent events through April 24, 2024, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

NOTE 3 REVENUES AND RELATED CONTRACT BALANCES

Disaggregated Revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by geographic region and timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Franchise fees under the franchise agreements are recorded over time and all other fees under the franchise agreement are recorded at a point in time.

Contract Balances

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as "Deferred franchise fees" on the accompanying balance sheets. A summary of significant changes in deferred fees at December 31, 2023, 2022 and 2021 is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred Franchise Fees - Beginning of Year	\$598,310	\$594,450	\$36,000
Additions for Initial Franchise Fees	107,000	133,000	622,200
Revenue Recognized During the Year	<u>(182,290)</u>	<u>(129,140)</u>	<u>(63,750)</u>
Deferred Franchise Fees - End of Year	<u>\$523,020</u>	<u>\$598,310</u>	<u>\$594,450</u>

SIMPLY FULL SERVICE REALTY, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021

NOTE 3 REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract Balances (Continued)

Deferred franchise fees are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2024	\$ 152,890
2025	152,890
2026	110,390
2027	49,500
2028	18,600
Thereafter	<u>38,750</u>
Total	<u>\$ 523,020</u>

The direct and incremental costs, principally consisting of commissions, are included in "Prepaid commissions" in the accompanying balance sheets. The direct and incremental costs expected to be recognized over the remaining term of the associated franchise agreements at December 31, 2023, are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2023	\$ 86,735
2024	86,735
2025	57,032
2026	13,900
2027	12,000
Thereafter	<u>25,000</u>
Total	<u>\$ 281,402</u>

NOTE 4 CONCENTRATIONS OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Insurance Corporation Insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

SIMPLY FULL SERVICE REALTY, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021

NOTE 5 MARKETING FUND

Brand Development Fund

The Company has the right to collect brand development fund fees from franchisees for the brand development fund. Franchisees may be charged up to 2% of their monthly gross revenue by the brand development fund, in accordance with the Company's standard franchise agreements. Brand development funds collected are to be expended for the benefit of the franchisees and for administrative costs to administer the funds, all at the discretion of the Company. As of December 31, 2023, the Company has not yet established a brand development fund.

Designated Marketing Area Marketing Fund

The Company has the right to collect designated marketing area ("DMA") marketing fund fees from franchisees for the DMA marketing fund. Franchisees may be charged up to 2% of their monthly gross revenue by the DMA marketing fund, in accordance with the Company's standard franchise agreements. DMA marketing funds collected are to be expended for the benefit of the franchisees in the designated territory and for administrative costs to administer the funds, all at the discretion of the Company. As of December 31, 2023, the Company has not yet established a DMA marketing fund.

NOTE 6 RELATED PARTY TRANSACTIONS

On September 14, 2020, the Company entered into a 20-year nonexclusive license agreement with the Licensor for the use of the registered name "3% Realty" (the "license agreement"), which is renewed automatically for successive yearly periods unless the parties mutually agree otherwise. Pursuant to the license agreement, the Company acquired the right to sell and operate 3% Realty franchises in the United States of America, and the right to collect franchise fees, royalties and other fees from franchisees. In accordance with the license agreement, the Company was required to pay the Licensor a license fee in the amount of \$5,000 per year, as defined. On September 17, 2021, the Company entered into an amendment to the license agreement whereby the license fee was modified to \$15,000 per calendar year, as defined. The license fee expense for the years ended December 31, 2022 and 2021 was \$1,611 and \$15,000, respectively. The Licensor, who is also the Member, does not intend to charge the full license fee of \$15,000 in 2023 or 2022.

The Company also shares certain office space and employees with an affiliate. There is no formal agreement for the leasing of the office space or use of employees and no amounts are allocated to the Company.



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E FRANCHISE AGREEMENT



SIMPLY FULL SERVICE REALTY

Simply Full Service Realty, LLC

3% REALTY FRANCHISE AGREEMENT

Franchisee Name

3% REALTY FRANCHISE AGREEMENT

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3% REALTY FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is entered into on _____, 20__ (“Effective Date”), by and between Simply Full Service Realty, LLC, a Delaware Limited Liability Company with a principal place of business located at 800 North State Street, #304, Dover, Delaware 19901, (the “Franchisor”) and _____ (the “Franchisee”).

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the “System”) for the establishment, development and operation of a business that offers, sells and provides real estate brokerage services, and other products and services that the Franchisor authorizes (the “System Services and Products”) under the Licensed Marks (defined below) (each, a “Franchised Business”, or “3% Realty Business”);

WHEREAS, the System and, therefore, each 3% Realty Business, is identified by the Licensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time; and

WHEREAS, Franchisee desires to obtain the non-exclusive license and right to use the System in the development and operation of a 3% Realty Business within a designated territory and pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties do hereby agree, as follows:

ARTICLE 1 DEFINITIONS

Supplementing the terms and definitions contained in the foregoing “Recitals”:

“**3% Realty Business(s)**” shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of “3% Realty Businesses”, shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor’s affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

“**Actual Business Commencement Date**” refers to and means the date of the grand opening of the Franchised Business and/or the date upon which the Franchised Business is open to the public. With regards to any additional Real Estate Offices opened under the Franchise Agreement pursuant to Franchisee’s purchase of an Additional Standard Territory.

“**Additional Standard Territory**” refers to an additional designated territory with a population of approximately 200,000 residents that Franchisee may purchase if permitted by Franchisor as set forth in the Franchise Agreement, provided that Franchisee must pay the Additional Territory Fee and execute an addendum to Schedule 1 and 2 of the Franchise Agreement.

“**Additional Territory Fee**” refers to the fee of \$20,000 due for an Additional Standard Territory, that must be paid simultaneously to the execution of the addenda to Schedules 1 and 2.

“Additional Website Fee” refers to the per pack fee of \$4,000 for any additional custom website purchased by Franchisee. You may elect to purchase an Additional Website Fee if you purchase an Additional Standard Territory and wish to maintain a unique website for your second Real Estate Office and/or Additional Standard Territory.

“Administrative Home Office” refers to the home office from which a 3% Realty Business, if permitted by applicable law (including any applicable real estate commission and/or governing body), may be administratively operated and managed from Franchisee’s home as an administratively managed home-based business.

“Advertising Contributions” refers to and means any and all obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor’s affiliate and/or designees as set forth in this Agreement including, but not limited to, the Brand Development Fund Fee (Article 9.A.) and the DMA Marketing Fund Fee (Article 9.F.).

“Agent” refers to a real estate agent, duly licensed in the state where Franchisee is located, who operates at or through the Franchised Business.

“Agent Fee” refers to the \$45 per month fee owed for each Agent operating at or through your Franchised Business.

“Agent Requirement” shall have the meaning defined and set forth in Article 5.G. of this Agreement.

“Alternative Channels of Distribution” refers to and means retail and/or wholesale-based sales and/or distribution outlets based on the world wide web, print catalogs, and mail order outlets.

“Ancillary Agreements” refers to and means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee but, not including this Agreement; (b) Franchisor and each of Franchisee’s Owners, whether individually and/or collectively; and (c) Franchisor and each Spouse of Franchisee’s Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Franchise Owner and Spouse Agreement and Guaranty, Joinder Agreement, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

“Annual Conference Attendance Fee” refers to and means an annual conference fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceed \$750 annually.

“Annual System Conference” refers to and means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among 3% Realty Business franchisees, and general education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. The Annual System Conference shall be for a duration of not more than three consecutive days per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee’s travel to and attendance at the Annual System Conference.

“Assignment of Telephone Numbers and Digital Media Accounts” refers to and means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 6.

“Brand Development Fund” shall have the meaning defined and set forth in Article 9.A. of this Agreement.

“Brand Development Fund Fee” shall have the meaning defined and set forth in Article 9.A. of this Agreement.

“Branded Inventory” shall have the meaning defined and set forth in Article 3.J. of this Agreement.

“Business Management System” refers to and means the software, internet, web based and/or cloud-based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by Franchisor, in Franchisor’s Reasonable Business Judgment, as being required for use by the Franchised Business. Franchisor reserves the right to modify and designate alternative Business Management Systems as Franchisor determines in Franchisor’s Reasonable Business Judgment. Without limitation to the foregoing, the Business Management System may include: (a) multiple point of sale systems installed and maintained on-site at your Retail Office or Administrative Home Office; (b) portable tablet and/or computer systems utilized on-site when providing services to customers of the Franchised Business; (c) web based, private server based, network based and/or cloud based customer ordering systems, processing systems, production systems and/or service delivery systems; and (d) customer membership and rewards systems. The Business Management System or systems may, in whole or in part, include and utilize internet, intra-net and cloud based and accessed applications, software, databases and/or systems that require Franchisee to access such systems and information through the internet or a private network and that stores the data and information relating to the Franchised Business on off-site servers through accounts and/or servers controlled by Franchisor. At all times, Franchisor shall possess direct live access and storage-based access to the Business Management System for the Franchised Business and to Franchisee’s Business Management System Data.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by Franchisor or Franchisee) into the Business Management System utilized by Franchisee; (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

“Business Management System Fee” refers to the monthly license fee due for each Real Estate Office operated by Franchisee. The Business Management System Fee shall be equal to \$300 per month per office, and Franchisor reserves the right to increase such monthly fee once in any calendar year by up to \$50 per month.

“Competitive Business” refers to and means any business that is the same as or similar to a 3% Realty Business including, but not limited to, any business that offers, provides services or sells any other service, program, product or component which now or in the future is part of the System, any confusingly similar service, program, product or component, or any service, program, product or component that relates to real estate brokerage services (including without limitation mortgage businesses or title insurance/escrow businesses).

“Confidential Information” refers to and means all of Franchisor’s and/or Franchisor’s affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of 3% Realty Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by 3% Realty Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating

results, financial performance and other financial data of 3% Realty Businesses; (d) customer lists and information related to 3% Realty Businesses and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

“Confidentiality Agreement” refers to and means the sample form of “Confidentiality Agreement” attached to this Agreement as Exhibit 4.

“Controlling Interest” a Controlling Interest shall exist for the following individuals, Owners, partners and/or entities: (a) (if Franchisee is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (if Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (if Franchisee is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (if Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

“Copyrights” refers to and means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor uses and/or allows 3% Realty Business franchisees to use, sell or display in connection with the development, marketing and/or operation of a 3% Realty Business, whether as of the Effective Date of this Agreement or any time in the future.

“Corporate Entity” refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Customer Vouchers” refers to and means any and all gift cards, vouchers, receipts, cards and other evidence of a pre-paid purchase transaction (for goods and/or services and whether in electronic form, printed form, card or otherwise) concerning a 3% Realty Business.

“Designated Territory” refers to and means the territory identified and described in Schedule 1 attached to and made a part of this Agreement and any subsequent territories acquired by Franchisee pursuant to this Franchise Agreement. Franchisor, in Franchisor’s Reasonable Business Judgment and discretion, shall determine the Designated Territory. Franchisor’s designation of Franchisee’s Designated Territory and whether or not Franchisee’s Designated Territory is a Standard Designated Territory, or an Additional Designated Territory as set forth in Schedule 2 attached to and made a part of this Agreement.

“Direct Solicitation” refers to and means communications and/or contacts occurring through in person contact, telephone, mail, electronic mail, direct mail, distributed print media, Digital Media, Marketing Media, Media Distribution and/or marketing directed toward customers, potential customers or referral sources of a 3% Realty Business.

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social

media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snap Chat, YouTube, and Google+, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, 3% Realty Businesses, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“DMA” refers to and means a “designated marketing area” as exclusively determined and/or designated by Franchisor in Franchisor’s Reasonable Business Judgment and as further defined in Article 9.F. of this Agreement.

“DMA Marketing Fund” shall have the meaning defined and set forth in Article 9.F. of this Agreement.

“DMA Marketing Fund Fees” shall have the meaning defined and set forth in Article 9.F. of this Agreement.

“Effective Date” shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

“Franchise Disclosure Questionnaire and Representations Statement” refers to and means the form of “Franchise Disclosure Questionnaire and Representations Statement” attached to this Agreement as Exhibit 3.

“Franchise Owner and Spouse Agreement and Guaranty” refers to and means the form of agreement attached to this Agreement as Exhibit 1. The Franchise Owner and Spouse Agreement and Guaranty is an agreement and guarantee individually, jointly and severally entered into by the Owners and Spouses of Franchisee.

“Franchised Business” refers to and means the 3% Realty Business that Franchisee shall develop and is required to establish, maintain and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual.

“Franchisee’s Retail Office” or **“Franchisee’s Real Estate Office”** refers to and means the Retail Office from which Franchisee establishes, operates and manages the Franchised Business. Franchisee’s Retail Office must be located within Franchisee’s Designated Territory, at a location and facility approved, in writing, by Franchisor, in Franchisor’s Reasonable Business Judgment and shall, further, have the meaning defined and set forth in Article 2.A. of this Agreement.

“Franchisor’s Reasonable Business Judgment” refers to, means and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System, 3% Realty Businesses and the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining Designated Territory markets, minimizing potential customer confusion as to the location of 3% Realty Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor’s Reasonable Business Judgment that such decision, determination, action or choice made by Franchisor shall take precedence and prevail, even if other

alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor's Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor's profits; (b) Franchisor shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"GAAP" refers to and means United States Generally Accepted Accounting Principles.

"Gross Revenue" refers to and means the total dollar revenue from commissions, referral fees and other fees payable to Franchisee from all business and customers of the Franchised Business and includes the total gross amount of revenues and commissions from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through the Franchised Business and/or Designated Territory, whether such business is/was conducted in compliance with or in violation of the terms of this Agreement. Supplementing the foregoing, Gross Revenue further includes the total gross amount of revenues and commissions from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on behalf of Franchisee) from business conducted within and/or outside the Designated Territory that is related to the Franchised Business and/or a Competitive Business located and/or operated within the Designated Territory, outside the Designated Territory, and/or otherwise (the foregoing does not constitute approval for Franchisee's operation of a Competitive Business and/or the operation of a 3% Realty Business outside of the Designated Territory). Gross Revenue do not include sales or use taxes collected by Franchisee.

"Inventory" refers to the office supplies, signage and other proprietary and/or branded materials that Franchisee must purchase directly from Franchisor.

"Immediate Family" refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

"IP Claim" shall have the meaning defined and set forth in Article 11.E. of this Agreement.

"Joinder Agreement" refers to and means the form "Joinder Agreement" attached to this Agreement as Exhibit 2.

"Know-How" refers to means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a 3% Realty Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

“Licensed Marks” refers to and means the trademarks, service marks, emblems and indicia of origin, including the “3% Realty” trademark, the 3% Realty logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by Franchisor in connection with the identification of 3% Realty Businesses and the System Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor in Franchisor’s Reasonable Business Judgment.

“Managers” refers to and means the Managing Owner plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers and board members who may possess access to the Confidential Information.

“Managing Owner” if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day-to-day oversight, management and operation of the Franchised Business.

“Marketing Media” refers to and means all communications, whether written, oral, digital, or otherwise utilized for and/or designed for the purpose of marketing, advertising and/or promoting Franchisee’s 3% Realty Business including, but not limited to, Direct Solicitations, Web Based Media, Digital Media, social media, print publications, print mailers, email communications and public relations.

“Measurement Period” refers to the respective measurement period for the Agent Requirement as set forth in the Article 5.G. of this Agreement. The Measurement Period is measured as the number of months since the Business Commencement Date. By way of example, if Franchisee opens on February 1, Month 2 in the table below would begin on March 1.

“Media Distribution” refers to and means methods, by any means, for the publication, transmission, dissemination, distribution and/or delivery of Marketing Media.

“Monthly Report” shall have the meaning defined and set forth in Article 5.K.

“Noncompliance Fee” refers to and means a fee payable by Franchisee in an amount equal to the amount of fees, costs and expenses that Franchisor incurs respecting the enforcement of Franchisor’s rights under this Agreement in response to a default by Franchisee and/or Franchisee’s breach of the terms or conditions of this Agreement. Said costs and expenses shall include any and all reasonable administrative fees, legal fees, mediation and mediator fees, arbitration and arbitrator fees, legal disbursements, mediation disbursements, arbitration disbursements, consultant fees, expert fees, accounting fees and filing fees. Recoverable legal fees also includes legal fees and charges incurred by Franchisor with Franchisor’s outside legal counsel and the reasonable costs incurred by Franchisor as to Franchisor’s in-house legal staff.

“Notice Period” shall have the meaning defined and set forth in Article 16.A. of this Agreement.

“Operating Manager” refers to and means the Manager designated by Franchisee or Franchisee’s Managing Owner, that is charged with the obligation and responsibility to supervise and manage (on-site at Franchisee’s Retail Office) the day-to-day operations of the Franchised Business.

“Operations Manual” refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of 3% Realty Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of 3% Realty Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor’s Reasonable Business Judgment,

whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Operations Manual shall, among other things, designate the System Services and Products that must be offered and provided by the Franchised Business and the System Equipment and Supplies that must be exclusively utilized by the 3% Realty Business.

"Owner" refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company, (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee's Owners are identified in Schedule 3 to this Agreement.

"Post-Term Restricted Period" refers to and means the twenty-four (24) month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Post-Term Restricted Period" means the eighteen (18) month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity.

"Prohibited Activities" shall have the meaning defined and set forth in Article 6.D. of this Agreement.

"Published Content" refers to and means any and all information, data, articles, blog posts, press releases, frequently asked questions, special offers, product information, service information, web posts, videos and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee's agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to or posted to Digital Media.

"Renewal Fee" shall have the meaning defined and set forth in Article 15.A. of this Agreement. The Renewal Fee is a fixed sum of \$3,000.

"Renewal Term" refers to and means each of the three additional five (5) year periods that commences on the expiration of the Term and continues, unless earlier terminated pursuant to the terms of the then applicable 3% Realty Business renewal franchise agreement, for the five (5) year period thereafter. The Renewal Term applies only if Franchisee is entitled to invoke and does invoke Franchisee's renewal rights in accordance with the terms of this Agreement including, but not limited to, Article 15 of this Agreement and the applicable 3% Realty Business renewal franchise agreement.

"Reserved Rights" shall have the meaning defined and set forth in Article 2.D. of this Agreement.

"Restricted Territory" refers to and means the geographic area: (a) comprising Franchisee's Designated Territory; (b) comprising a twenty-five (25) mile radius surrounding Franchisee's Designated Territory (or, if Franchisee is not granted a Designated Territory, then a twenty-five (25) mile radius surrounding Franchisee's Retail Office); (c) comprising each of the operating territories, respectively, of other 3% Realty Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within Franchisee's Designated Territory plus a twenty-five (25) mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted or designated a Designated Territory, then a twenty-five (25) mile radius surrounding Franchisee's Retail Office.

“Retail Office(s)” refers to and means the offices and/or facilities from which 3% Realty Businesses are established, operated and managed if the office is located in store-front or other retail location (rather than an Administrative Home Office).

“Royalty Due Date” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Royalty Fee” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Scheduled Business Commencement Date” refers to and means the date that occurs on the four (4) month anniversary of the Effective Date of this Agreement.

“Spouse” refers to and means the legal spouse of an Owner as of the Effective Date.

“Standard Designated Territory” refers to and means a Designated Territory comprised of a geographic area that includes approximately 200,000 residents. Franchisor, in Franchisor’s Reasonable Business Judgment, maintains the sole and exclusive discretion as to what constitutes a Standard Designated Territory and the calculation of the approximate number of residents located within a Standard Designated Territory. The determination as to the approximate number of residents within a Standard Designated Territory is made by Franchisor as of the Effective Date of this Agreement based on U.S. Census Bureau data or other publicly available data that Franchisor believes to be more reliable. The number of residents will be determined in the aggregate and calculated based on raw data and without regard to demographics or other qualifying factors and is not subject to future adjustment.

“Supplemental Training” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplemental Training Fee” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplier Evaluation Fee” refers to and means the fee determined by Franchisor, in Franchisor’s Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor’s consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

“System” shall have the meaning defined in the “Recitals” section of this Agreement and is further supplemented, as follows: without limitation to the Recitals section of this Agreement and supplementing the definition and meaning of the term “System”, System shall be defined to further include and mean: (a) the System Services and Products, System Equipment and Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a 3% Realty Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a 3% Realty Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor’s Reasonable Business Judgment.

“System Equipment and Supplies” refers to and means the equipment and supplies designated by Franchisor as required for use in connection with Franchisee’s 3% Realty Business and the System Services and Products. Without limitation to the foregoing, the System Equipment and Supplies shall include 3% Realty branded, non-branded and third-party branded equipment and supplies designated by Franchisor for

use in the day-to-day operations of Franchisees 3% Realty Business including, among other things: branded materials, signage, software, point of sale displays, stationary, sales slips, receipts, customer notices and other forms and materials, designated by Franchisor in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment. System Equipment and Supplies shall further include those products that Franchisor authorizes for sale to customers of Franchisee's 3% Realty Business.

