

## FRANCHISE DISCLOSURE DOCUMENT

	<p>Hommati Franchise Network, Inc., an Ohio corporation 6264 South Sunbury Road, Suite 100 Westerville, OH 43081 Phone: 833-HOMMATI (466-6284) support@hommati.com <a href="http://www.hommati.com">www.hommati.com</a></p>
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The franchised business is providing real estate and marketing services to real estate agents, brokers, business owners, contractors, engineering firms, property managers or authorized representatives of commercial real estate, apartment complexes, land, resorts, vacation properties and rentals, among other clients. Services include digital media services such as 3D interactive tours, live virtual showings, drone aerial videos, interior videos, virtual reality tours, agent green screen videos, agent biography videos, HD and HDR Photography, 2D images, augmented reality services, video slideshows, guided tours, 3D walkthroughs, virtual enhancements, SMS Sign Riders (known as Curb Leads), Lender Network Advertising Program, agent headshots, and a real estate website and mobile app for agents to promote their listings.

The total investment necessary to begin operation of a HOMMATI® franchise is \$69,364-\$79,973. This includes \$46,350 that must be paid to the franchisor or affiliate.

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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jerry Clum, 6264 S. Sunbury Rd., Ste 100, Westerville, OH 43081, Toll Free Ph # (833) HOMMATI, (833) 466-6284.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully.

Show your contract and this disclosure document to an advisor, such as 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 may contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You may also visit the FTC's home page at <https://www.ftc.gov> for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: January 10, 2025

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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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	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 D-1 and D-2.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Hommati business in the area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Hommati franchisee?</b>	Item 20 or Exhibit D-1 and D-2 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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-2.

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

## **Special Risks to Consider About *This* Franchise**

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

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

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

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.

## **MICHIGAN ADDENDUM TO THE DISCLOSURE DOCUMENT**

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

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

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

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

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

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

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

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

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### Exhibits:

A-1:	Addenda to the Disclosure Document
A-2:	State Administrators
A-3:	Agents for Service of Process
B:	Financial Statements
C:	Franchise Agreement
	Attachments
1.	Special Release of Claims
2.	Authorization Agreement for Prearranged Payment
3.	Nondisclosure and Noncompetition Agreement
4.	Assignment of Telephone Numbers, Email Addresses and Web Address and Special Power of Attorney
5.	Personal Guaranty and Subordination Agreement
6.	Your Owners
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D-1:	Current Franchisees
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D-3:	Table of Contents of Operations Manuals
D-4:	Franchisee Closing Questionnaire
D-5:	Assignment of Franchise
E:	State Effective Dates
F-1:	Receipt (Your copy)
F-2:	Receipt (Our copy)

## **ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The franchisor is Hommati Franchise Network, Inc., an Ohio corporation that was incorporated on August 14, 2017. We also conduct business under the name "Hommati." We will refer to ourselves as "HFN," "we," "us," or "our." We will call the person or company to which we grant a franchise "you." The word "you" does not include your owners. We will call them your "Related Parties."

### **The Franchisor, Parents, Predecessors, and Affiliates**

Our principal business address is 6264 South Sunbury Road, Suite 100, Westerville