"System Services and Products" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean refers to and means those products and services that Franchisor authorizes for sale by 3% Realty Businesses.

"System Website" refers to and means the web page and/or pages located on the world wide web at the 3percentrealtyus.com URL (uniform resource locator) and shall further include all webpages and subdomains (including those that are franchisee and/or geography specific) that are a part of 3percentrealtyus.com, or as designated by Franchisor being associated with the URL of 3percentrealtyus.com and/or 3% Realty Businesses.

"Technology Fee" shall have the meaning defined and set forth in Article 5.C. of this Agreement.

"Term" refers to and means the period of time set forth and defined in Article 2.B. of this Agreement and, the Renewal Term if Franchisee invokes Franchisee's renewal rights in accordance with the terms of this Agreement.

"Territory Rules" shall have the meaning defined and set forth in Article 3.I. of this Agreement.

"Trade Dress" refers to and means the 3% Realty Business designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

"Training Program" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"Transfer" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.

"Transfer Fee" shall have the meaning the fixed sum of \$5,000.

ARTICLE 2

GRANT OF FRANCHISE

2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate a 3% Realty Business within a specified Designated Territory, consisting of a Standard Designated Territory and any Additional Standard Territory(ies). In reliance on the representations made

by Franchisee and/or Franchisee's Owners in any submitted application and during the application process, including, without limitation, the Franchise Disclosure Questionnaire and Representations Statement attached to this Agreement as Exhibit 3 and, subject to the terms and conditions of this Agreement, Franchisee's request has been approved by Franchisor, subject to the following terms and conditions:

- (1) During the Term of this Agreement and subject to the rights of Franchisor including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate a 3% Realty Business from one single Retail Office within the Designated Territory;
- (2) If, as of the Effective Date, Franchisee has selected a proposed Retail Office that Franchisor approves as Franchisee's Retail Office, then the location of Franchisee's Retail Office shall be identified in Schedule 2 of this Agreement;
- (3) If, as of the Effective Date, Franchisee has not selected a proposed Retail Office location that is approved by Franchisor in Schedule 2 to this Agreement, and/or Schedule 2 to this Agreement is left incomplete as to the specific location of Franchisee's Retail Office, Franchisee must locate, identify and secure a Retail Office for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor's approval of Franchisee's Retail Office. If, after the Effective Date, Franchisee proposes and Franchisor approves of Franchisee's proposed Retail Office, such approval must be in writing and must be evidenced by Franchisor's execution of Exhibit 5 with a specific Retail Office location designated and identified in Exhibit 5;
- (4) Franchisee must manage the Franchised Business from Franchisee's Retail Office located within Franchisee's Designated Territory. If Franchisee requests and Franchisor approves the purchase of any Additional Standard Territory, Franchisee may elect to operate an additional Retail Office therein;
- (5) Franchisee may only offer and sell the System Services and Products in accordance with the requirements set forth in the Operations Manual;
- (6) Except as otherwise provided in this Agreement (including, but not limited to, the Reserved Rights set forth in Article 2.D. below), provided that Franchisee is and remains in compliance with all of the terms and provisions of this Agreement, during the Term of this Agreement, neither Franchisor nor any affiliate of Franchisor will establish or operate, or grant a franchise to any third-party to operate, a 3% Realty Business using the Licensed Marks and System within Franchisee's Designated Territory (provided that a Designated Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement); and
- (7) The foregoing rights granted in this Article 2.A. are subject to and contingent upon each and every, term and condition of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights. Further, Franchisee acknowledges that this Agreement grants Franchisee no marketing exclusivity in the Designated Territory, and that all 3% Realty Businesses (whether company-owned, company joint-ventured, franchised or otherwise) may solicit, service, advertise and offer their services, programs and products to any individual or entity, regardless of their geographic location (including within Franchisee's Designated Territory).

2.B. TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of five (5) years, commencing as of the Effective Date (the "Term").

2.C. OWNERS AND SPOUSE AGREEMENT, INDIVIDUAL GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS

If Franchisee is a Corporate Entity, Franchisee agrees that each Owner and their respective Spouse shall execute, sign and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will jointly and severally guarantee Franchisee's obligations and personally bind themselves to confidentiality and non-competition covenants and restrictions. Without limitation to and as a supplement to the foregoing, each Owner shall be bound by the provisions, obligations and responsibilities set forth in this Agreement by executing the Joinder Agreement attached to this Agreement as Exhibit 2.

2.D. RESERVATION OF RIGHTS

Franchisor, on behalf of itself, its affiliates and its assigns, retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business, 3% Realty Business and/or other businesses using the System and Licensed Marks at locations outside Franchisee's Designated Territory (even if these businesses are located immediately proximate, adjacent or abutting to the boundary of Franchisee's Designated Territory); (b) acquire, be acquired by, or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and franchise or license others the right to own and operate such businesses, including Competitive Businesses, either under such businesses' existing trademarks and/or to convert such businesses to utilize the Licensed Marks, within or outside Franchisee's Designated Territory; (c) to own, operate, grant franchises, licenses, contracts for, offices within or outside of Franchisee's Designated Territory providing real estate brokerage and other services in connection with the sale of undeveloped land (including, without limitation, land on which one or more homes will be constructed) and/or of tracts of newly-constructed homes; (d) to own, operate, grant franchises, licenses, contracts for, offices within or outside of Franchisee's Designated Territory offering, selling and performing services under the Licensed Marks or any other trademarks other than the same type of real estate brokerage services you offer under this Agreement, such as, by way of example but without limitation, relocation management services, financial services, title search and related services, escrow, insurance, and, pre-license and post-license training in real estate brokerage and related services ; (e) use the Licensed Marks and System to offer, sell and/or distribute the System Services and Products or products and services similar to the System Services and Products in Alternative Channels of Distribution within or outside Franchisee's Designated Territory; and (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement. Franchisee waives and releases any claims, demands or damages arising from or related to any of the above activities, including, without limitation, any claim of divided loyalty; breach of fiduciary duty; fraud; unfair competition; tortious interference; unjust enrichment; breach of contract; and/or, breach of the implied covenant of good faith and fair dealing. Franchisee promises never to begin or join in any legal action or proceeding or arbitration, or register a complaint with any governmental entity, directly or indirectly contending otherwise or in any way complaining of the above activities.

2.E. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right, at all times, to supplement, subtract, modify, alter and/or amend the System including any and/or all components of the System. Franchisee shall promptly comply with all such modifications to the System whether such modification results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor must immediately implement and comply with any change or modification to the System upon Franchisor communicating such change to Franchisee (including, but not limited to,

communication via a change to the Operations Manual). Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

2.F. OWNERSHIP OF CORPORATE ENTITY

If Franchisee is at any time a Corporate Entity, Franchisee represents that the information contained in Schedule 3 to this Agreement is true and accurate.

ARTICLE 3

FRANCHISEE'S DEVELOPMENT, COMMENCEMENT AND OPERATION OF THE FRANCHISED BUSINESS

3.A. COMMENCEMENT OF THE FRANCHISED BUSINESS

Franchisee must develop and open the Franchised Business to the public and, commence the day-to-day operations of the Franchised Business, on or before the Scheduled Business Commencement Date. Notwithstanding the foregoing, Franchisee agrees that prior to opening and commencing the operations of the Franchised Business, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations designated by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; (d) obtained the required licenses to operate the Franchised Business under applicable law; and (e) obtained Franchisor's written consent to open.

3.B. OPERATIONS OF THE FRANCHISED BUSINESS

At all times, Franchisee's 3% Realty Business shall: (a) be exclusively operated from an approved Retail Office located within the Designated Territory; (b) exclusively offer, sell and provide the System Services and Products; (c) ensure that the System Services and Products are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed the training requirements and Training Programs required by Franchisor; (d) exclusively utilize, maintain and stock in inventory the System Equipment and Supplies in such quantities and as designated by Franchisor; (e) exclusively purchase the System Equipment and Supplies from the supplier and/or suppliers, vendor and/or vendors approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment; (f) be exclusively managed and operated by Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner; (g) exclusively provide and, if applicable, deliver, the System Services and Products; (h) be operated in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment; and (i) be operated in accordance with state laws pertaining to real estate sales, including all licensure and other administrative requirements. At all times Franchisee must maintain the necessary licenses and permits and those licenses and permits recommended and/or required by Franchisor in connection with Franchisee's ownership and operation of the Franchised Business. Franchisee shall exclusively determine the prices at which Franchisee offers, sells and provides the System Services and Products served and sold by Franchisee's 3% Realty Business; provided, however, that Franchisor reserves the right to recommend pricing levels to Franchisee. In addition, Franchisee may not, without our prior written consent, offer or sell any products, services or programs, or sell, dispense, give away or provide any merchandise bearing the Licensed Marks, except by means of retail sales transacted through the Franchised Business. Franchisee may only engage in barter and exchange transactions if Franchisee reports each transaction to Franchisor as provided in [Article 5](#) below.

3.C. FRANCHISEE'S REAL ESTATE OFFICE

At all times Franchisee must operate the Franchised Business from a Retail Office or Administrative Home Office that conforms to Franchisor's standards and specifications and such other requirements as set forth in the Operations Manual. Franchisee must obtain Franchisor's written approval of the location of

Franchisee's Retail Office. If permitted by applicable laws, rules and regulations including, but not limited to, local zoning laws and regulations (to be independently verified by Franchisee) Franchisee may designate Franchisee's personal residence as Franchisee's Administrative Home Office provided that such residence is located within the Designated Territory. Otherwise, Franchisee must develop Franchisee's Retail Office from a commercial location located within the Designated Territory. As applicable, Franchisor will furnish Franchisee with Franchisor's then-current preliminary plans and specifications for a Retail Office.

Unless operating from an Administrative Home Office, Franchisee shall develop, operate and manage the Franchised Business from a Retail Office, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Retail Office; (e) is approved by Franchisor as Franchisee's Retail Office; (f) is timely secured by Franchisee within ninety (90) days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the full Term of this Agreement; (g) is and, at all times, shall be exclusively dedicated to the operation of the Franchised Business; and (h) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisee will not lease, purchase or otherwise acquire a proposed Retail Office until such information as Franchisor may require as to the proposed Retail Office has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement. Franchisor shall respond to Franchisee's request for approval of a proposed Retail Office within a reasonable time period but not exceeding thirty (30) days following Franchisor's receipt, from Franchisee, of complete written information about Franchisee's proposed Retail Office. If Franchisor rejects or disapproves Franchisee's proposed Retail Office, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Retail Office within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Retail Office shall not serve as a basis to extend any deadline or requirement set forth in this Agreement. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate a Retail Office for the Franchised Business, to assist Franchisee in the selection of a suitable Retail Office for the Franchised Business or to provide assistance to the Franchisee in the purchase or lease of a Retail Office.

Franchisor's approval of Franchisee's proposed Retail Office is not and does not constitute a representation or warranty, express or implied, by Franchisor of any kind, including without limitation regarding the prospective profitability, viability or merit of any location, other than that Franchisor does not object to or disapprove of Franchisee's proposed Retail Office. Franchisee waives, releases and discharges any claim to the contrary.

3.D. FURNITURE, FIXTURES, EQUIPMENT AND SIGNS

Franchisee agrees to use in the construction and operation of Franchisee's Retail Office only those types of construction and decorating materials, fixtures, equipment, furniture, and signs that Franchisor has approved or designated in the Operations Manual for Franchised Business as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee shall purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs including, but not limited to, System Equipment and Supplies, only from suppliers approved or designated by Franchisor (which may include Franchisor and/or its affiliates) from time-to-time in writing and/or in the Operations Manual.

3.E. ON-GOING PURCHASE OF EQUIPMENT AND SUPPLIES

At all times during the Term of this Agreement and in connection with the day-to-day operations of the Franchised Business, Franchisee shall exclusively utilize the System Equipment and Supplies and Franchisee shall exclusively purchase the System Equipment and Supplies from the supplier and/or

suppliers and vendor and/or vendors designated by Franchisor from time-to-time. Franchisee expressly acknowledges and agrees that control over the nature, quality, branding and source of the System Equipment and Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, equipment and/or sources of supply, Franchisee shall only utilize the System Equipment and Supplies as designated by Franchisor and only from those suppliers designated and approved by Franchisor. Franchisee further acknowledges and agrees that in many instances Franchisor and/or Franchisor's affiliates may be and/or may become the sole and exclusive supplier of the System Equipment and Supplies.

3.F. BUSINESS MANAGEMENT SYSTEM

Franchisor reserves the right to develop, designate and modify a Business Management System at any time. If and when Franchisor develops, have developed on Franchisor's behalf, or designates a Business Management System, Franchisee will be required to use such Business Management System (and as may be modified, supplemented or replaced by Franchisor from time to time) and pay to Franchisor or to Franchisor's designated supplier an on-going monthly license fee for Franchisee's required use of the Business Management System. To the extent that the Business Management System is now or in the future hosted, maintained, licensed or operated by third-party suppliers Franchisee shall purchase, license and maintain such Business Management System and/or systems from such third-party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. To the extent that the Business Management System(s) designated is/are internet or cloud-based systems with accounts and data (including accounts and data associated with the Franchised Business) stored off-site Franchisor, in Franchisor's Reasonable Business Judgment, may require that Franchisee's license, utilization and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor or licensed through Franchisor. To the extent that the Business Management System(s) is/are stored locally on computer systems maintained by Franchisee, then Franchisee shall provide Franchisor with internet and complete remote access to such systems. Franchisor may be and/or become the exclusive supplier and/or reseller of the Business Management System.

Franchisee shall be responsible for initial license fees, training fees and continuing monthly license fees required for continued and mandatory access and utilization of the Business Management System. Such fees shall be designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment or by the suppliers designated by Franchisor and approved by Franchisor in Franchisor's Reasonable Business Judgment, and shall be paid to Franchisor and/or to the third-party supplier(s) approved by Franchisor. Franchisee must complete training, purchase and license the Business Management System(s) no later than forty-five (45) days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date.

Supplementing and without limitation to the foregoing, Franchisee acknowledges that the Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System, and that:

- (1) Franchisee shall utilize the Business Management System exclusively for the operations of the Franchised Business and in accordance with the terms of this Agreement and Franchisor's standards and specifications as set forth in the Operations Manual;
- (2) All rights in and to the Business Management System are non-transferable and non-assignable to Franchisee and shall be utilized by Franchisee subject to the terms and conditions of this Agreement, Business Management System licenses that Franchisor may approve of and otherwise as determined by Franchisor in Franchisor's Reasonable Business Judgment;

- (3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, expect that Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Among other things, upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;
- (4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and the Business Management System Data and to duplicate and evaluate data the Business Management System Data If applicable, upon Franchisor's request, Franchisee shall electronically transfer and transmit to Franchisor all Business Management System Data;
- (5) When instructed by Franchisor, Franchisee shall upgrade, replace and modify the Business Management System and/or any component of the Business Management System;
- (6) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications or enhancements to the Business Management System, to the configuration and templates associated with the Business Management System and that Franchisor shall have the right to use such ideas and suggestions and that Franchisee shall not receive or obtain any ownership rights or interests in any modifications or enhancements to the Business Management Software;
- (7) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit nor allow any third party to access, utilize or duplicate the Business Management System or the Business Management System Data without Franchisor's prior written consent;
- (8) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential and Franchisee shall maintain security precautions to maintain the confidentiality and secrecy of the Business Management and to prevent the unauthorized access or use;
- (9) Management Software System and all information, data and templates stored, entered and/or maintained thereon as confidential, as containing trade secrets of Franchisor that we have entrusted to Franchisee in confidence to use only as Franchisor authorizes;
- (10) Franchisee will provide to Franchisor all user ID's and passwords required to access files and other information stored on the Business Management System and other programs or servers where information regarding the Franchised Business is stored. Franchisee will at all times ensure that the only personnel conducting transactions on the Business Management System will be those who have been trained and qualified in accordance with the requirements of the Operations Manual; and
- (11) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

3.G. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

Franchisee acknowledges the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. Between Franchisor and Franchisee, Franchisor is the absolute owner of the Digital Media. Franchisee shall not utilize, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to utilize the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media and/or Published Content, if permitted by Franchisor, must be approved by Franchisor prior to publication or use in any form. Digital Media and Published content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement.

Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Judgment. Franchisee agrees to routinely provide Franchisor with updated copy, photographs and news stories about the Franchised Business suitable for posting on the System Website, the content, frequency and procedure of which will be specified in our Operations Manual. Any websites or other modes of electric commerce that Franchisor establishes or maintain may – in addition to advertising and promoting the products, programs or services available at 3% Realty Businesses – also be devoted in part to offering 3% Realty franchises for sale and be utilized by Franchisor to exploit the electronic commerce rights which Franchisor alone reserves.

Franchisee agrees that in the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third-party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

If permitted under law and/or the rules of the applicable Multiple Listing Services, Franchisee will provide Franchisor access to the Multiple Listing Services in which Franchisee is a member. Franchisee will cooperate with Franchisor and sign any documents required to provide Franchisor access to the listings in the Multiple Listing Service and to display information as a direct electronic feed on internet and intranet websites maintained by Franchisor and/or its designees.

3.H. RELOCATION OF FRANCHISEE'S REAL ESTATE OFFICE

Franchisee may not relocate its Retail Office to another location without first obtaining Franchisor's prior written consent to the new location, which consent will not be unreasonably withheld provided that Franchisee is in compliance with the terms and conditions of this Agreement, the new location is within the Designated Territory and the new location meets Franchisor's then current standards and specifications. Any relocation will be at Franchisee's expense. Franchisor may charge Franchisee for any costs it incurs in connection with the relocation. All leases or subleases that Franchisee enters into, all plans and specifications for Franchisee's relocated location that Franchisee adduces and all construction, remodeling, renovation or other such activity that Franchisee performs at and for the relocated location must be in accordance with all of the provisions of this Agreement and Franchisor's then-current standards, specifications and requirements.

3.I. OUT OF TERRITORY SERVICE

Except with respect to the physical location of Franchisee's Real Estate Office, the license and rights granted to Franchisee in this Agreement are not limited to the Designated Territory and Franchisee may offer System Products and Services outside of the Designated Territory as set forth herein. Subject to Franchisee's compliance with following rules and requirements ("Territory Rules"), Franchisee may provide the System Services and Products on behalf of customers located anywhere where Franchisee is legally permitted to offer and provide the System Products and Services; provided, however, that Franchisor shall not provide Franchisee with customer leads from any other franchisee's Designated Territory and Franchisee may not relocate its office in any other franchisee's Designated Territory (or any location outside of Franchisee's Designated Territory).

Nothing contained in this Article 3.I. shall expand either the non-exclusive franchise rights granted to franchisee in Article 2 of this Agreement or, Franchisee's Designated Territory and, in the event of any inconsistency or conflict between the terms of this Article 3.J. and Article 2, Article 2 shall take precedence and govern.

3.J. BRANDED INVENTORY

Franchisee may (but is not required to) purchase various branded materials from Franchisor and/or its affiliates (the "Branded Inventory"), such as (i) template mailers, flyers, and cards; (ii) branded stationary, pens, bags, and folders; (iii) signage, including interior signage, lawn sale signs, and sandwich boards and (iv) other products designated in the Operations Manual or otherwise in writing. The cost of this Branded Inventory will vary depending on the types and amounts of materials ordered. Any and all Branded Inventory offered will be subject to Franchisor's and/or its affiliates' then-current price as well as availability. Franchisor does not charge any fee for a branded website for Franchisee's first Standard Territory. However, if Franchisee wishes to purchase an Additional Territory, Franchisee acknowledges and agrees that no additional website will be provided for the Additional Territory unless Franchisee pays the Additional Website Fee.

ARTICLE 4
TRAINING AND OPERATING ASSISTANCE

4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING

(1) Within fourteen (14) days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Managing Owner and one manager must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program").

Franchisor will provide Franchisee (comprised of Franchisee's Managing Owner, and one designated manager) with Franchisor's Training Program. If Franchisee would like more than two individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of \$300 per additional person attending Initial Training. Prior to opening and commencing the operations of the Franchised Business, the Managing Owner and other personnel as designated or determined by Franchisor, must attend and successfully complete the Training Program designated by Franchisor. The training will include classroom instruction conducted virtually. Following completion of the initial Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisor's standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases which may require participation in interactive Webinar type sessions.

(2) Franchisee (or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner) and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars.

(3) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of \$300 per trainer per day (the "Supplemental Training Fee"). Franchisee agrees that if Franchisee is in breach of this Agreement, without limitation to our other rights and remedies in connection with same, Franchisor may require that Franchisee participate in and pay for Supplemental Training.

(4) Each newly hired Manager must, prior to commencing work, at Franchisee's sole cost and expense, attend and successfully complete Franchisor's initial Training Program. Franchisee shall pay to Franchisor a training fee of \$300 per Manager, per day in connection with such training.

(5) Franchisor, in Franchisor's Reasonable Business Judgment, must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Franchise Owner and Spouse Agreement and Guaranty or the Confidentiality Agreement, respectively.

(6) Notwithstanding the forgoing, if Franchisee owns and operates one or more additional 3% Realty Businesses other than the 3% Realty Business granted pursuant to this Agreement, and Franchisee's Managing Owner and one manager previously completed the Training Program, Franchisee's Managing Owner and one manager shall not be required to complete the Training Program a second time.

4.B. OPERATING ASSISTANCE

From time to time, as determined by Franchisor in Franchisor's Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures and System requirements in connection with Franchisee's operation of the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

- (1) Establishing and communicating to franchisee operating procedures, improvements to the System and modifications to the System in connection with the Franchisee's operation of the Franchised Business, the System Services and Products, equipment to be purchased and utilized by Franchisee and those systems and procedures to be utilized by Franchisee in connection with Franchisee's training of service employees and Franchisee's marketing and promotion of the Franchised Business;
- (2) Establishing and communicating additional and/or modified System Services and Products that may be authorized for 3% Realty Businesses;
- (3) Modifying the System Services and Products authorized for 3% Realty Businesses;
- (4) Establishing and communicating marketing and promotion standards and base campaigns that are authorized for use by franchisees in connection with the operation and promotion of 3% Realty Businesses;
- (5) Establishing and communicating advertising and promotional programs and standards for use by franchisees in connection with the operation and promotion of 3% Realty Businesses;
- (6) Approving or disapproving of Franchisee request to utilize marketing and promotion materials and media not previously authorized by Franchisor;
- (7) Establishing and communicating administrative and general operating procedures for use by franchisees in connection with the operation of 3% Realty Businesses;
- (8) Establishing, updating, revising and communicating a list(s) of approved suppliers of products, supplies, equipment, software systems and marketing related services including, but not limited to the System Equipment and Supplies, as Franchisor deems appropriate and as may be otherwise designated by Franchisor in Franchisor's Reasonable Business Judgment;
- (9) Coordinating an Annual System Conference for System franchisees that are in good standing with Franchisor. Franchisee shall be responsible for all expenses of its personnel attending the annual meeting including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee. Franchisee agrees that if Franchisee fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference. No more than two individuals may attend the Annual System Conference on behalf of Franchisee; and

(10) Establish and communicate guidance to Franchisee in the form of the Operations Manual and as Franchisor, in Franchisor's sole discretion, deems appropriate in the form bulletins or other written materials, telephonic consultations and/or consultations at the offices of Franchisor.

4.C. OPERATIONS MANUAL

Franchisee acknowledges and agrees to execute the Operations Manual Confidentiality Agreement attached hereto as Exhibit 9. Upon Franchisee's execution of the Operations Manual Confidentiality Agreement, Franchisor shall loan to Franchisee during the term of the franchise one copy (in digital format or in print, as determined by Franchisor) of the Operations Manual. The Operations Manual contains mandatory and suggested specifications, standards and operating procedures that Franchisor prescribes for 3% Realty Businesses and information relative to other obligations of Franchisee. Franchisee must operate the Franchised Business in accordance with the specifications and requirements set forth in the Operations Manual and as same may be modified, supplemented and/or changed by Franchisor from time to time. Franchisor has the right to add to, and otherwise modify, the Operations Manual to reflect changes in the System Services and Products, 3% Realty Business System Equipment and Supplies, specifications, standards and operating procedures of a 3% Realty Business. Franchisee must keep its copy of the Operations Manual current and in a secure location at Franchisee's Retail Office. If the Operations Manual is provided to Franchisee in electronic format, Franchisee shall not permit third party access to the Operations Manual. The master copy of the Operations Manual that Franchisor maintains at Franchisor's principal office controls if there is a dispute relative to the contents of the Operations Manual. Franchisee must immediately implement and comply with the changes in the System required by changes to the Operations Manual upon Franchisor communicating same to Franchisee. Without limitation to the foregoing, Franchisee may only offer and sell the System Services and Products and utilize the System Equipment and Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or as Franchisor may otherwise designate in writing.

ARTICLE 5

FEES

5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee (the "Initial Franchise Fee") of Twenty-Four Thousand Dollars (\$24,000). If, at the time of prior to or after executing this Agreement, Franchisee elects to purchase additional Standard Designated Territory and Franchisor, in Franchisor's Reasonable Business Judgment, approves of Franchisee's request, then for each additional Standard Designated Territory added to Franchisee's Franchised Business, Franchisee shall pay an additional fee of Twenty Thousand Dollars (\$20,000). The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement, not in exchange for any particular programs, products, services or assistance, and is not refundable.

Classification of Franchisee's Designated Territory as a Standard Designated Territory, one or more additional Standard Designated Territory(ies) and, the corresponding Initial Franchise Fee, are set forth in Schedule 2 attached to this Agreement.

5.B. ROYALTY FEES

Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing non-refundable royalty fee (the "Royalty Fee") in an amount equal to Three Percent (3%) of Franchisee's Gross Revenue. The Royalty Fee shall be paid to Franchisor quarterly, in one lump sum, and shall be calculated based on the Gross Revenue for the immediately previous calendar quarter.

Royalty Fee payments will be paid quarterly and sent by ACH and/or electronic funds transfer, due on the first day of each calendar quarter (for the preceding calendar quarter and each calendar quarter thereafter throughout the entire Term of this Agreement) or such other specific day that Franchisor designates from time to time or for such other period that Franchisor may designate (the "Royalty Due Date"). Upon the request of Franchisor and in no event not later than thirty (30) days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date, Franchisee shall execute Franchisor's designated ACH Authorization form and such other authorization agreements, in the form proscribed by Franchisor, for preauthorized payment of Royalty Fee payments, and other amounts due from Franchisee under this Agreement, by electronic transfer of funds from Franchisee's bank account to the bank account that Franchisor designates. As of the Effective Date, Franchisor's current ACH Authorization that must be executed and complied with by Franchisee is attached hereto as Exhibit 8. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

5.C. TECHNOLOGY FEE

Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable Technology Fee equal to Forty-Five Dollars (\$45) per month (the "Technology Fee"). The Technology Fee is a general administrative fee and is not required to be connected to any particular service or content provided on behalf of Franchisee, provided, however, that the Technology Fee currently funds the operation of certain web services. The Technology Fee will be paid to Franchisor monthly and will be sent by ACH and/or electronic funds transfer, due on the first day of each month, or such other specific day of the month that Franchisor designates from time to time.

5.D. INTEREST, COLLECTION COSTS AND ATTORNEY FEES

All unpaid obligations under this Agreement (of any nature) shall automatically bear interest from the date due until paid at the lesser of: (a) twelve percent (12%) per annum, or (b) the maximum rate allowed by applicable law. However, if such past due obligation remains unpaid for more than thirty (30) days, then the amount of the unpaid and past due obligation will bear simple interest at the lesser of eighteen percent (18%) simple interest per annum or the maximum legal rate allowable by applicable law. Furthermore, the Franchisee will pay Franchisor for any and all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney's fees.

Franchisee acknowledges that this Article 5.D. does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that Franchisee's failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Article 16.

5.E. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

5.F. WITHHOLDING PAYMENTS UNLAWFUL; GROSS-UP

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to

Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

Without limiting the foregoing, if any federal, state or local tax other than an income tax is imposed upon the Royalty Fee or any other fee or charge required to be paid by Franchisee to Franchisor hereunder which, Franchisor cannot directly and, dollar of dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must gross-up, indemnify and compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor is not less than that which has been established by this Agreement.

5.G. AGENT REQUIREMENT MAINTENANCE AND MONTHLY AGENT FEES

Franchisee shall be required to maintain a minimum number of licensed real estate agents ("Agent(s)") operating at or through the Franchised Business and will be responsible for paying Franchisor an Agent Fee equal to forty-five (\$45) per month, due to Franchisor in on lump sum on the first day of each month, or such other specific day of the month the Franchisor designates from time to time.

Franchisor reserves the right to collect this Agent Fee from Franchisee, in one lump sum based on all of the Agents of your Franchised Business or (at Franchisor's option) from each individual Agent (and if Franchisor elects the latter, Franchisee will be required to require Franchisee's Agent(s) to enter into an ACH Authorization and/or credit card authorization that will allow Franchisor or Franchisor's designee to collect the Agent Fee directly from the Agent on the first of each month).

The number of Agents Franchisee is required to employ (the "Agent Requirement") will vary depending on Franchisee's Designated Territory, the number of Real Estate Offices Franchisee operates and the amount of time Franchisee has been operating, which will be measured from the month Franchisee begins operations of the Franchised Business (or, for any additional Agent Requirements, the respective date Franchisee opens any additional Real Estate Office) (the "Business Commencement Date"), as illustrated on the below chart. However, the numbers set forth below are for illustration purposes only. Franchisee's actual Agent Requirement may be higher, lower or the same depending on Standard Designated Territory.

Measurement Period	Months since Business Commencement Date	Agent Requirement
Measurement Period 1	Months 2-6	3 Agents
Measurement Period 2	Months 7-12	6 Agents
Measurement Period 3	Months 13-24	9 Agents
Measurement Period 4	Months 25 – 35	11 Agents
Measurement Period 5	Months 36 - Expiration of Term	18 Agents

If Franchisee fails to meet the Agent Requirement for the respective Measurement Period during any given month, Franchisor can elect to default the Franchise Agreement and/or collect the monthly Agent Fee directly from Franchisee. The total amount Franchisee owes if Franchisee fails to meet the Agent Requirement for any month in the respective Measurement Period shall be the monthly Agent Fee

multiplied by the difference of the number of agents that Franchisee is contractually required to have during the respective measurement period and the number of agents actually operating at or through the Franchised Business directly from Franchisee, and the fee shall be payable to Franchisor by ACH and/or electronic funds transfer. By way of example, if during the Measurement Period 2, Franchisee employs four (4) agents rather than six (6), Franchisor may require Franchisee to directly pay a cumulative Agent Fee equal to the Per Agent Fee of forty-five dollar (\$45) multiplied by 2 for a total supplemental Agent Fee of \$90.

5.H. BUSINESS MANAGEMENT SYSTEM LICENSE FEE

Franchisee must pay the Franchisor the then current fee for access to the Business Management System License (currently Three Hundred dollars (\$300) per month) which will be payable to Franchisor by ACH and/or electronic funds transfer on the first day of each month, or such other specific day of the month the Franchisor designates from time to time. Franchisor may increase these monthly fees but may not do so more than once in any calendar year and not more than \$50 per month within any particular calendar year.

5.I. ADVERTISING CONTRIBUTION

Upon written notice by Franchisor and thereafter continuing monthly throughout the Term of this Agreement, on the first day of each month, or such other specific day of the month the Franchisor designates from time to time, Franchisee shall pay to Franchisor all Advertising Contributions required under this Agreement, including without limitation a Brand Development Fund Fee equal to up to Two Percent (2%) of Franchisee's Gross Revenue for each month and a DMA Marketing Fund Fee equal to up to Two Percent (2%) of Franchisee's Gross Revenue for each month.

5.J. ADDITIONAL PAYMENTS

In addition to all other payments under this Agreement, Franchisee agrees to pay Franchisor and/or its affiliates immediately upon demand: (a) all sales taxes, trademark license taxes, service taxes, value-added taxes and any other taxes, imposed on, required to be collected, or paid by Franchisor or its affiliates (excluding any corporate income taxes imposed on Franchisor or its affiliates) because Franchisor or its affiliates have furnished services or products to Franchisee or collected any fee from Franchisee; (b) all amounts Franchisor advances, pays or becomes obligated to pay on Franchisee's behalf for any reason; and (c) all amounts Franchisee owe Franchisor or its affiliates for products or services that Franchisee purchases from Franchisor or its affiliates.

5.K. MONTHLY REPORTS

Within ten calendar days from the start of each month, Franchisee shall report in written or electronic means, as Franchisor directs, (a) report itemizing actual sales achieved by the Franchised Business and any deductions therefrom to arrive at the Gross Revenue for the preceding month, (ii) detailing all other fees accrued and/or payable to Franchisor during the preceding month; (iii) all properties listed for sale and sold during the preceding month; and (iv) such other business, financial and operational data as Franchisor may designate from time to time (the "Monthly Report"), as well as (b) any other reports required under this Agreement. Franchisor shall have the right to verify such royalty payments and other information submitted by Franchisee from time to time, as it deems necessary in any reasonable manner.

5.L. LATE FEES

If Franchisee fails to have sufficient funds in its account or otherwise fails to timely pay Franchisor and/or its affiliates any amounts when due, Franchisee shall owe, in addition to such outstanding amounts owed, a late charge equivalent to the lesser of Five Percent (5%) per month of any late payment or Fifty (\$50) Dollars; provided, however, in no event shall Franchisee be required to pay a late fee at a rate greater than the maximum commercial contract interest rate permitted by applicable law. Further, if Franchisee fails to timely submit an accurate Monthly Report, Franchisee must pay, in addition to royalties, a late charge in the amount of Fifty (\$50) Dollars.

ARTICLE 6
FRANCHISEE'S AND FRANCHISEE'S OWNERS RESTRICTIVE COVENANTS AND
OBLIGATIONS

6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses and Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of 3% Realty Businesses. Accordingly, Franchisee and Franchisee's Owners (and Spouses) agree to comply with the restrictive covenants set forth in this Article 6 and throughout this Agreement.

6.B. RESTRICTIVE COVENANTS: KNOW-HOW

Franchisee agrees that Franchisee: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement; (b) shall maintain the confidentiality of the Know-how at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1 and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement.

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Franchisee agrees that Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the 3% Realty Business operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement.

**6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION
AND IN-TERM NON-COMPETITION OBLIGATIONS**

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest (whether as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or in any similar capacity) in a Competitive Business (other than owning an interest of three percent (3%) or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or

creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor (or one of Franchisor's affiliates or franchisees); and/or (d) inducing any customer or client of Franchisor (or of one of Franchisor's affiliates or franchisees) or of Franchisee to any other person or business that is not a 3% Realty Business. Franchisee acknowledges that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System and other 3% Realty Business Franchisees. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Post-Term Restricted Period, Franchisee will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach). Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that this restriction is fair and reasonable and that if Franchisee did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm Franchisor and the System.

6.F. IMMEDIATE FAMILY MEMBERS.

Franchisee acknowledges, agrees and represents that should Franchisee circumvent the restrictive covenants and obligations due to Franchisor under this Article 6 by disclosing Confidential Information and Know-how to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) that Franchisor will and the System will be irreparably harmed. Franchisee acknowledges that if Franchisee or one of Franchisee's Owners did disclose the Know-how to an immediate family member and the immediate family member of Franchisee or an Owner used the Confidential Information or Know-How to engage in activities that, for Franchisee, qualify as Prohibited Activities as defined above, that Franchisor and the System will be irreparably harmed. Franchisee agrees that as between Franchisee and Franchisor that Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted and/or provided an immediate family member with access to the Confidential Information and/or Know-How. Therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Article 6 if any member of Franchisee's immediate family or the immediate family of an Owner (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities or (b) uses or discloses the Confidential Information and/or Know-how. However, Franchisee may rebut this presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owner(s) did not disclose the Confidential Information and Know-How and did not permit disclosure of the Confidential Information or Know-How to the family member of Franchisee or Franchisee's Owners. Franchisee agrees that the foregoing covenants, obligations, representations and burden of proof shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable or otherwise unenforceable. Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other 3% Realty Business franchisees for which there is no adequate remedy at law. Therefore, Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor 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 Franchisee, 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 Franchisee and Franchisor agree that the amount of the bond shall not exceed \$1,000. Franchisor's remedies under this Article 6.H. are not 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.

6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Franchisee agrees that all information concerning the Franchised Business, including without limitation, all customer lists and their contents and information, are considered Confidential Information and shall be deemed exclusively owned by Franchisor, regardless of whether or not such information was supplied by Franchisor. Franchisee hereby permanently and irrevocably assigns to Franchisor any and all rights and interests (including intellectual property rights and interests) in any and all of the following which is developed by Franchisee, on Franchisee's behalf and/or by Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of 3% Realty Businesses: all of Franchisee's ideas, concepts, methods and products, and services; all variations, modifications and/or improvements on products or services; Franchisee's means, manner and style of offering and selling products and services; management techniques or protocols; all sales, marketing, advertising and promotional programs, campaigns or materials; and, all other intellectual property developed by Franchisee or on behalf of Franchisee or its Franchised Business. Franchisee shall promptly disclose all of the foregoing items if and when developed during the Term of this Agreement. Franchisor may authorize itself, its affiliates and/or other Franchised Businesses to use and exploit any such rights which are assigned to Franchisor hereunder. The sole consideration for Franchisee's assignment to Franchisor of all of the foregoing rights shall be Franchisor's grant of the franchise conferred upon Franchisee by this Agreement. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use nor will Franchisee allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

ARTICLE 7
OPERATING STANDARDS

7.A. OPERATIONS AND MAINTENANCE OF BRAND STANDARDS

At all times, Franchisee and the Franchised Business shall, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time-to-time: (a) exclusively offer and sell the System Services and Products; (b) exclusively purchase and utilize the System Equipment and Supplies; (c) maintain a complete and updated inventory and supply of System Equipment and Supplies; (d) maintain, update, replenish and replace Franchisee's System Equipment and Supplies; (e) maintain, update, replenish and recondition Franchisee's Retail Office; and (f) maintain System Equipment and Supplies in a clean and safe condition and in conformity with the brand standards related to the Licensed Marks and System.

7.B. MAINTENANCE, UPDATES AND UPGRADES

At all times, Franchisee shall maintain, at its sole expense, the interior and exterior of its Retail Office, the entire Retail Office (including the parking lot, if any, and walkways) and any other facilities used by the Franchised Business in first class condition and repair, and in compliance with all applicable laws, rules, regulations and the Operations Manual, except to the extent that Franchisor may otherwise expressly agree in writing. Franchisee shall further update, upgrade, maintain, replenish, replace and recondition Franchisee's System Equipment and Supplies, and, if applicable, Franchisee's Retail Office as specified by Franchisor in the Operations Manual and/or otherwise in writing, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time-to-time. Notwithstanding the foregoing, Franchisee expressly agrees that the foregoing obligations relate to brand standards and specifications associated with the Licensed Marks and the System Services and Products and that, at all times, Franchisee is and shall exclusively remain responsible for conditions involving the safety of customers and employees in connection with the operations of the Franchised Business.

7.C. DAMAGE CAUSED BY CASUALTY

If Franchisee's Retail Office and/or System Equipment and Supplies is and/or are damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than one (1) month after such casualty, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue until completion of the repairs or reconstruction, in order to restore Franchisee's Retail Office and System Equipment and Supplies, as applicable, to its original condition before casualty.

7.D. ALTERATIONS TO THE FRANCHISEE'S REAL ESTATE OFFICE, SERVICE AND FRANCHISEE'S EQUIPMENT AND SUPPLIES

Franchisee shall not make any material alterations to Franchisee's System Equipment and Supplies, or, Franchisee's Retail Office, or System Equipment and Supplies.

7.E. UNIFORM IMAGE, STANDARDS, SPECIFICATIONS, PRODUCT PREPARATION, SERVICE DELIVERY AND PRODUCT REQUIREMENTS

To ensure that the highest degree of uniformity, quality and service is maintained (as determined by Franchisor in Franchisor's Reasonable Business Judgment), Franchisee must use Franchisee's best efforts to operate the Franchised Business in strict conformity with the methods, standards and specifications of Franchisor as set forth in the Operations Manual and as Franchisor may, in Franchisor's Reasonable Business Judgment, otherwise prescribe in writing and modify from time-to-time.

Supplementing and without limitation to the foregoing, Franchisee agrees that Franchisee, in strict conformity with the methods, standards and specifications of Franchisor as set forth in the Operations Manual and as Franchisor may, in Franchisor's Reasonable Business Judgment, otherwise prescribe in writing and modify from time-to-time, shall:

- (1) Exclusively offer and sell the System Services and Products;
- (2) Exclusively utilize the System Equipment and Supplies and only those methods, procedures, production systems, and delivery systems as designated by Franchisor;
- (3) Exclusively utilize the System Equipment and Supplies, equipment, supplies, materials, uniforms, and forms as designated by Franchisor;
- (4) Exclusively utilize packaging, signs, goods, uniforms, and other materials displaying the Licensed Marks as designated by Franchisor, and obtain such items from suppliers designated by Franchisor;
- (5) Provide prompt, courteous, and efficient service to customers;
- (6) Maintain ordinary and regular business hours as required by Franchisor;
- (7) Adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct in dealing with customers and suppliers of the Franchised Business;
- (8) Conduct all advertising and promotion of the Franchised Business in strict compliance with Franchisor's standards and specifications and to the highest standards of ethical advertising;
- (9) Refrain from any business or advertising practice that may be injurious to the goodwill associated with Franchisor, 3% Realty Businesses, the System, and the Licensed Marks;
- (10) Not deviate from the standards that Franchisor sets for the operation of the Franchised Business;
- (11) Promptly respond to all customer and potential customer inquiries and complaints to achieve high levels of customer satisfaction and reviews;
- (12) Honor and implement refund policies established by Franchisor from time to time in Franchisor's Reasonable Business Judgment;
- (13) Honor, implement and offer Customer Vouchers as authorized and designated by Franchisor;
- (14) Maintain and display at visible locations (including Franchisee's Retail Office) designated by Franchisor displays and signs informing customers and the public that *"This 3% Realty Business is independently owned operated and managed by [insert name of Franchisee] pursuant to a license agreement"* or such other signage as designated by Franchisor;
- (15) Adopt, implement, and abide by the System and all changes made to the System (as designated by Franchisor in Franchisor's Reasonable Business Judgment) including, without limitation, the System Services and Products and the System Equipment and Supplies;
- (16) Maintain a fully trained competent staff capable of rendering courteous quality service;
- (17) Ensure that all of Franchisee's employees wear uniform designated by Franchisor and adhere to Franchisor's brand standards;

- (18) Not promote any other businesses at the Franchised Business, and/or from Franchisee's Retail Office, and/or Administrative Home Office;
- (19) Comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all health laws, wage and hour laws, labor department, workers compensation and unemployment laws and rules;
- (20) Comply with all statutes and rules regarding the maintenance and security of customer information, customer data, customer privacy, credit card transactions and other financial obligations involving customers of the Franchised Business;
- (21) Stock, maintain and replenish System Equipment and Supplies in such supply as to realize, service and promote the Franchised Business to its full potential;
- (22) Exclusively use, at all times, only those supplies, products, equipment, software systems, business management systems, customer relationship management systems (whether hard drive based, networked, or cloud based) and supplies designated by Franchisor including, without limitation, the System Equipment and Supplies, the System Services and Products, and the Business Management System, and purchase same exclusively from Franchisor and/or Franchisor's designated suppliers;
- (23) Ensure that all services and products sold by the Franchised Business are limited to the System Services and Products;
- (24) Permit Franchisor or Franchisor's agents, at any reasonable time, to inspect Franchisee's Retail Office and test, sample, and evaluate the services and products provided by the Franchised Business to evaluate whether or not same meet and comply with Franchisor's standards and specifications;
- (25) Designate and maintain an Operating Manager who, in addition to the Managing Owner, (a) completed Franchisor's Initial Training Program, (b) works on-site at Franchisee's Retail Office, (c) signed and duly executed the Confidentiality Agreement, (d) consistently demonstrates his or her ability to satisfy the performance requirements of the System related to confidential information, brand protection, the purchase, maintenance, and utilization of the System Equipment and Supplies, and service standards respecting the System Services and Products, and (e) is a responsible broker for the Franchised Business as required by state and local law. In addition, the Operating Manager must (a) at all times meet all of Franchisor's brand quality control standards and criteria for managers as may be set forth in the Operations Manual, and (b) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.
- (26) Install and maintain in connection with the operations of the Franchised Business, all equipment, supplies and systems, as designated by Franchisor including, without limitation, point of sale systems, the Business Management System, computer systems, security systems, System Equipment and Supplies, and telecommunications equipment designated by Franchisor, and provide and permit Franchisor to maintain, direct and independent access to such systems and monitor the Franchised Business;
- (27) Implement and maintain, at Franchisee's expense, a bookkeeping, accounting, and record keeping system conforming to the requirements and formats Franchisor prescribes; and
- (28) Grant and give full and complete on demand and continuous instantaneous access to Franchisee's business and financial records including, without limitation, Franchisee's point of sale

systems, the Business Management System utilized by Franchisee, and Franchisee's Business Management System Data.

7.F. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the supplies, suppliers and equipment utilized by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as modified by Franchisor from time-to-time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer to the public the System Services and Products to customers located within Franchisee's Designated Territory;

(2) The Franchised Business will exclusively: (a) offer and serve the System Services and Products; (b) provide the System Services and Products in accordance with the System's standards and specifications; (c) exclusively purchase and utilize System Equipment and Supplies from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and utilize equipment, supplies, promotional materials, point of sale systems and Business Management System(s) designated by Franchisor and subject to Franchisor's specifications; (e) Purchase displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials (including but not limited to System Equipment and Supplies) as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) Purchase from distributors and other suppliers approved by Franchisor all other materials, goods, and supplies (including but not limited to System Equipment and Supplies) used in preparing, offering, selling, promoting, and serving the System Services and Products;

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products (including but not limited to System Equipment and Supplies) that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be utilized by the Franchised Business;

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may, from time to time, modify the list of approved brands, suppliers and distributors of System Equipment and Supplies, and approved equipment, supplies and services to be utilized by the Franchised Business and Franchisee shall, after receipt in writing of such modification, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor;

(5) Franchisor reserves the right to designate, from time to time, a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Equipment and Supplies and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees and may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate; and

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such

products, services, equipment, supplies, suppliers and/or distributors are not presently, at the time of Franchisee's request, approved for use in the System: (a) Franchisee must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) Shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; (c) Shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisor's Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third-parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within fourteen (14) days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within sixty (60) days of the completion of all inspections and evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers.

7.G. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate, modify, test and/or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

7.H. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee must immediately notify Franchisor in writing of any of the following concerning Franchisee, the Franchised Business, Franchisee's Retail Office: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(3) All advertising and promotion by Franchisee must be completely factual and conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, 3% Realty Businesses, and the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, 3% Realty Businesses and/or using the Licensed Marks.

(4) Franchisee and Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of

the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at <http://www.treasury.gov>) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner become so listed. “Anti-Terrorism Laws” refers to and means Executive Order 13244 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 any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee’s employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

7.I. MANAGEMENT OF THE FRANCHISED BUSINESS

(1) Franchisee acknowledges that critical to the success of the Franchised Business is the active, continuing and substantial personal involvement and hands-on supervision of Franchisee’s Managing Owner. The Managing Owner must possess and maintain an ownership and equity interest in the Franchisee such that said individual owns, holds and controls not less than 25% of the equity and ownership interests in Franchisee. At all times, Franchisee’s 3% Realty Business must be under the active, continuing and substantial personal involvement and hands-on supervision of Franchisee’s Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Franchised Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completed Franchisor’s Initial Training program and has otherwise meet the criteria and conditions for qualification as an Operating manager. If the Operating Manager is a family member of Franchisee and/or an Owner then the Operating Manager must also sign and agree to be bound by the terms of the Franchise Owner and Spouse Agreement and Guaranty.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks.

(3) If, at any time, the Franchised Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor’s appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor’s right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor’s appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

(4) Franchisee will at all times maintain sufficient working capital to fulfill its obligations under this Agreement.

ARTICLE 8 **INSURANCE**

Franchisee must procure and maintain in full force at all times during the Term of this Agreement, at Franchisee’s sole expense, on a primary rather than a participatory basis with Franchisor, an insurance

policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business. The policy or policies must be written by a responsible carrier or carriers with an AM Best Rating of at least A-, VII and reasonably acceptable to Franchisor.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two (2) years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees.

By the earlier of fifteen (15) days after the Effective Date or prior to the commencement of the Training Program, Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately to procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

ARTICLE 9

BRAND DEVELOPMENT AND MARKETING

9.A. BRAND DEVELOPMENT FUND

At all times and from time to time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate and administer a brand development fund (the "Brand Development Fund"). The following shall apply to the Brand Development Fund at all times throughout the Term:

- (1) If Franchisor institutes the Brand Development Fund, Franchisee shall pay Franchisor a mandatory and continuing fee to the Brand Development Fund in an amount equal to a percentage of Gross Revenue (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each month (the "Brand Development Fund Fee"), provided, however, Franchisee will not be required to contribute more than Two Percent (2%) of the Gross Revenue of the Franchised Business for each month;

(2) Franchisor will provide Franchisee with written notice of the percentage of Gross Revenue that Franchisee is required to contribute to the Brand Development Fund. Upon such written notice to Franchisee, the percentage of Gross Revenue to be paid by Franchisee to the Brand Development Fund will be applicable for each and every month thereafter during the Term until otherwise designated by Franchisor in writing. The Brand Development Fund Fee shall be paid to Franchisor on the first day of each month, or such other specific day of the month the Franchisor designates from time to time, and shall be sent to Franchisor by ACH and/or electronic transfer;

(3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;

(4) Franchisee agrees that the purpose of the advertising, media, marketing and activities financed by the Brand Development Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund will not be utilized to directly or indirectly market or promote the Franchised Business or, unless otherwise directed by Franchisor, in Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Retail Office or Designated Territory;

(5) Franchisee agrees that the Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor, provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development Fund shall be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor shall not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all 3% Realty Businesses to the Brand Development Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Development Fund;

(7) 3% Realty Businesses owned by Franchisor or Franchisor's affiliates are not required to pay any Brand Development Fund Fee or contribute to or make any contribution to the Brand Development Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the Brand Development Fund is not a trust, (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund, and (c) Franchisor may deposit and maintain any and all funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year that they are collected and the Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund, and Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Article 9.A.(8);

(9) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by 3% Realty Businesses operating in that geographic area or that any 3% Realty Businesses will benefit directly or in proportion to its contribution to the Brand Development Fund from the development of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of 3% Realty Businesses in the System. Franchisor may use the Brand Development Fund to promote or benefit 3% Realty Businesses located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the Brand Development Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council shall only serve in an advisory capacity and Franchisor shall select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third-parties.

9.B. FRANCHISEE LOCAL MARKETING

Franchisee must spend on a monthly basis an amount not less than three hundred dollars (\$300) on local marketing, including public relations, in the Designated Territory (or Franchisee's market if a Designated Territory was not designated) each month. On or before the first Friday of each month (or such other dates as may be specified by Franchisor), Franchisee must provide Franchisor with an accurate accounting of Franchisee's local marketing expenditures, public relations and marketing activities during the immediately preceding month. Franchisee agrees to provide to Franchisor such other periodic reports and records of such local marketing as may be requested by Franchisor. If the Franchisee's expenditures for local marketing activities do not aggregate the required percentage of Franchisee's Gross Revenue annually, Franchisee

must contribute the deficiency on local marketing as directed by Franchisor. Franchisee agrees that all local marketing and other marketing efforts of Franchisee must be pre-approved, in writing by Franchisor. Franchisor reserves all rights to reject any and all marketing efforts requested by Franchisee. Franchisee agrees that:

- (1) Franchisee shall provide Franchisor with monthly reports documenting Franchisee's advertising initiatives (which must be approved by Franchisor and consistent with Franchisor's standards and specifications) and expenditures, including Profit and Loss Statements, advertising return on investment calculations and other documentation as Franchisor may request to evaluate Franchisee's local marketing and local marketing expenditures. Franchisee agrees that all of Franchisee's marketing efforts must be focused on media and marketing directed toward Franchisee's Designated Territory, and Franchisee shall not direct Franchisee's marketing and promotion efforts with the purpose of soliciting and/or attracting customers from outside of Franchisee's Designated Territory;
- (2) Prior to the opening of the Franchised Business, Franchisee shall submit to Franchisor, Franchisee's grand opening marketing plan for review and approval by Franchisor. Franchisee shall only utilize those portions of its grand opening marketing approved by Franchisor. In accordance with Franchisee's grand opening marketing plan, provided same is approved by Franchisor, Franchisee will spend a minimum of \$2,000 on the marketing and promotion of the grand opening of the Franchised Business prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date. Franchisee will provide Franchisor a written accounting of Franchisee's expenditures for grand opening marketing within thirty (30) days prior to the anticipated grand opening of the Franchised Business; and
- (3) Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of other 3% Realty Businesses.

9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING

All marketing and promotion of the Franchised Business and all Marketing Media utilized by Franchisee in the marketing and/or promotion of the Franchised Business must be professional and must conform to Franchisor's standards and specifications as set forth in the Operations Manual or as otherwise directed by Franchisor in writing. Before Franchisee uses any local marketing and promotional materials and/or media not prepared by or previously approved by Franchisor in writing, Franchisee shall submit samples of such materials to Franchisor for approval, which shall be at the discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the notification requirements set forth in this Agreement, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within fifteen (15) days from the date Franchisor receives the materials, then Franchisee may commence using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

9.D. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive or defer the obligations of Franchisee under the Brand Development Fund and/or the DMA Marketing Fund. In no event shall such waiver or deferral extend beyond six (6) months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development Fund and/or the DMA Marketing Fund. Under no circumstance shall Franchisor be under any obligation to

grant any waiver of deferral. Franchisor may reject Franchisees request for a waiver or deferral based on any reason or no reason at all.

9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee agrees that Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possess no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of System Services and Products through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 6. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

9.F. DESIGNATED MARKETING AREA MARKETING FUND

In addition to the mandatory contributions to the Brand Development Fund, at all times Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to institute, maintain, and administer a regional or local DMA Marketing Fund for a DMA that includes (in whole or in part) Franchisee's Designated Territory, and/or Franchisee's Retail Office (the "DMA Marketing Fund"). The following shall apply to the DMA Marketing Fund at all times throughout the Term:

- (1) If Franchisor institutes a DMA Marketing Fund that includes (in whole or in part) Franchisee's Designated Territory or Franchisee's Retail Office, Franchisee shall pay on the first day of each month, or such other specific day of the month the Franchisor designates from time to time, a mandatory and continuing fee to the DMA Marketing Fund in an amount equal to a percentage of Gross Revenue (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each month (the "DMA Marketing Fund Fee"), provided however, Franchisee will not be required to contribute more than two (2%) percent of the Gross Revenue for each month;
- (2) Franchisor will provide Franchisee with written notice of the percentage of Gross Revenue that Franchisee is required to contribute to the DMA Marketing Fund. Upon written notice to Franchisee, the percentage of Gross Revenue to be paid by Franchisee to the DMA Marketing Fund will be applicable for each and every month thereafter during the Term until otherwise designated by Franchisor in writing. The DMA Marketing Fund Fee shall be paid to Franchisor and/or Franchisor's designee on the first day of each month, or such other specific day of the month the Franchisor designates from time to time, and shall be sent to Franchisor by ACH and/or electronic funds transfer. Franchisee shall submit to the DMA Marketing Fund or Franchisor, statements and/or reports as may be required by Franchisor or by the DMA Marketing Fund, with Franchisor's prior written approval;
- (3) 3% Realty Businesses owned by Franchisor and/or Franchisor's affiliates are not required to pay any DMA Marketing Fund Fees or to financially contribute to a DMA Marketing Fund;
- (4) The DMA Marketing Fund will be Franchisor's designee for maintaining and administering advertising and promotional programs in the DMA that includes (in whole or in part) the Designated Territory and/or Franchisee's Retail Office for the benefit of Franchisee and those other franchisees with operating territories and/or Retail Offices within the designated DMA;

(5) The DMA Marketing Fund shall be organized and governed in a form and manner designated in advance by Franchisor in writing and subject to adjustment and modification by Franchisor upon thirty (30) days written notice from Franchisor to Franchisee and other franchisees with operating territories and/or Retail Offices within (in whole or in part) the designated DMA. The DMA Marketing Fund will consist of all franchisee businesses with operating territories and/or 3% Realty Business Facilities located (in whole or in part) within in the designated DMA (the "Contributors"). The DMA Marketing Fund shall be organized for the purposes of, and all contributions and any earnings thereon shall be used exclusively to meet any and all costs for, maintaining, directing and preparing advertising, public relations and/or promotional activities in connection with the DMA Marketing Fund's advertising program, including, without limitation, the cost of preparing and conducting media campaigns, charitable events, community events, direct mail, marketing and surveys and other public relations activities, employing advertising agencies to assist therein, and providing promotional materials to the 3% Realty Businesses operated under the System;

(6) Franchisor shall exclusively determine and establish the governance rules for the DMA Marketing Fund, and, among other things, Franchisor may establish governance rules such that determinations and decisions as to marketing spends and utilization of the funds in the DMA Marketing Fund may be determined by a simple majority of franchisees in the DMA with twenty-five percent (25%) of the member franchisees voting and constituting a quorum. The DMA Marketing Fund shall be operated solely as a conduit for the collection and expenditure of marketing contributions for the purpose stated herein;

(7) The DMA Marketing Fund will not conduct any advertising, promotion, public relations or other marketing efforts for the 3% Realty Businesses within the designated DMA unless and until Franchisor has given the DMA Marketing Fund prior written approval for all concepts, materials or media proposed for any such advertising, promotion, marketing, public relations or telemarketing program or campaign. The DMA Marketing Fund will not distribute, publish, broadcast or otherwise disseminate any approved advertising, promotional or marketing materials after the date specified by Franchisor; and

(8) Franchisee's payment of DMA Marketing Fund Fees in accordance with the instruction of Franchisor, shall, respectively as to the time period in which the DMA Marketing Fund Fees are paid, count toward Franchisee's local marketing obligations set forth in Article 9.B. of this Agreement.

ARTICLE 10

RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

10.A. INDEPENDENT CONTRACTORS

Franchisor and Franchisee acknowledge and agree that this Agreement does not create a fiduciary relationship between Franchisor and Franchisee, Franchisor and Franchisee are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. The parties' relationship is strictly a franchisor and franchise relationship.

Franchisee agrees that Franchisee is the sole employer of the employees of the Franchised Business. Franchisee has the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling and paying wages to, and withholding and paying taxes for Franchisee's employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors and employees shall not be construed, considered, or represented as Franchisor's employees, representatives,

or agents. Franchisee agrees that there is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the System Services and Products, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

Franchisee must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a 3% Realty Business under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires.

Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee must not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee.

Franchisor and Franchisee shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act.

Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed, or business conducted by Franchisee.

10.B. INDEMNIFICATION BY FRANCHISEE

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages actually or allegedly, directly or indirectly, arising out of, or relating to, Franchisee's Retail Office, Franchisee's Administrative Home Office, and/or the Franchised Business, including without limitation, the establishment, construction, opening, ownership and operation of the Franchised Business, such as by way of example but without limitation any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the Retail Office, Home Administrative Office or Franchised Business; crimes committed on or near any of the premises, facilities of Franchisee's Retail Office, Home Administrative Office or Franchised Business or vehicles used by the Franchised Business; all acts, errors, neglects or omissions engaged in by Franchisee, Franchisee's Agents, contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of Franchisee's Retail Office, Home Administrative Office or Franchised Business, whether or not any of the foregoing was approved by Franchisor; defects in any Retail Office, Home Administrative Office or facility Franchisee constructs and/or operates, whether or not discoverable by Franchisee or Franchisor; all acts, errors, neglects or omissions of Franchisee or the

Franchised Business and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of Franchisee or the Franchised Business (or any third party acting on Franchisee's behalf or at Franchisee's direction), whether in connection with the Franchised Business or otherwise, including (without limitation) any property damage, injury or death suffered or caused by any vehicle serving Franchisee's Franchised Business; all liabilities arising from or related to Franchisee's offer or sale of real estate products and/or services as contemplated by this Agreement; any action by any customer of Franchisee's Franchised Business or visitor to Franchisee's Retail Office, Home Administrative Office or any other facility of Franchisee's Franchised Business; and, any claim by any party (including by Franchisee, Franchisee's Agents and/or Franchisee's employees) that Franchisor is the putative franchisee, employer or joint employer of any of Franchisee's employees or Agents.

Franchisee agrees to give Franchisor written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any Franchisor Indemnified Party within three days of Franchisee's actual or constructive knowledge of it. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisor will have the right, at any time it considers appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions Franchisor considers expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to do so. Under no circumstance will Franchisor or the other Franchisor Indemnified Parties be required to seek recovery from third parties or otherwise mitigate Franchisor's or their losses to maintain a claim against Franchisee. Franchisee agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor or the other Franchisor Indemnified Parties from Franchisee.

Specifically excluded from the indemnity Franchisee gives hereby is any liability associated with Franchisor or the Franchisor Indemnified Parties' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Franchisee).

Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

Franchisee and each Owner acknowledge and agree that the terms of this Article 10.B. shall survive the termination, expiration or Transfer of this Agreement.

ARTICLE 11

LICENSED MARKS AND SYSTEM; INNOVATIONS TO SYSTEM

11.A. OWNERSHIP AND GOODWILL

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates

shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

11.B. USE OF THE LICENSED MARKS

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchisee shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any of Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take

action pursuant to instruction by Franchisor pursuant to this Article 11.D. or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any of Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third-party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

Franchisee may not settle or compromise the claim by a third party without Franchisor's prior written consent. Franchisor will have the right to defend, compromise and settle the claim at Franchisor's sole cost and expense, using Franchisor's own counsel. Franchisee agrees to cooperate fully with Franchisor in connection with the defense of the claim. Franchisee grants irrevocable authority to Franchisor, and appoints Franchisor as Franchisee's attorney in fact, to defend and/or settle all claims of this type. Franchisee may participate at its own expense in the defense or settlement, but Franchisor's decisions with regard to the defense or settlement will be final. Franchisor will have no obligation to defend or indemnify Franchisee pursuant to this Article if the claim arises out of or relates to Franchisee's use of any of the Licensed Marks and/or Franchisor's copyrights in violation of the terms of this Agreement.

11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. Franchisee hereby permanently and irrevocably assign to Franchisor any and all rights and interests (including intellectual property rights and interests) to any and all of the following which is developed by Franchisee or on Franchisee's behalf, if developed in whole or in part in connection with the Franchised Business: all products or services; all variations, modifications and/or improvements on products or services; Franchisee's means, manner and style of offering and selling products and services; management techniques or protocols Franchisee may develop (or have developed on Franchisee's behalf); all sales, marketing, advertising and promotional programs, campaigns or materials developed by Franchisee or on Franchisee's behalf; and, all other intellectual property developed by Franchisee or on behalf of the Franchised Business. Franchisee shall promptly disclose to Franchisor all of the foregoing, and shall procure an assignment of the foregoing, from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees. Franchisor may authorize itself, its affiliates and/or other 3% Realty Businesses to use and exploit any such rights which are assigned to Franchisor hereunder. The sole consideration for Franchisee's assignment to Franchisor of all of the foregoing rights shall be Franchisor's grant of the franchise conferred upon Franchisee by this Agreement; Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other

consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

ARTICLE 12

RECORDS AND REPORTS

12.A. MAINTENANCE AND PRESERVATION OF RECORDS.

Franchisee shall maintain during the Term, and preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records, and accounts from the Franchised Business. Such records shall be maintained and preserved in the form and manner by Franchisor in the Operations Manual or otherwise in writing.

12.B REPORTING OBLIGATIONS.

Franchisee shall comply with the following reporting obligations:

- (1) Franchisee shall submit to Franchisor, in the form Franchisor reasonably prescribes, an unaudited monthly profit and loss statement and balance sheet for the Franchised Business within sixty (60) days after the end of each month during the Term. If Franchisee fails to submit the profit and loss statement and balance sheet within the time period specified in this Article 12, Franchisor will assess a late fee in the amount of One Hundred (\$100) Dollars against Franchisee. Because Franchisor's administrative, incidental and indirect costs, expenses and damages would be difficult, if not impossible to ascertain in the event such documentation is not timely tendered by Franchisee to Franchisor, the foregoing late charge was negotiated by the parties as liquidated damages and not a penalty. Payment of such late fee shall not constitute a cure of Franchisee's reporting obligations under this Article 12.B., and such payment shall not relieve Franchisee of its reporting obligations under this Agreement;
- (2) Franchisee shall provide to Franchisor annual financial statements for Franchisee reviewed by an independent certified public accountant in accordance with GAAP within ninety (90) days after the end of Franchisee's fiscal year. Franchisor reserves the right to require such financial statements to be audited by an independent certified public accountant satisfactory to Franchisor at Franchisee's cost and expense. The annual financial statements of Franchisee must reconcile Gross Revenue per GAAP to Gross Revenue per this Agreement;
- (3) Franchisee shall provide to Franchisor, Franchisee's annual federal, state and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within forty-five (45) days of Franchisee or Franchisee's agent filing such returns with the applicable federal, state and local entities; and
- (4) Franchisee shall timely submit to Franchisor, any other forms, reports, records, information, and data as Franchisor may reasonably request.

ARTICLE 13

INSPECTION AND AUDITS

13.A. FRANCHISOR'S RIGHT TO INSPECT REAL ESTATE OFFICE AND SYSTEM EQUIPMENT AND SUPPLIES

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect

Franchisee's Retail Office, and/or visit any locations at which Franchisee has provided or are providing products or services to customers or maintaining business records, and inspect and audit the products, services and programs provided from or at such locations, the products and supplies contained at such locations and their condition, confer with Franchisee's employees and customers and copy any of Franchisee's business or tax books and records. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, movies, or videotapes of Franchisee's Retail Office, customer service visits and interview employees and customers of the Franchised Business, so long as Franchisee's ability to operate the Franchised Business is not materially and unreasonably impeded. Following any such inspection, Franchisee agrees to incorporate any reasonable corrections and modifications Franchisor requires to maintain the standards of quality and uniformity Franchisor prescribes, as quickly as is reasonably possible and using all resources at Franchisee's disposal. Franchisee has the right to request and receive copies of all reports, transcripts, videotapes, recordings, photographs, and media made in the course of the inspection within ten (10) days after Franchisor's said request.

13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies all such books, statements, records and supporting documents at all times at Franchisee's Retail Office. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. Franchisee agrees to make any of these materials available for examination at Franchisee's premises. Alternatively, Franchisor may determine to conduct any such audit either at its offices or at the office of a designee of Franchisor and, if Franchisor does, Franchisee will be required to transmit some or all of the foregoing books and records to Franchisor or its designee. In addition to the foregoing, Franchisor may require Franchisee to scan and electronically transmit to Franchisee such volume of the above-referenced records, files and documents as will not unreasonably burden the Franchised Business.

ARTICLE 14

TRANSFER OF INTEREST

14.A. BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third-party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor's rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements and/or Franchisor's rights and obligations under this Agreement and/or the Ancillary Agreements.

14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee agrees, and, Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

- (1) No ownership interest in Franchisee or of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;
- (2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Retail Office, (c) the Franchised Business, or (d) the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor;
- (3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;
- (4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and
- (5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer.

14.C. CONDITIONS FOR APPROVAL OF TRANSFER

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F. below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. agrees that it will not be unreasonable for Franchisor to impose, among other requirements, the following conditions to granting consent to the proposed Transfer:

- (1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least thirty (30) days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F. below;
- (2) That the proposed transferee applies to Franchisor for acceptance as a franchisee, and furnishes to Franchisor the information and references that Franchisor requests to determine the proposed assignee's skills, qualifications, financial condition, background and history, reputation, economic resources and ability to assume Franchisee's duties and obligations under this Agreement and any related agreement. Franchisee must pay the costs of any such investigation conducted by Franchisor.
- (3) That the proposed transferee (or, if an entity, the principals of the proposed assignee) presents itself for a personal interview at Franchisor's corporate office, or any other location Franchisor designates, at the date and time Franchisor reasonably requests, without expense to Franchisor. Franchisor may determine to meet with Franchisee's proposed transferee at his, her or its principal place of business or residence and, if Franchisor does, Franchisee will reimburse Franchisor for all travel, lodging, meal and personal expenses related to such activity.

(4) That the proposed transferee (or, if an entity, the principals of the proposed assignee) demonstrates that it has the skills, qualifications, ethics, moral values and economic resources necessary, in Franchisor's reasonable judgment, to conduct the Business contemplated by this Agreement.

(5) That, as of the date of the Transfer, Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements; provided, however, Franchisor may (but need not) determine to approve a Transfer if the Franchisee has cured any existing defaults under any provisions of this Agreement or any other agreement or arrangement with Franchisor or its affiliates, and has fully satisfied in all respects all of its accrued and/or then-current monetary and other obligations to Franchisor and its affiliates (under this Agreement or otherwise), all sources of financing of the Franchised Business and all material sources of supply of the Franchised Business.

(6) That the transferee has acquired, or will be able to immediately acquire following the execution of the new Franchise Agreement, all permits, licenses and other authorizations required by any federal, state or local, rule or regulation to operate the Franchised Business. If applicable law enables Franchisee to transfer or assign any of the aforementioned permits, licenses and/or authorizations which Franchisee possess to the assignee, then Franchisee agrees to do so immediately following Franchisor's execution of the assignee's new Franchise Agreement.

(7) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses shall personally execute the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Each owner of the transferee shall also be required to execute the Joinder Agreement in the form attached to this Agreement as Exhibit 2 and such further agreements designated by Franchisor whereby the proposed transferee assumes each and every obligation and responsibility of Franchisee as set forth in this Agreement;

(8) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;

(9) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 7 releasing Franchisor, Franchisor's Affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;

(10) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then-current standard form franchise agreement offered to new franchisees of 3% Realty Businesses and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then-current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(11) The transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's Retail Office to conform to the then-current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(12) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;

(13) At the transferee's expense, the transferee, and the transferee's managing owner, managers and/or any other applicable employees of transferee's 3% Realty Business must complete any training programs then in effect for franchisees of 3% Realty Businesses upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(14) Franchisee must pay the Transfer Fee to Franchisor;

(15) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(16) The proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business and Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 4;

(17) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees, Advertising Contributions;

(18) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(19) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(20) The Transfer must be made in compliance with all applicable laws;

(21) The Transfer of the Franchised Business, the lease for Franchisee's Retail Office, and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(22) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this

Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed thirty (30) days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within sixty (60) days of the appointment. If Franchisee's 3% Realty Business is not being managed by a Franchisor approved Operating Manager (as applicable) within thirty (30) days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's 3% Realty Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's 3% Realty Business. Franchisor's appointment of a manager for Franchisee's 3% Realty Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's 3% Realty Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's 3% Realty Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's 3% Realty Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed thirty (30) days from the date of death or permanent disability must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within sixty (60) days of the appointment. If Franchisee's 3% Realty Business is not being managed by a Franchisor approved Managing Owner (as applicable) within thirty (30) days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's 3% Realty Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's 3% Realty Business. Franchisor's appointment of a manager for Franchisee's 3% Realty Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's 3% Realty Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's 3% Realty Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's 3% Realty Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time. Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D.(1) shall apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed twelve (12) months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and the Joinder Agreement attached to this Agreement as Exhibit 2.

14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Franchisee has provided Franchisor with thirty (30) days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and the Joinder Agreement attached to this Agreement as Exhibit 2; (c) the Spouse of each Franchisee (individually, jointly and severally as to each individual Spouse) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and (e) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Franchisee or an Owner desires to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's 3% Realty Business, Franchisee's Retail Office, and/or Franchisee's Retail Office, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have thirty (30) days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee's 3% Realty Business, Franchisee's Retail Office, and/or Franchisee's Retail Office for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). Franchisor's credit will be considered at least equal to the credit of any proposed purchaser. If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said thirty (30) day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional sixty (60) days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F, right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within one hundred twenty (120) days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F. shall

not apply to any Transfer pursuant to Article 14.E. of this Agreement.

ARTICLE 15

RENEWAL OF FRANCHISE

15.A. FRANCHISEE'S RIGHT TO RENEW

Subject to Franchisee's satisfaction of the terms and conditions of this Article 15, so long as Franchisor is still offering franchises in the area in which Franchisee's Franchised Business is located, Franchisee possesses the option to renew the franchise for Franchisee's 3% Realty Business for three (3) additional five (5) year Renewal Terms, provided that:

- (1) Franchisee has complied with the terms and conditions of this Agreement and, without limitation to the foregoing, has operated Franchisee's 3% Realty Business in conformity with the System, paid all amounts owed to Franchisor, its affiliates, the lessor or sublessor of the Retail Office and any material third party supplier, and has not otherwise breached this Agreement at any time;
- (2) Franchisee maintains possession of Franchisee's Retail Office and/or a substitute thereof that is approved by Franchisor and located within the Designated Territory;
- (3) Before the commencement of the applicable renewal term, Franchisee agrees to update the condition, appearance and functionality of Franchisee's Retail Office and to otherwise modify Franchisee's Retail Office in compliance with specifications and standards then applicable for new 3% Realty Businesses;
- (4) Franchisee pays the then-current Renewal Fee based on the length of the renewal term;
- (5) Franchisee and/or its Managing Owner and any other management and staff Franchisor designates must attend and successfully complete any training that Franchisor may reasonably require, at Franchisee's expense;
- (6) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 7 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders. If precluded by law from giving a general release, Franchisee shall execute an estoppel statement; and
- (7) Franchisee complies with the terms and conditions of Article 15.

15.B. NOTICE OF RENEWAL AND NON-RENEWAL

Franchisee must give Franchisor written notice of Franchisee's election to renew this Agreement not more than two-hundred and seventy (270) days and not less than one hundred and eighty (180) days before the end of the Term.

15.C. RENEWAL FRANCHISE AGREEMENT

Subject to the satisfaction of the conditions set forth in this Article 15, to renew the franchise license and to obtain the right to continue to operate the Franchised Business (a) Franchisor and Franchisee execute and become parties to Franchisor's then current franchise agreement and Franchisor's then current ancillary agreements that Franchisor then designates and customarily uses in the grant of franchises for 3% Realty Businesses at the time of renewal, and (b) each Owner and Spouse must execute and become parties to an

individual personal guarantee similar to the Franchise Owner and Spouse Agreement and Guaranty attached hereto as Exhibit 1 and an agreement similar to the Joinder Agreement attached hereto as Exhibit 2. The terms of the renewal franchise agreement and ancillary agreements may differ from the terms of this Agreement and the Ancillary Agreements, including, without limitation, requiring higher advertising contributions and higher royalty fees. Franchisee, each Owner and each Spouse may be required to execute further documents, instruments or agreements that Franchisor customarily requires in the grant of franchises for 3% Realty Businesses at the time of renewal. Failure by Franchisee, each Owner, and/or each Spouse to execute the foregoing documents, instruments, and agreements within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the franchise.

ARTICLE 16

DEFAULTS AND REMEDIES

16.A. TERMINATION BY FRANCHISOR

(1) **Automatic Termination** - Franchisee shall be in default of this Agreement, and Franchisee's rights under this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, events, and/or circumstances:

- (a) Franchisee becomes insolvent;
- (b) Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;
- (c) Franchisee admits in writing Franchisee's inability to pay its debts as they mature;
- (d) Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;
- (e) Franchisee files a voluntary petition in bankruptcy;
- (f) Franchisee is adjudicated bankrupt or insolvent;
- (g) An involuntary petition in bankruptcy is filed against Franchisee;
- (h) Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;
- (i) A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Franchisee seeking any relief described in Article 16.A.(1)(h), and (1) Franchisee acquiesces in the entry of such order, judgment or decree (the term "acquiesce" as used in this Article 16.A.(1)(i) shall include, without limitation, Franchisee's failure to file a petition or motion to vacate or discharge any order, judgment or decree within sixty (60) days after entry of such order, judgment or decree), or (2) such order, judgment or decree shall remain for an aggregate of sixty (60) days, whether or not consecutive, from the date of entry thereof;
- (j) Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;
- (k) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator,

custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(l) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of sixty (60) days, whether or not consecutive, from the date of entry thereof;

(m) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(n) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution;

(o) Execution is levied upon or against Franchisee's business or any assets of Franchisee;

(p) A final judgment against Franchisee remains of record or unsatisfied for thirty (30) days or more, unless an appeal and/or supersedeas bond is filed;

(q) Franchisee is dissolved;

(r) A cause of action or lawsuit to foreclose any lien or mortgage against Franchisee's Retail Office if Franchisee is the fee simple owner of Franchisee's Retail Office;

(s) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of Franchisee's 3% Realty Business or located at Franchisee's Retail Office is instituted against Franchisee and not dismissed within sixty (60) days after the summons is served on Franchisee;

(t) Real or personal property of Franchisee utilized in the operation of Franchisee's 3% Realty Business is sold after levy thereupon by any sheriff, marshal or other law enforcement officer;

(u) Upon termination by Franchisor pursuant to Article 16.A.(2) of this Agreement; and/or

(v) Upon termination by Franchisor pursuant to Article 16.A.(3) of this Agreement.

(2) **Automatic Termination Upon Written Notice** - Franchisee shall be in default of this Agreement and Franchisee's rights under this Agreement may be terminated by Franchisor, in Franchisor's sole discretion, without giving Franchisee any opportunity to cure the breach, upon written notice from Franchisor to Franchisee of any one of the following events and/or the occurrence of any one or more of the following actions, events and/or circumstances with such termination effective on the date of Franchisor's notice:

(a) Franchisee abandons, surrenders and/or fails to continuously and actively operate Franchisee's 3% Realty Business, unless prevented by casualty if such casualty is repaired or otherwise remedied in accordance with Article 7.D.;

(b) Franchisee knowingly conceals revenues; maintains false books or records; falsifies information or otherwise defraud or make false representations to Franchisor; submits any false report to Franchisor or fails or refuses to timely submit to Franchisor any records, reports, videotapes, recordings, books, accounts, statements, data, documentation or other information in accordance with this Agreement;

- (c) Franchisee fails or refuses on more than three (3) occasions during the Term to timely pay when due the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, and/or monetary obligation payable to Franchisor pursuant to this Agreement;
- (d) Franchisee materially misrepresents or omits information in Franchisee's Disclosure Questionnaire and Representations Statement attached hereto as Exhibit 3, or in any other information that Franchisee furnished to Franchisor in connection with Franchisor's decision to enter into this Agreement; Franchisee maintains records, reports, books, accounts, statements, data, documentation or other information in accordance with this Agreement that are with misleading, fraudulent or inaccurate, or Franchisee provides Franchisor with records, reports, books, accounts, statements, data, documentation or other information in accordance with this Agreement that are with misleading, fraudulent or inaccurate;
- (e) Franchisee attempts to Transfer, or any purported Transfer of, this Agreement or any of Franchisee's rights under this Agreement to a third party without Franchisor's prior written consent and/or otherwise not in accordance with this Agreement;
- (f) Franchisee discloses, divulges, and/or communicates to any unauthorized person or entity the Operations Manual and/or any contents of, or any information contained in, the Operations Manual;
- (g) Franchisee fails to comply with the covenant not to compete during the term of this Franchise Agreement, Franchisee violates the restrictions pertaining to Confidential Information or, does not obtain the execution of the additional covenants required by this Agreement
- (h) Franchisee fails or refuses on more than three (3) occasions to substantially comply with any of the requirements imposed by this Agreement or the Operations Manuals;
- (i) Franchisee materially breaches, or is in material default of, this Agreement or engages in any other activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, 3% Realty Businesses, Franchisee's 3% Realty Business, and the goodwill, brand, and reputation associated therewith;
- (j) Franchisee, an Owner, and/or a Spouse (as applicable) breaches, or is in default of, any of the Ancillary Agreements, including, without limitation, the Franchise Owner and Spouse Agreement and Guaranty attached hereto as Exhibit 1 and the Joinder Agreement attached hereto as Exhibit 2;
- (k) Franchisee, its Managing Owner and/or, if Franchisee is a business entity, any owner, member, shareholder, director or manager (as applicable) of such entity is convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which Franchisor reasonably believes is related to Franchisee's operation of the Franchised Business, or is likely to have an adverse effect on the System, the Licensed Marks, the goodwill associated with the Licensed Marks or Franchisor's interest in the System or the Licensed Marks;
- (l) Franchisee and/or an Owner engages in dishonest or unethical conduct that results, in Franchisor's Reasonable Business Judgment, in embarrassment to Franchisor, the System,

the Licensed Marks, 3% Realty Businesses, Franchisee's 3% Realty Business, and the goodwill, brand, and reputation associated therewith;

- (m) If Franchisee refuses Franchisor permission to inspect, or to conduct an operational and/or financial audit of, the Franchised Business or if any inspection of Franchisee's records, reports, books, accounts, statements, data, documentation or other information discloses an understatement of payments payable to Franchisor under this Agreement of five percent (5%) or more, including, without limitation, payment of the Royalty Fee and/or the Advertising Contribution;
- (n) Franchisee uses products, and/or supplies not approved by Franchisor, including, without limitation, the System Equipment and Supplies and/or the System Services and Products;
- (o) Franchisee fails to complete the Training Program to Franchisor's reasonable satisfaction;
- (p) Franchisee engages in conduct which, in Franchisor's Reasonable Business Judgment, may adversely affect the goodwill of Franchisor, the System, the Licensed Marks, 3% Realty Businesses and/or Franchisee's 3% Realty Business;
- (q) An immediate threat or danger to public health or safety resulting from the operation of Franchisee's 3% Realty Business;
- (r) Franchisee loses the right or ability to occupy Franchisee's Retail Office due to Franchisee's default of the underlying breach, material breach of the underlying lease, or Franchisee's failure to elect any option to renew the underlying lease;
- (s) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or become listed on the Annex to Executive Order 13244;
- (t) Franchisee fails to: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and/or (3) take reasonable steps (including notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel) to prevent any person or entity from violating the terms of the Confidentiality Agreement;
- (u) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System, Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world;
- (v) Franchisee fails, refuses, and/or is unable to pay the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, and/or monetary obligation payable to Franchisor pursuant to this Agreement within ten (10) calendar days following written notice of same from Franchisor;
- (w) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay any payment, fee, financial obligation, and/or monetary obligation payable to Franchisor and/or Franchisor's Affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's Affiliate, Franchisee and/or Franchisee's affiliate within

ten (10) calendar days following written notice of same from Franchisor and/or Franchisor's Affiliate;

- (x) Franchisee fails or refuses, without legal justification, on more than three (3) occasions to timely pay any supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items for the use of, operation of, and/or associated with, Franchisee's 3% Realty Business, including, without limitation, the System Equipment and Supplies and/or the System Services and Products;
- (y) If Franchisee breaches a material term or provision of this Agreement or, if, pursuant to the terms of this Agreement Franchisee is permitted to cure such breach, Franchisee breaches a material term or provision of this Agreement and Franchisee fails to timely cure such breach pursuant to the terms of this Agreement
- (z) Franchisee does not purchase or maintain any insurance required by this Agreement.
- (aa) Franchisee, the Franchised Business or the Retail Office commits any violation of law, rule or regulation and/or engagement in any act or practice which subjects Franchisee and/or Franchisor to widespread publicity or ridicule.
- (bb) Franchisee breaches the provisions of this Agreement relating to advertising standards and does not cure this breach within three days following written notice from Franchisor.
- (cc) Franchisee interferes or attempts to interfere with Franchisor's ability or right to franchise or license others to use and employ the System and/or Licensed Marks.
- (dd) Franchisee engages in any act or conduct, or fail to engage in any act or conduct, which under this Agreement specifically authorizes Franchisor to terminate this Agreement immediately upon notice to Franchisee.

(3) **Termination After Cure Period** - Franchisee shall be in default of this Agreement, and Franchisee's rights under this Agreement shall be terminated, upon thirty (30) calendar days written notice (specifying the default of this Agreement and/or the actions, inactions, failures, circumstances, and/or events that must be cured by Franchisee) to Franchisee (the "Notice Period") upon the occurrence of any one or more of the following actions, inactions, events, and/or circumstances with such termination effective upon expiration of the Notice Period, unless cured by Franchisee within the Notice Period:

- (a) Franchisee fails, refuses or neglects to pay promptly when due any money owed to Franchisor, Franchisor's affiliates or any lender which has provided financing to the Franchised Business under any arrangement with Franchisor. The cure period for this default shall not be the above-referenced 30 calendar days but, instead, will be five (5) calendar days after Franchisor transmits to Franchisee with a written notice of default. If Franchisee fails to cure any such default within such shortened cure period, then this Agreement will terminate immediately upon expiration of the applicable cure period, or any longer period required by applicable law. Notwithstanding the foregoing, Franchisor may terminate this Agreement immediately (without providing written notice of default) if any payment Franchisee owes to Franchisor, Franchisor's affiliates or any lender which has provided financing to the Franchised Business under any arrangement with Franchisor is not made within 30 calendar days after its due date;
- (b) Franchisee fails or refuses to comply with any term and condition of this Agreement or any

other agreement between or among Franchisor, Franchisor's Affiliates, Franchisee and/or Franchisee's affiliates;

(c) Franchisee fails to develop, open, operate and maintain Franchisee's 3% Realty Business in accordance with this Agreement and throughout the Term;

(d) Franchisee fails to develop, open and operate Franchisee's 3% Realty Business on or before the Scheduled Business Commencement Date;

(e) Franchisee operates Franchisee's 3% Realty Business in any manner that violates any federal, state, or local law, rule, regulation, ordinance, permit or code;

(f) Franchisee fails or refuses to comply with any specification, standard or operating procedure designated by Franchisor or otherwise set forth in the Operations Manual;

(g) Franchisee fails or refuses, without legal justification, to pay any supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items for the use of, operation of, and/or associated with, Franchisee's 3% Realty Business, including, without limitation, the System Equipment and Supplies and/or the System Services and Products;

(h) Franchisee fails or refuses, within one hundred twenty (120) calendar days of the Effective Date to obtain and secure a signed lease agreement or fee simple ownership interest in a business location in accordance with this Agreement and, that is approved by Franchisor as Franchisee's Retail Office;

(i) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development and/or construction of the 3% Realty Business;

(j) If Franchisee's responsible broker's license is suspended, terminated or a proceeding to do same is implemented.

(k) Franchisee fails to obtain or maintain any required permit, certificate or other governmental approval required either by this Agreement or applicable law, rule or regulation.

(l) Franchisee employs any individual who is not eligible for employment in the United States under any federal, state, local or other law, rule or regulation.

The foregoing events of default set forth in this Article 16.A.(3) shall exclude events of default that are otherwise governed by and/or events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

(4) **Additional Termination Rights** - Franchisee agrees that Franchisee's strict and exact compliance with, and performance of, all the terms and conditions of this Agreement is necessary for the protection of Franchisor, the System, the Licensed Marks, 3% Realty Businesses, Franchisee's 3% Realty Business, and the goodwill, brand, and reputation associated therewith. Franchisee agrees that Franchisee's failure to strictly and exactly to comply and perform in accordance with each of the terms and conditions of this Agreement shall constitute a default under, and a material breach of, this Agreement. Accordingly, in addition to the actions, inactions, events, and/or circumstances specified as a default in Article 16.A.(1)

through Article 16.A.(3) above or elsewhere in this Agreement, Franchisee's failure to perform and comply with each and every term and condition set forth in this Agreement shall constitute a default under this Agreement and a material breach of this Agreement. In the event of a default or material breach not otherwise specified as a default in Article 16.A.(1) through Article 16.A.(3) above or elsewhere in this Agreement (a "General Default"), then Franchisor shall notify Franchisee in writing of such General Default, and Franchisor will specify in such notice the default or material breach of this Agreement and/or the actions, inactions, failures, circumstances, and/or events that must be cured by Franchisee. If Franchisee fails to remedy or cure such default within thirty (30) days of such notice, or such longer period time as may be required by law, then Franchisor may terminate Franchisee's rights under this Agreement without further notice to Franchisee.

16.B. TERMINATION BY FRANCHISEE

Franchisee acknowledges and agrees that Franchisee has no right to unilaterally terminate this Agreement for any reason. Franchisee's termination or purported or threatened termination of this Agreement will be deemed a termination without cause and a breach of this Agreement.

16.C. FRANCHISOR'S OTHER REMEDIES

In the event of Franchisee's breach of any provision of this Agreement or Franchisee's default under this Agreement, Franchisor, at Franchisor's sole discretion, shall be entitled to the following remedies and rights in addition to any other rights and remedies available to Franchisor set forth in this Agreement, at law, or in equity: (i) void and terminate this Agreement, and market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion; (ii) hold Franchisee liable for, and recover from Franchisee, all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges resulting from Franchisee's default or material breach; (iii) exercise all legal and equitable rights and remedies allowable by applicable law; (iv) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges to reclaim the rights granted to Franchisee under this Agreement, and marketing, selling, transferring, conveying or assigning those rights to another person or entity; (v) enjoin, prohibit or otherwise prevent Franchisee from operating Franchisee's 3% Realty Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court ordered restraining order, injunction or other means; (vi) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges resulting from, or associated with, enjoining, restraining, prohibiting, or otherwise preventing Franchisee from operating Franchisee's 3% Realty Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court ordered restraining order, injunction or other means; (vii) a declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void; (viii) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges associated with enforcing this Agreement; (ix) recover from Franchisee all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including,

without limitation, payments of the Royalty Fee and Advertising Contributions; (x) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges resulting from, or associated with, recovering from Franchisee all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, payments of the Royalty Fee and Advertising Contributions; (xi) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (xii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee (which may include, without limitation, requiring cash on delivery); (xiii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; (xiv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund and/or the DMA Marketing Fund; (xv) require payment of the Noncompliance Fee, which shall be payable and due within fourteen (14) days of the date of Franchisor's invoice; and/or (xvi) if a default or breach by Franchisee results in the earlier termination of this Agreement, then Franchisor, at Franchisor's sole election, may accelerate the due date for all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee, including, without limitation, payments of the Royalty Fee and Advertising Contributions. If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchisee, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's such rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

16.D. GUARANTY

The payment of all payments, amounts, fees, charges and other financial obligations payable by Franchisee to Franchisor pursuant to this Agreement, and Franchisee's observance and performance of all terms and conditions of this Agreement, are guaranteed pursuant to The Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

16.E. NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR

Franchisee shall give Franchisor advance written notice of Franchisee's intent to commence or otherwise institute any legal action or proceeding against Franchisor, specifying the basis for such proposed action, and Franchisee shall grant Franchisor thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based (hereinafter, the "30 Day Cure Notice"). Franchisee hereby expressly understands, and agrees that the 30 Day Cure Notice is a strict condition precedent to Franchisee commencing, or otherwise instituting, legal action or proceeding against Franchisor for any reason whatsoever.

ARTICLE 17
OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS

17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Equipment and Supplies.

17.B. CEASE OPERATIONS, USE OF SYSTEM AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

- (1) Permanently cease to be a franchise owner of the 3% Realty Business that was the subject of this Agreement and cease to operate such 3% Realty Business under the System;
- (2) Directly or indirectly, hold itself out to any person or entity, or represent itself, as a present or former 3% Realty Business franchisee;
- (3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or constitute Franchisor's trade secrets; (c) System Equipment and Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Equipment and Supplies; (d) the System Services and Products; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, 3% Realty Businesses, the Franchised Business, and Franchisee's former 3% Realty Business, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and 3% Realty Businesses;
- (4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;
- (5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;
- (6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately

turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) Except in the event an authorized transferee continues to operate Franchisee's former 3% Realty Business at Franchisee's Retail Office subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former 3% Realty Business, Franchisee's former 3% Realty Retail Office, and Franchisee's Retail Office, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Retail Office has been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a 3% Realty Business at Franchisee's Retail Office; (b) remove from Franchisee's Retail Office all distinctive physical and structural features identifying a 3% Realty Business and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; (c) make specific additional changes to Franchisee's Retail Office as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former 3% Realty Business. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Retail Office at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Retail Office will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (i) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former 3% Realty Business and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B. through Article 6.E. of this Agreement.

(11) Provide Franchisor, within thirty (30) days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

17.C. NO PREJUDICE; CONTINUING OBLIGATIONS

The expiration or termination of this Agreement will be without prejudice to Franchisor's rights against Franchisee, and will not relieve Franchisee of any of its obligations to Franchisor at the time of expiration or termination. All obligations of Franchisor and Franchisee under this Agreement which expressly, or by

their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee further agrees that in the event of expiration, termination, or Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance, including in the event of a Transfer by Franchisee or termination of this Agreement, shall each Owners and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and the Joinder Agreement attached to this Agreement as Exhibit 2. The immediately foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

17.D. CROSS DEFAULT

Any default or breach by Franchisee, Franchisee's affiliates and/or any guarantor of Franchisee of any other agreement between Franchisor or its affiliates and Franchisee and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by Franchisee and/or such other parties will be deemed a default or breach under any and all such other agreements between Franchisor or Franchisor's affiliates and Franchisee, Franchisee's affiliates and/or any guarantor of Franchisee. If the nature of the default under any other agreement would have permitted Franchisor (or Franchisor's affiliate) to terminate this Agreement if the default had occurred under this Agreement, then Franchisor will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof.

17.E. NOTICE REQUIRED BY LAW

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights to terminate this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by such laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

17.F. FRANCHISOR'S RIGHT TO CURE DEFAULTS

In addition to all other remedies granted pursuant to this Agreement, if Franchisee defaults in the performance of any of its obligations, or breaches any term or condition of this Agreement or any related agreement, then Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee, cure the default on Franchisee's behalf. Franchisor's cost of curing the default and all related expenses will be due and payable by Franchisee immediately upon demand.

ARTICLE 18

ENFORCEMENT AND CONSTRUCTION

18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, Franchisor and Franchisee acknowledge and agree that each term and condition of this Agreement shall be interpreted or

otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or “blue-lined” to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or “blue-lined” in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

18.B. WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor’s rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor’s other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee’s default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor’s insistence upon Franchisee’s strict compliance with Franchisee’s obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under the this Franchise

Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

18.C. FORCE MAJEURE

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six (6) months.

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisee agrees that Franchisor may obtain both temporary and permanent injunctive relief. Franchisee consents to the entry of these temporary and permanent injunctions. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H. of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that 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). The remedies available to Franchisor under Article 6.H. are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing, Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G. of this Agreement and shall be consistent with same. Franchisee will be responsible for payment of all costs and expenses, including, reasonable attorneys' fees, which Franchisor and/or Franchisor's affiliates may incur in connection with Franchisee's non-compliance with this covenant.

18.E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

18.F. GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF DELAWARE SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

18.G. NON-BINDING MEDIATION AND BINDING ARBITRATION

(1) **Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in New York, New York or, if a mediator is not available in New York, New York then at a suitable location selected by the mediator that is located closest to New York, New York. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the American Arbitration Association. Mediation shall be conducted within forty-five (45) days of the American Arbitration Association's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay fifty (50%) percent of the mediator's fee and the American Arbitration Association's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Article 18.G.(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the American Arbitration Association for binding arbitration. Arbitration shall be conducted by one (1) arbitrator in accordance with the American Arbitration Association's then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in New York, New York or, if suitable American Arbitration Association facilities are not available in New York, New York then at a suitable American Arbitration Association location selected by the arbitrator that is located closest to New York, New York.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

- (a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;
- (b) The arbitration hearing shall be conducted within one hundred and eighty (180) days of the demand for arbitration;
- (c) The arbitrator shall render written findings of fact and conclusions of law;

- (d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N, 18.O., 18.R, 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;
- (e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;
- (f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction;
- (g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G., Franchisor and Franchisee agree that any judicial action or legal proceeding must exclusively be brought in a court of competent jurisdiction located within New York, New York. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to the such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

18.H. VARIANCES

FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

18.I. LIMITATIONS OF CLAIMS

ANY AND ALL CLAIMS AND/OR CAUSES OF ACTIONS BROUGHT BY FRANCHISEE ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED

UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE (1) YEAR FROM THE DATE ON WHICH FRANCHISEE KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME. FRANCHISOR SHALL NOT BE SIMILARLY TIME BARRED IN BRINGING CLAIMS.

18.J. WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

18.K. WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

18.L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

18.M. COMPLETE AGREEMENT

This Agreement, the documents referred to in this Agreement and the Schedules and Exhibits to this Agreement, together with the Operations Manual, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. Notwithstanding the foregoing, the disclosure document (as registered with certain states, required by federal law or otherwise and provided to Franchisee or its representative) shall not be deemed to constitute a part of this Agreement nor as a separate, binding agreement concerning the subject matter hereof. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that Franchisor and/or Franchisor's agents furnished to Franchisee and/or Franchisee's Owners.

18.N. ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement then Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or

litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

18.O. WAIVER OF CLASS-ACTION:

INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE 3% REALTY BUSINESS FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18.P. ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisee acknowledges and represents that prior to the signing of this Agreement that Franchisor recommended and that Franchisee had the opportunity to have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant and other business advisors.

18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Article 18.M. of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

18.S. NON-UNIFORM AGREEMENTS

Franchisee acknowledges that Franchisor makes no representations or warranties that all other agreements with Simply Full Service Realty, LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other franchise agreements to other System franchisees in a non-uniform manner.

18.T NO RIGHT TO OFFSET

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

18.U. HEADINGS

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

18.V. AUTHORITY TO EXECUTE AND BIND

Each party acknowledges, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

18.W. COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document. Electronic signatures will be considered as binding and conclusive as original signatures. Executed duplicates of this Agreement, if any, shall be deemed originals.

18.X. JOINT AND SEVERAL LIABILITY.

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

18.Y. RECITALS.

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement, and are hereby fully incorporated into the terms of this Agreement.

ARTICLE 19 **NOTICES**

All written notices and reports permitted or required to be delivered by this Agreement or the Operations Manual shall be deemed so delivered, at the time delivered by hand, one (1) business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three (3) business days after placed in the U.S. mail by registered or certified Mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement. Notwithstanding the foregoing, the Operations Manual and modifications to the Operations Manual may be delivered and/or noticed to Franchisee by such means selected by Franchisor, including electronic notice and email.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing unless otherwise expressly proscribed in this Agreement, and Franchisor shall respond within ten (10) business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar

act or request.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:

Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



3% Realty Franchise Agreement
SCHEDULE 1
DESIGNATED TERRITORY ACKNOWLEDGMENT

Franchisee’s Designated Territory - Franchisor and Franchisee agree that “Franchisee’s Designated Territory”, as such term is identified and defined in the Franchise Agreement, including, but not limited to, Article 1 of the Franchise Agreement, is identified, as follows:

[For this Schedule to be Effective this Schedule Must be Completed and Signed by Franchisor. If left incomplete then there shall be no Designated Territory]

The foregoing Designated Territory has been determined based on negotiations initiated by Franchisee and benefitting Franchisee. To the extent that the foregoing description of the Designated Territory includes and/or delineates geographic or political boundaries such determinations will be considered fixed as of the Effective Date of the Franchise Agreement and will not change for the purpose of this Agreement notwithstanding a change or reorganization to such boundaries or regions. All street boundaries, if any, will be deemed to end at the street center lines unless otherwise specified above.

Franchisor:
Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



3% Realty Franchise Agreement
SCHEDULE 2
DESIGNATED TERRITORY TYPE, FRANCHISE FEE, AND RETAIL
OFFICE LOCATION ACKNOWLEDGMENT

Type of Designated Territory – Franchisee’s Designated Territory is a:

[DESIGNATED TERRITORY TYPE]

[Describe whether or not Franchisee’s Designated Territory is a Standard Designated Territory, or a Standard Designated Territory Plus One or More Additional Standard Designated Territory shall be determined based on the Initial Franchise Fee]

Initial Franchise Fee - Franchisee’s Initial Franchise Fee is:

\$24,000

Retail Office Location Acknowledgment – If selected by Franchisee at the time of signing the Franchise Agreement and, if approved by Franchisor, the location for Franchisee’s Retail Office shall be:

[If left incomplete or unknown at time of executing this Agreement, Franchisee acknowledges that Retail Office, must be located Within Franchisees Designated Territory at a location approved by Franchisor in writing.

Franchisee acknowledges and represents that the foregoing determination as to Franchisee’s Designated Territory was based on negotiations initiated by Franchisee and for Franchisee’s benefit.

Franchisor:
Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)



3% Realty Franchise Agreement
SCHEDULE 3
STATEMENT OF FRANCHISEE’S OWNERS

If Franchisee is a Corporate Entity, Franchisee does hereby affirm and acknowledge that, as of the Effective Date:

1. The Following is a list of each Owner of Franchisee and, among other things, all shareholders, partners, members, and other investors in Franchisee, including all investors who own or hold a direct or indirect financial and/or equity interest in Franchisee:

Name	Address	Ownership Interest Percentage

2. The following Owner is hereby also designated by Franchisee as the “Managing Owner”:

Name

Franchisor:
Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



3% Realty Franchise Agreement
EXHIBIT 1
FRANCHISE OWNER AND SPOUSE AGREEMENT AND GUARANTY



FRANCHISE OWNER AND SPOUSE AGREEMENT AND GUARANTY

This Franchise Owner and Spouse Agreement and Individual Guaranty (the “Agreement”) is individually entered into by you as either an owner of Franchisee (identified below), or the spouse of the owner of franchisee and is given and signed by you in favor of Simply Full Service Realty, LLC, a Delaware Limited Liability Company, and its successors and assigns. In this Agreement, Simply Full Service Realty is referred to as (“us”, “our” or “we”, and each individual that signs this Agreement is referred to as “you”.

Recitals and Representations

WHEREAS, Franchisee is [_____] (“Franchisee”);

WHEREAS, you acknowledge and agree that we have developed a distinctive and proprietary system (the “System”) for the establishment, development and operation of a business that offers, sells and provides real estate brokerage services, and other products and services that we authorize (the “System Services and Products”) under the Licensed Marks (defined below) (each, a “3% Realty Business”);

WHEREAS, Franchisee has entered into a 3% Realty Business Franchise Agreement (the “Franchise Agreement”) for the ownership, development and operation of a 3% Realty Business (the “Franchised Business”);

WHEREAS, you have received and have thoroughly reviewed the completed Franchise Agreement, including Schedules and Exhibits attached to the Franchise Agreement;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an “Owner” as set forth in this Agreement; and/or that you are (b) the “Spouse” of an Owner of Franchisee;

WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all others who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners and Spouses);

WHEREAS, you acknowledge that this Agreement personally obligates you to guarantee Franchisee’s obligations to us and obligates you to brand protection, confidentiality and non-competition restrictions and covenants and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee;

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be simultaneously entering into the Franchise Agreement with Franchisee;

NOW THEREFORE, to induce us to enter into the Franchise Agreement and as consideration to us for entering into the Franchise Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

1. Recitals and Representations.

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions.

Supplementing the terms and definitions contained in the Recitals and Representations:

“3% Realty Business(s)” shall have the meaning defined in the Recitals and Representations section of this Agreement and, without limitation to the Recitals and Representations section of this Agreement, the definition of “3% Realty Businesses”, shall further include, refer to and mean: every business and all businesses owned and/or operated by us, our affiliates and/or our authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

“Administrative Home Office” refers to the home-based office from which the Franchised Business is operated, if the Franchised Business is not operate from a Retail Office.

“Business Management System” refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business. We reserve the right to modify and designate alternative Business Management Systems as we determine in our Reasonable Business Judgment. Without limitation to the foregoing, the Business Management System may include: (a) multiple point of sale systems installed and maintained on-site at the Retail Office; (b) portable tablet and/or computer systems utilized on-site when providing services to customers of the Franchised Business; (c) web based, private server based, network based and/or cloud based customer ordering systems, processing systems, production systems and/or service delivery systems; and (d) customer membership and rewards systems. The Business Management System or systems may, in whole or in part, include and utilize internet, intra-net and cloud based and accessed applications, software, databases and/or systems that require Franchisee to access such systems and information through the internet or a private network and that stores the data and information relating to the Franchised Business on off-site servers through accounts and/or servers controlled by us. At all times, we shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee’s Business Management System Data.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

“Competitive Business” refers to and means any business that is the same as or similar to a 3% Realty Business including, but not limited to, any business that offers, provides services or sells any other service, program, product or component which now or in the future is part of the System, any confusingly similar service, program, product or component, or any service, program, product or component that relates to real estate brokerage services (including without limitation mortgage businesses or title insurance / escrow businesses).

“Confidential Information” refers to and means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of the Franchise Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of 3% Realty Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by 3% Realty Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of 3% Realty Businesses; (d) customer lists and information related to 3% Realty Businesses and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

“Copyrights” refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow 3% Realty Business franchisees to use, sell or display in connection with the development, marketing and/or operation of a 3% Realty Business, whether as of the Effective Date or any time in the future.

“Corporate Entity” refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snap Chat, YouTube, and Google+, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to 3% Realty Businesses, the Franchised Business, the Licensed Marks, the System and/or us. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Effective Date” refers to the “Effective Date” of the Franchise Agreement as the term “Effective Date” is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

“Franchised Business” refers to and means the 3% Realty Business to be developed, owned and operated by Franchisee pursuant to the terms of the Franchise Agreement.

“Franchisee’s Designated Territory” refers to and means the “Designated Territory” as such term is set forth and defined in the Franchise Agreement.

“Franchisee’s Retail Office” refers to and means the 3% Realty Retail Office from which Franchisee establishes, operates and manages the Franchised Business.

“Immediate Family” refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

“Intellectual Property” refers to and means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

“Know-How” refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a 3% Realty Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

“Licensed Marks” refers to and means the trademarks, service marks, emblems and indicia of origin, including the “3% Realty” trademark, the 3% Realty logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of 3% Realty Businesses and the System Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

“Retail Office(s)” refers to and means the fixed administrative offices and/or facilities from which 3% Realty Businesses are established, operated and managed.

“Operations Manual” refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of 3% Realty Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of 3% Realty Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Operations Manual shall, among other things, designate the System Services and Products that must be offered and sold by the Franchised Business and the System Equipment and Supplies that must be exclusively utilized by the Franchised Business. Only System Services and Products may be offered and sold by the Franchised Business. Only System Equipment and Supplies may be used by Franchisee in the operations of the Franchised Business.

“Owner” refers to and means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee and/or in any corporate entity that maintains an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company, (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

“Prohibited Activities” refers to and means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of three percent (3%) or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee,

officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person or business that is not a 3% Realty Business.

“Reasonable Business Judgment” refers to, means, and relates to any and all decisions, actions and choices made by us concerning or relating to the Franchise Agreement, the System, 3% Realty Businesses and the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining Designated Territory markets, minimizing potential customer confusion as to the location of 3% Realty Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. The Franchisee has agreed and, you acknowledge and agree, that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us takes precedence and prevails, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee has agreed and, you acknowledge and agree, that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment as franchisor that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee’s or your individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agreed and you agree that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee’s or such third party’s judgment for our Reasonable Business Judgment. Franchisee agreed and, you agree, that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

“Restricted Period” refers to and means the twenty-four (24) month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse ceases to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the two (2) year period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee.

“Restricted Territory” refers to and means the geographic area: (a) comprising Franchisee’s Designated Territory; (b) comprising a twenty-five (25) mile radius surrounding Franchisee’s

Designated Territory (or, if Franchisee is not granted a Designated Territory, then a twenty-five (25) mile radius surrounding Franchisee's Retail Office); (c) comprising each of the operating territories, respectively, of other 3% Realty Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within Franchisee's Designated Territory plus a twenty-five (25) mile radius surrounding Franchisee's Designated Territory or, if Franchisee is not granted a Designated Territory, then a twenty-five (25) mile radius surrounding Franchisee's Retail Office.

"Spouse" refers to and means, as of the Effective Date, the legal spouse of an Owner.

"System" refers to and means our system for the development, establishment and operation of 3% Realty Businesses including, but not limited to: (a) the System Services and Products, System Equipment and Supplies, and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a 3% Realty Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a 3% Realty Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

"System Equipment and Supplies" refers to and means the equipment and supplies designated by us as required for use in connection with Franchisee's 3% Realty Business and the System Services and Products. Without limitation to the foregoing, the System Equipment and Supplies shall include 3% Realty branded, non-branded and third-party branded equipment and supplies designated by us for use in the day-to-day operations of Franchisee's 3% Realty Business including, among other things: branded templates and market materials, signage, software, stationary, sales slips, receipts, customer notices and other forms and materials, designated by us in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by us from time to time in our Reasonable Business Judgment. System Equipment and Supplies shall further include those products that we authorize for sale to customers of Franchisee's 3% Realty Business.

"System Services and Products" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by 3% Realty Businesses. We shall exclusively designate and determine the System Services and Products and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the System Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that we may make from time to time and our right to change and modify the System Services and Products, shall designate the System Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the System Services and Products.

"System Website" refers to and means the web page and/or pages located on the world wide web at the 3percentrealtyus.com URL (uniform resource locator) and shall further include all webpages and subdomains (including those that are franchisee and/or geography specific) that are a part of 3percentrealtyus.com, or as designated by us as being associated with the URL of 3percentrealtyus.com and/or 3% Realty Businesses.

“**Trade Dress**” refers to and means the 3% Realty Business designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time-to-time.

“**Transfer**” refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

- (a) as of the Effective Date you are an Owner and/or Spouse;
- (b) that you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or Spouse;
- (c) in your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee that you have and will be gaining access to, among other things, the System and Intellectual Property;
- (d) you acknowledge that all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;
- (e) you acknowledge that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and
- (f) you acknowledge that the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.

- (a) Know-How. You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (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 Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Franchisee or your Spouse is no longer an Owner of

Franchisee, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any improvement to us, then such improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable) that you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member

of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. 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 WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms and covenants are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other 3% Realty Business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants 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 Article 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.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. Likewise, you acknowledge and agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4(b) of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree, that:

(a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4(b) of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(b) if you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4(b) of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(c) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4(b) of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(d) if you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4(b) of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

6. Personal Guaranty of Franchise Agreement and Financial Obligations.

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement);

(d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification

obligations of Article 10 of the Franchise Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

You waive: (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement and/or Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

7. Mediation, Arbitration, Consent to Jurisdiction and Venue, and Cross-Default

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement, including the provisions regarding mediation. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association for binding arbitration. Arbitration shall be conducted by one (1) arbitrator in accordance with the American Arbitration Association's then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in New York, New York or, if suitable American Arbitration Association facilities are not available in New York, New York then at a suitable American Arbitration Association location selected by the arbitrator that is located closest to New York, New York.

In connection with binding arbitration, you agree that:

- (i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;
- (ii) The arbitration hearing shall be conducted within one hundred and eighty (180) days of the demand for arbitration;
- (iii) The arbitrator shall render written findings of fact and conclusions of law;
- (iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and
- (iv) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(b) Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within New York, New York. You do hereby irrevocably consent to and waive any objection to the such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.

(c) Cross Default – You agree that any default or breach by Franchisee, Franchisee's affiliates and/or any guarantor of Franchisee of the Franchise Agreement or any other agreement between Franchisor or its affiliates and Franchisee and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by you will be deemed a default or breach under the Franchise Agreement and any and all such other agreements between Franchisor or Franchisor's affiliates and Franchisee, Franchisee's affiliates and/or any guarantor of Franchisee. If the nature of the default under any other agreement would have permitted Franchisor (or Franchisor's affiliate) to terminate the Franchise Agreement if the default had occurred under the Franchise Agreement, or terminate this Agreement if the default had occurred hereunder, then Franchisor will have the right to terminate all such other agreements in the same manner provided for in the Franchise Agreement for termination hereof.

8. Miscellaneous.

- (a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.
- (b) This Agreement will be governed by, construed and enforced under the laws of Delaware and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Any claim, defense or cause of action that 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.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that 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 reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

Owner / Spouse:

Owner / Spouse:

Signature of Owner / Spouse

Signature of Owner / Spouse

Name (please print)

Name (please print)

Date _____

Date _____

Signature of Owner / Spouse

Signature of Owner / Spouse

Name (please print)

Name (please print)

Dated _____

Dated _____



3% Realty Franchise Agreement
EXHIBIT 2
JOINDER AGREEMENT



JOINDER AGREEMENT

Without limitation to the “Franchise Owner and Spouse Agreement and Guaranty” executed simultaneously hereto, and to induce Simply Full Service Realty, LLC to enter into the 3% Realty Business Franchise Agreement with [_____], as Franchisee (the “Franchise Agreement”), the undersigned individuals do hereby agree to be individually, jointly and severally bound by and to each and every term, provision, covenant and obligation set forth in the Franchise Agreement.

In the event of any conflict between the terms of this Joinder agreement and the “Franchise Owner and Spouse Agreement and Guaranty” agreement, the terms of the “Franchise Owner and Spouse Agreement and Guaranty” agreement shall take precedence and govern.

Signature

Signature

Name (please print)

Name (please print)

Dated _____

Dated _____



3% Realty Franchise Agreement
EXHIBIT 3
FRANCHISEE DISCLOSURE QUESTIONNAIRE
AND REPRESENTATIONS STATEMENT



Do not sign if the franchisee is a Maryland resident or if the franchised business will be located within the State of Maryland.

California franchisees should not complete this Franchisee Disclosure Questionnaire and Representations.

Washington franchisees should not complete this Franchisee Disclosure Questionnaire and Representations.

Franchisee Disclosure Questionnaire and Representations

You, (hereinafter referred to as “you”) the undersigned individual who, individually or on behalf of a corporate entity, is about to sign a 3% Realty Franchise Agreement or has signed a 3% Realty Franchise Agreement, represent to us, Simply Full Service Realty, LLC, the franchisor of the 3% Realty franchise system (hereinafter referred to as “we” or “us”) that your response to the questions contained this document are true and represent accurate representations on your behalf. You acknowledge and represent that we are relying on your responses and the information provided by you.

[AS TO THE QUESTIONS BELOW PLEASE RESPOND “YES” OR “NO” IN RESPONSE TO THE QUESTION]

- | | | | |
|--------|-------|----|--|
| Yes/No | _____ | 1. | Have you received and personally reviewed the Franchise Agreement and each schedule and exhibit attached to it? |
| Yes/No | _____ | 2. | Have you received and personally reviewed the Franchise Disclosure Document that we provided? |
| Yes/No | _____ | 3. | Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? |
| Yes/No | _____ | 4. | Did you receive the Franchise Disclosure Document at least 14 calendar days before signing any agreement relating to the franchise or paying any money? |
| Yes/No | _____ | 5. | Do you understand that the success or failure of your 3% Realty Business will depend, in large measure, on your skills, abilities and efforts and those of the persons you employ as well as many other factors beyond your control such as competition, cash flow, interest rates, the economy, inflation, labor and supply costs and other relevant factors? |
| Yes/No | _____ | 6. | Do you understand that you must satisfactorily complete the initial training before we will allow to open your 3% Realty Business? |
| Yes/No | _____ | 7. | Do you agree that no employee or other person speaking on our behalf made any statement or promises to you as to the costs that you may incur in establishing, operating, or running your 3% Realty Business, except as to the specific information disclosed in writing in the 3% Realty Franchise |

Disclosure Document?

- Yes/No ____ 8. Do you agree that no employee or other person speaking on our behalf made any statements or promises to you about how much income, money, profits or return on investment that your 3% Realty Business may or could potentially earn?
- Yes/No ____ 9. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings of a 3% Realty Business?
- Yes/No ____ 10. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the likelihood of success of your 3% Realty Business or the amount of money you may earn?
- Yes/No ____ 11. Do you understand that the Franchise Agreement and the schedules and exhibits attached to the Franchise Agreement contain the entire agreement between us and that you are not relying on any oral promises or representations that are not explicitly stated in the Franchise Agreement.

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 QUESTIONNAIRE AND REPRESENTATIVE STATEMENT DO NOT WAIVE ANY LIABILITY THE FRANCHISOR MAY HAVE UNDER THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, RCW 19.100, AND THE RULES ADOPTED THEREUNDER.

YOU ACKNOWLEDGE AND AGREE THAT WE ARE RELYING ON YOUR ANSWERS TO THIS QUESTIONNAIRE AND YOU REPRESENT THAT EACH RESPONSE IS TRUE AND ACCURATE

Signature of Franchise

Signature of Franchise

Name (please print)

Name (please print)

Dated _____

Dated _____



3% Realty Franchise Agreement
EXHIBIT 4
CONFIDENTIALITY AGREEMENT



Confidentiality Agreement (Sample Only)

This Agreement (the “Agreement”) is entered into by the undersigned (“you”) in favor of:

[Insert On the Line Below Name of Franchisee that Owns and Operates the Three Percent Realty Franchised Business]

_____ (hereinafter referred to as “us”, “our” or “we”)

Recitals and Representations

WHEREAS, we are the owners of a licensed Three Percent Realty Business (hereinafter referred to as the “Three Percent Realty Business”) that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a Three Percent Realty Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, Simply Full Service Realty, LLC is not a party to this agreement and does not own or manage the Three Percent Realty Business but is an intended third-party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Three Percent Realty Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

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

“Business Management System” refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Three Percent Realty Business.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Three Percent Realty Business.

“Confidential Information” refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development,

establishment, marketing, promotion and operation of the Three Percent Realty Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Three Percent Realty Business; (c) customer lists and information related to the Three Percent Realty Business; (d) Business Management System Data; (e) current and future information contained in the Three Percent Realty Operations Manual made available to the Three Percent Realty Business by Simply Full Service Realty, LLC; and (f) recipes, production, cooking, and service procedures that are not disclosed to the public but used by the Three Percent Realty Business.

“Licensed Marks” refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Three Percent Realty Business, including, but not limited to, the “Three Percent Realty” word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Three Percent Realty Business.

“Operations Manual” refers to and means the confidential operations manual made available to the Three Percent Realty Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced or supplemented.

“Trade Dress” refers to and means the Three Percent Realty designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Three Percent Realty Business.

“Digital Media” refers to and means any interactive or static electronic document, application or media including, but not limited to, www.greenhomesaustralia.com.au, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snap Chat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Three Percent Realty Business or other Three Percent Realty Business.

3. Your Access to Confidential Information. In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Three Percent Realty Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Three Percent Realty Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that: (i) the terms of this Agreement are reasonable and fair and that 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 the terms of this Agreement will cause irreparable harm to us and to our franchisor Simply Full Service Realty, LLC, and other Three Percent Realty franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our Franchisor Simply Full Service Realty, LLC to injunctive relief. You agree that we and/or our Franchisor Simply Full Service Realty, LLC 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 you agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article 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.

7. Miscellaneous.

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that 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 reasonable in scope, duration and geographic area.

(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.

(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, Simply Full Service Realty, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD-PARTY BENEFICIARY OF THIS AGREEMENT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

Individual Signature of Restricted Party

Individual Signature of Restricted Party

Name (please print)

Name (please print)

Date: _____

Date: _____



3% Realty Franchise Agreement

EXHIBIT 5

FRANCHISEE'S RETAIL OFFICE LOCATION ACKNOWLEDGMENT



FRANCHISEE’S RETAIL OFFICE LOCATION ACKNOWLEDGMENT
(POST EFFECTIVE DATE)

Pursuant to the terms of the Franchise Agreement dated _____ by and between Simply Full Service Realty, LLC, as Franchisor, and _____, as Franchisee, Franchisee has selected the following proposed Retail Office and Franchisor, pursuant to the terms and conditions of the Franchise Agreement, approves the proposed location as Franchisee’s Retail Office:

[To be Effective this Schedule Must be Completed and Signed by Franchisor]

Franchisor and Franchisee agree that the location set forth above constitutes Franchisee’s Retail Office as such term is defined in the Franchise Agreement.

Franchisor:
Simply Full Service Realty, LLC

Franchisee:

By: _____

Franchisee Signature

Title

Name (please print)



3% Realty Franchise Agreement
EXHIBIT 6
ASSIGNMENT OF TELEPHONE NUMBERS
AND DIGITAL MEDIA ACCOUNTS



ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS
(for the benefit of Simply Full Service Realty, LLC and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS ASSIGNMENT (“Assignment”) is entered into between _____ (the “Assignor”) and Simply Full Service Realty, LLC and its successors and assigns (the “Assignee”).

WHEREAS, Assignee is the franchisor of the 3% Realty Business franchise system (the “3% Realty Business Franchise System”);

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a 3% Realty Business Franchise Agreement (the “Franchise Agreement”)

WHEREAS, the term “Digital Media” shall refer to and mean “any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snap Chat, YouTube, and Google+, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to a 3% Realty Business, 3% Realty Businesses, Assignor’s 3% Realty Business and/or trademarks associated with the 3% Realty Business Franchise System and/or Assignee. Digital Media further includes the 3% Realty Business website, web pages and website subdomains (including those related to, associated with and/or a part of the 3% Realty Business Franchise System) associated with and/or related to Assignor’s 3% Realty Business and all web pages, blog posts, videos, articles, information, sub-domains, and all other media and/or publications relating to the 3% Realty Business Franchise System that is displayed and/or transmitted digitally;” and

WHEREAS, In connection with Assignor’s establishment and operation of a 3% Realty Business, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor’s 3% Realty Business including, the following (all collectively referred to as the “Media”):

(a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor’s 3% Realty Business;

(b) The following telephone and facsimile numbers:

_____; and

(c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignee's acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the 3% Realty Business Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor acknowledges that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE

Assignor:

Assignee: Simply Full Service Realty, LLC

Signature

Signature

Name and Title (please print)

Name and Title (please print)

Dated _____

Dated _____



3% Realty Franchise Agreement
EXHIBIT 7
GENERAL RELEASE

GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT:

_____, as RELEASOR, in consideration of good and valuable consideration received from:

Simply Full Service Realty, LLC, as RELEASEE, receipt of which is hereby acknowledged, releases and discharges the RELEASEE, RELEASEE'S heirs, officers, members, agents, executors, administrators, successors and assigns, from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, contracts, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity which against the RELEASEE, the RELEASOR, RELEASORS', heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE. The words "RELEASOR" and "RELEASEE" include all releasors and releasees under this Release. This Release may not be changed orally. Notwithstanding anything in the above to the contrary, this Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the **RELEASOR** has hereunto set RELEASORS' had and seal on the date set forth below.

Releasor:

Signature

Name (please print)

Date _____

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____ before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Signature and Seal



3% Realty Franchise Agreement
EXHIBIT 8
ACH AUTHORIZATION (FRANCHISEE AND AGENT)

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM - FRANCHISEE

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 Email Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

☐ Checking ☐ Savings

Bank Account No.
No.

(check one)

Bank Routing

Bank Phone No.

Authorization:

Franchisee hereby authorizes Simply Full Service Realty, 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:

Name: _____

Federal Tax TD No.:

Its: _____

FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM - AGENT

Agent Information:

Agent Name

Business No.

Agent Mailing Address (street)

Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone Number (if different from above)

Agent Fax No.

Agent Email Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

☐ Checking ☐ Savings

Bank Account No.
No.

(check one)

Bank Routing

Bank Phone No.

Authorization:

Agent hereby authorizes Simply Full Service Realty, LLC (the “Company”) to initiate debit entries to Agent’s account with the Bank listed above and Agent authorizes the Bank to accept and to debit the amount of such entries to Agent’s account. Each debit shall be made from time to time in an amount sufficient to cover the \$45 per month Agent Fee payable to the Company pursuant to the _____[Agreement Name] executed between Agent and _____[Franchisee Name] (the “Agreement”). Agent 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 the Company has received written notification from Agent of its termination of the Agreement in such time and in such manner as to afford the Company and the Bank a reasonable opportunity to act on it. Agent shall notify Franchisee of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____

Date:

Name: _____

Federal Tax TD No.:

Its: _____

AGENT MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.



3% Realty Franchise Agreement
EXHIBIT 9
OPERATIONS MANUAL CONFIDENTIALITY
AGREEMENT

Confidential Disclosure Agreements

Operations Manual Confidentiality Agreement

Confidential Disclosure Agreement:

This Agreement is entered into this _____ day of _____, 20__ between _____ and _____ with offices at _____ (hereinafter "Franchisee") and _____, with offices at #400, 909 17 Ave SW. Calgary, AB. Canada (hereinafter "Franchisor").

WHEREAS Franchisor's operations manual contains certain ideas, information, and trade secrets that are confidential and proprietary to Franchisor (hereinafter "Confidential Information"); and

WHEREAS the Franchisee is willing to receive disclosure of the Confidential Information pursuant to the terms of this Agreement for the purpose of operating the franchised business.

NOW THEREFORE, in consideration for the mutual undertakings of the Franchisor and the Franchisee under this Agreement, the parties agree as follows:

1. **Disclosure.** Franchisor agrees to disclose, and Receiver agrees to receive the Confidential Information.

2. **Confidentiality:**

2.1 **No Use.** Franchisee agrees not to use the Confidential Information in any way, or to manufacture or test any product embodying Confidential Information, except for the purpose set forth above.

2.2 **No Disclosure.** Franchisee agrees to use its best efforts to prevent and protect the Confidential Information, or any part thereof, from disclosure to any person other than Franchisee's REALTORS having a need for disclosure in connection with Franchisee's authorized use of the Confidential Information.

2.3 **Protection of Secrecy.** Franchisee agrees to take all steps reasonably necessary to protect the secrecy of the Confidential Information, and to prevent the Confidential Information from falling into the public domain or into the possession of unauthorized persons.

3. **Limits on Confidential Information.** Confidential Information shall not be deemed proprietary and the Franchisee shall have no obligation with respect to such information where the information:

(a) was known to Franchisee prior to receiving any of the Confidential Information from Franchisor;

(b) has become publicly known through no wrongful act of Franchisee;

(c) was received by Franchisee without breach of this Agreement from a third party without restriction as to the use and disclosure of the information;

(d) was independently developed by Franchisee without use of the Confidential Information; or

(e) was ordered to be publicly released by the requirement of a government agency.

4. Ownership of Confidential Information. Franchisee agrees that all Confidential Information shall remain the property of Franchisor, and that Franchisor may use such Confidential Information for any purpose without obligation to Franchisee. Nothing contained herein shall be construed as granting or implying any transfer of rights to Franchisee in the Confidential Information, or any patents or other intellectual property protecting or relating to the Confidential Information.

5. Term and Termination. The obligations of this Agreement shall be continuing until the Confidential Information disclosed to Franchisee is no longer confidential.

6. Survival of Rights and Obligations. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by (a) Franchisor, its successors, and assigns; and (b) Franchisee, its successors and assigns.

IN WITNESS WHEREOF, the parties have executed this agreement effective as of the date first written above.

Franchisor (_____)

Franchisee (_____)

Signed: _____

Print Name: _____

Title: _____

Date: _____

Signed:

Print Name:

Title:

Date:



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F LIST OF FRANCHISEES

FRANCHISEES WITH OPENED OUTLETS as of December 31, 2023				
State	City	Business Address	Franchisee	Phone Number
Arkansas	Bentonville	3500 SW Riverwood Place, Bentonville, AR 72713	Elizabeth and Nick Kneipp	479-616-9889
Florida	Clearwater	Suite 202, 5523 W Cypress Street Tampa, FL 3360	Shawn Indenbosch	727-371-8555
Illinois	Chicago	8541 Callie Ave Unit 2, Morton Grove, IL. 60053	Mark Tiu	833-373-7268
Iowa	Des Moines	110 N. Ankeny Blvd, Ankeny, IA 50023	David and Amanda Cummins	515-499-4950
Kentucky	Independence	9831 Codyview Dr., Independence, KY, 41051	Miguel Arteaga	859-609-5127
Maryland	Fredrick	253 Tufts Lane Falling Waters, WV 25419	Jason Blough	304-240-3003
Montana	Sheridan	681 Mill Gulch Road, Sheridan, Montana 59749	Nathan Davis	206-755-4230
North Carolina	Charlotte	Suite 113, 10617 Kettering Drive, Charlotte, NC 28226	Tomeka Purcell	704-401-5288
South Carolina	Rock Hill	1035 Oakland Ave., Rock Hill, SC 29732	Patrick McGann	803-558-2943
Texas	Houston	#542, 6711 Stella Link Rd, West University Place, TX 77005	Anil Chandy	281-340-2007
Washington	Puget Sound	5894 Langley Road Washington State 98260	Nathan Davis	206-755-4230
West Virginia	Falling Waters	253 Tufts Lane Falling Waters, WV 25419	Jason Blough	304-240-3003

FRANCHISEES WITH UNOPENED OUTLETS as of December 31, 2023				
State	City	Business Address	Franchisee	Phone Number
Delaware	Wilmington	19 E. Stewart Avenue, Lansdown, PA 19050	Nicole Ford	267-549-5211
Florida	Manatee County	TBD	Brett James	941-539-0867
Massachusetts	Cape Code	6405 Bull Rd, Dover, MA 17315	Zita and Tom Scozzari	508-321-7653
Texas	Cameron	155 Pinar Del Rio Ave, Brownsville, TX 78526	Everado (Evy) Moreno	760-963-3888
Washington D.C.	District of Columbia	1023 Otis Pl NW, Washington, DC 20010	Kay Owosela and Dele Obadina	202-503-2003



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM

FORMER FRANCHISEES as of December 31, 2023			
State	City	Name	Phone Number
<i>Pennsylvania</i>	<i>Greater Philadelphia area</i>	<i>Steve Carvelli</i>	<i>215.627.0300</i>
<i>Pennsylvania</i>	<i>Philadelphia</i>	<i>Jason Elvini</i>	<i>484.229.3330</i>
<i>Missouri</i>	<i>Springfield</i>	<i>Kristen and Garrach Smith</i>	<i>417.512.7144</i>
<i>Virginia</i>	<i>Fredericksburg</i>	<i>Brendan Brame</i>	<i>314.798.6943</i>
<i>Wisconsin</i>	<i>Madison</i>	<i>Rich Fronheiser</i>	<i>608.999.3399</i>

FORMER FRANCHISEES Between January 1, 2024 and the Issuance Date			
State	City	Name	Phone Number
<i>Delaware</i>	<i>Wilmington</i>	<i>Nicole Ford</i>	<i>267-549-5211</i>
<i>Montana</i>	<i>Sheridan</i>	<i>Nathan Davis</i>	<i>206-755-4230</i>
<i>Washington</i>	<i>Puget Sound</i>	<i>Nathan Davis</i>	<i>206-755-4230</i>



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H STATE SPECIFIC ADDENDUM

CALIFORNIA DISCLOSURE
CALIFORNIA ADDENDUM TO
Simply Full Service Realty, LLC Franchise Disclosure Document

- a. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
- b. The franchisor, and any person or franchise broker in Item 2 of the FDD is not 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.
- c. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
- d. 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.*).
- e. The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- f. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- g. The Franchise Agreement requires litigation to be conducted in a court located within the State of Delaware.
- h. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- i. The franchise agreement requires application of the laws of the State of Delaware.
- j. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
- k. 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).
- l. ITEM 6: The highest interest rate allowed by law in the State of California is ten (10%) percent.
- m. ITEM 17: California Business and Professions Code Sections 2000 to 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
- n. The following URL address is for the franchisor's website: 3percentrealtyus.com.

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.

- o. Payment of all initial fees is postponed until after all franchisor's initial obligations are complete and franchisee is open for business.
- p. This Addendum shall be effective only to the extent that the jurisdictional requirements of the California Franchise Investment Law are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.
- q. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Connecticut Disclosure
CONNECTICUT ADDENDUM TO
Simply Full Service Realty, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

Item 3, "Litigation", Item 3 is hereby supplemented by the addition of the following statements incorporated at the beginning of the Item 3:

- a. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.
- b. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

c. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

d. Neither Company nor any person identified in ITEM 2 above 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) suspending or expelling these persons from membership in the association or exchange.

Item 4, "Bankruptcy". Item 4 is hereby supplemented by the addition of the following statements incorporated at the beginning of the Item 4:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous ten (10) fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

Illinois Disclosure
ILLINOIS ADDENDUM TO
Simply Full Service Realty, LLC Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

We will defer all initial franchise fees owed to us by you until such time as all initial obligations owed to you have been fulfilled by us and you have started doing business. This deferral is required by the Illinois Attorney General's Office based on our financial statements.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

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.

By reading this disclosure document, you are **not** agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Maryland Disclosure
MARYLAND ADDENDUM TO
Simply Full Service Realty, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

ITEM 5: Item 5 is supplemented to disclose the following deferral requirement imposed by the State of Maryland:

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.

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is hereby amended and supplemented, as follows:

- (a) 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.
- (b) A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- (c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- (d) In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
- (e) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
- (f) The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

New York Disclosure
NEW YORK ADDENDUM TO
Simply Full Service Realty, LLC Franchise Disclosure Document

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 A OR YOUR PUBLIC LIBRARY FOR SERVICES OR OF 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 the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise,

securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

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

6. Franchise Questionnaires and Acknowledgements: The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of 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 Rev. April 2, 2024 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 earliest 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.

Virginia Disclosure

VIRGINIA ADDENDUM TO
Simply Full Service Realty, LLC Franchise Disclosure Document

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$29,200 to \$60,800. This amount exceeds the franchisor's stockholder's equity as of December 31, 2023, which is a deficit of \$183,774.

Item 5 "Initial Fees." is hereby amended and supplemented, as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17.h. is hereby amended and supplemented, as follows:

Under 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 3% Realty Business Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Washington State Disclosure
WASHINGTON ADDENDUM TO
Simply Full Service Realty, LLC Franchise Disclosure Document,

AMENDMENT OF FDD:

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

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.

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.

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.

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

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

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

The Franchisor will not require or accept the payment of any initial franchise fees until the franchisor has fulfilled its pre-opening to the franchisee and the franchisee is open for business.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Wisconsin Disclosure
WISCONSIN ADDENDUM TO

Simply Full Service Realty, LLC Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is hereby amended and supplemented, as follows:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

California – Franchise Agreement Amendment
to 3% Realty Business Franchise Agreement

In recognition of the of the Title 10 of the California Code of Regulations the parties to the attached Simply Full Service Realty, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. 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.

2. In Article 2.A of the Franchise Agreement, under the heading “Grant of Franchise,” any statement that the franchisor is relying on the representations made by the franchisee (or the franchisee’s owners) in the Franchise Disclosure Questionnaire and Representations Statement attached to the Franchise Agreement (as Exhibit 3) in franchisor’s decision to grant a franchise to franchisee is void and unenforceable. Franchisees in California should not complete the Franchise Disclosure Questionnaire and Representations. If a franchisee in California does so, Simply Full Service Realty, LLC will disregard and not rely on the Franchise Disclosure Questionnaire and Representations.

3. The last sentence of the final paragraph in Article 3.C of the Franchise Agreement is hereby deleted in its entirety.

4. In Article 18.O of the Franchise Agreement, under the heading “Opportunity for Review by Franchisee’s Advisors,” any statement that Franchisee had the opportunity to consult with professional advisors or consultants is void and unenforceable.

5. Article 18.Q is hereby deleted in its entirety.

6. The Franchise Agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature page follows]

Franchisor:

Simply Full Service Realty, LLC

By: _____
Signature

Name and Title

Franchisee:

Signature

Name (please print)

Signature

Name (please print)

ILLINOIS – Franchise Agreement Amendment
to 3% Realty Business Franchise Agreement

We will defer all initial franchise fees owed to us by you until such time as all initial obligations owed to you have been fulfilled by us and you have started doing business. This deferral is required by the Illinois Attorney General’s Office based on our financial statements.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Simply Full Service Realty, LLC Franchise Agreement, on the same date as such agreement was executed.

Franchisor:
Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

MARYLAND – Franchise Agreement Amendment
to 3% Realty Business Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Simply Full Service Realty, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. In Article 2.A of the Franchise Agreement, under the heading “Grant of Franchise,” any statement that the franchisor is relying on the representations made by the franchisee (or the franchisee’s owners) in the Franchise Disclosure Questionnaire and Representations Statement attached to the Franchise Agreement (as Exhibit 3) in franchisor’s decision to grant a franchise to franchisee is void and unenforceable. Franchisees in Maryland should not complete the Franchise Disclosure Questionnaire and Representations. If a franchisee in Maryland does so, Simply Full Service Realty, LLC will disregard and not rely on the Franchise Disclosure Questionnaire and Representations.

2. Under Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its owners and Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

3. Under Article 15.A. of the Franchise Agreement, under the heading “Franchisee’s Right to Renew,” the following subarticle 15.A.(6). shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 7 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

4. Article 18.G. of the Franchise Agreement, under the heading “Exclusive Jurisdiction and Venue,” shall be amended by the addition of the following statement added to Article 18.G.:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Article 18.I. of the Franchise Agreement, under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Article 18.I.:

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

6. In Article 18.Q of the Franchise Agreement, under the heading “Opportunity for Review by Franchisee’s Advisors,” any statement that Franchisee had the opportunity to consult with professional advisors or consultants is void and unenforceable and stricken from the Franchise Agreement.

7. Article 18 of the Franchise Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z.:

18.Z Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by the Maryland Franchise Registration and Disclosure Law.

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.

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

8. 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.

9. The Franchise Agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

10. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the Simply Full Service Realty, LLC Franchise Agreement on the same date that the Franchise Agreement was executed.

Franchisor:
Simply Full Service Realty, LLC

By: _____
Signature

Name and Title

Franchisee:

Signature

Name (please print)

Signature

Name (please print)

NEW YORK – Franchise Agreement Amendment
to 3% Realty Business Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Simply Full Service Realty, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. In Article 2.A of the Franchise Agreement, under the heading “Grant of Franchise,” any statement that the franchisor is relying on the representations made by the franchisee (or the franchisee’s owners) in the Franchise Disclosure Questionnaire and Representations Statement attached to the Franchise Agreement (as Exhibit 3) in franchisor’s decision to grant a franchise to franchisee is void and unenforceable. Franchisees in New York should not complete the Franchisee Disclosure Questionnaire and Representations. If a franchisee in New York does so, Simply Full Service Realty, LLC will disregard and not rely on the Franchisee Disclosure Questionnaire and Representations.

2. Under Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its owners and Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Under Article 15.A. of the Franchise Agreement, under the heading “Franchisee’s Right to Renew,” the following subarticle 15.A.(6). shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 7 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

4. In Article 18.O of the Franchise Agreement, under the heading “Opportunity for Review by Franchisee’s Advisors,” any statement that Franchisee had the opportunity to consult with professional advisors or consultants is void and unenforceable.

5. Article 18 of the Franchise Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z.:

18.Z Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

6. There are circumstances in which an offering made by Simply Full Service Realty, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. Simply Full Service Realty, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

7. The Franchise Agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the Simply Full Service Realty, LLC Franchise Agreement on the same date that the Franchise Agreement was executed.

Franchisor:

Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Name and Title

Signature

Name (please print)

Signature

Name (please print)

**VIRGINIA – Franchise Agreement Amendment
to 3% Realty Business Franchise Agreement**

Notwithstanding anything to the contrary set forth in the 3% Realty Business Franchise Agreement (the “Franchise Agreement”), the following provisions shall supersede any inconsistent provisions and apply to 3% Realty Businesses offered and sold in the state of Virginia

1. In Article 2.A of the Franchise Agreement, under the heading “Grant of Franchise,” any statement that the franchisor is relying on the representations made by the franchisee (or the franchisee’s owners) in the Franchise Disclosure Questionnaire and Representations Statement attached to the Franchise Agreement (as Exhibit 3) in franchisor’s decision to grant a franchise to franchisee is void and unenforceable. Franchisees in Virginia should not complete the Franchise Disclosure Questionnaire and Representations. If a franchisee in Virginia does so, Simply Full Service Realty, LLC will disregard and not rely on the Franchise Disclosure Questionnaire and Representations.

2. Article 5.A is amended to add the following language:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the franchise agreement.

3. In Article 18.O of the Franchise Agreement, under the heading “Opportunity for Review by Franchisee’s Advisors,” any statement that Franchisee had the opportunity to consult with professional advisors or consultants is void and unenforceable.

4. The Franchise Agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Virginia amendment to the Simply Full Service Realty, LLC Franchise Agreement on the same date that the Franchise Agreement was executed.

Franchisor:
Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)

WASHINGTON STATE – Franchise Agreement Amendment
to 3% Realty Business Franchise Agreement

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

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.

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.

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.

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

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

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

The Franchisor will not require or accept the payment of any initial franchise fees until the franchisor has fulfilled its pre-opening to the franchisee and the franchisee is open for business.

In Article 2.A of the Franchise Agreement, under the heading “Grant of Franchise,” any statement that the franchisor is relying on the representations made by the franchisee (or the franchisee’s owners) in franchisor’s decision to grant a franchise to franchisee is void and unenforceable. In Article 18.O of the Franchise Agreement, under the heading “Opportunity for Review by Franchisee’s Advisors,” any statement that Franchisee had the opportunity to consult with professional advisors or consultants is void and unenforceable.

The Franchise Agreement and any document signed in connection with the franchise are supplemented with the following language:

was

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Exhibit 1, Section 4(f) is revised to remove the following statement:

"YOU WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE."

Exhibit 4, Section 5 is revised to remove the following statement:

"You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable."

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the Simply Full Service Realty, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor:

Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)

WISCONSIN- Franchise Agreement Amendment
to 3% Realty Business Franchise Agreement

In Article 2.A of the Franchise Agreement, under the heading “Grant of Franchise,” any statement that the franchisor is relying on the representations made by the franchisee (or the franchisee’s owners) in the Franchise Disclosure Questionnaire and Representations Statement attached to the Franchise Agreement (as Exhibit 3) in franchisor’s decision to grant a franchise to franchisee is void and unenforceable. Franchisees in Wisconsin should not complete the Franchise Disclosure Questionnaire and Representations. If a franchisee in Wisconsin does so, Simply Full Service Realty, LLC will disregard and not rely on the Franchise Disclosure Questionnaire and Representations.

In Article 18.O of the Franchise Agreement, under the heading “Opportunity for Review by Franchisee’s Advisors,” any statement that Franchisee had the opportunity to consult with professional advisors or consultants is void and unenforceable.

The Franchise Agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Franchisor:
Simply Full Service Realty, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



FRANCHISE DISCLOSURE DOCUMENT

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 states, 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:

<u>Effective Dates</u>	
California	May 10, 2024
Hawaii	
Illinois	
Indiana	
Maryland	June 13, 2024
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	April 25, 2024
Washington	August 1, 2024
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.



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J RECEIPTS

RECEIPT

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

If Simply Full Service Realty, LLC ("we" "us" or "our") offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Simply Full Service Realty, 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, D.C. 20580 and the applicable state administrator identified Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

Issuance Date of this Disclosure Document: April 25, 2024

Our sales agents for this offering are:

Name(s): Roy Almog

Address: 800 North State Street, #304, Dover, Delaware 19901

Telephone Number: 403-921-8880

The following individual and/or individuals are also sales agents for this offering:

☐ [Other:] _____

I have received a disclosure document dated April 25, 2024 that contained the following Exhibits:

- A. List of State Administrators
- B. List of Agents for Service of Process
- C. Operations Manual Table of Contents
- D. Financial Statements
- E. Franchise Agreement

- F. List of Franchisees
- G. List of Franchisees Who Have Left the System
- H. State Specific Addendum
- I. State Effective Dates
- J. Receipts

PROSPECTIVE FRANCHISEE:

DATE RECEIVED (Must be Completed)

Authorized Signature

Name and Title (please print)

RECEIPT

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

If Simply Full Service Realty, LLC ("we" "us" or "our") offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale.

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- H. State Specific Addendum
- I. State Effective Dates
- J. Receipts

PROSPECTIVE FRANCHISEE:

DATE RECEIVED (Must be Completed)

Authorized Signature

Name and Title (please print)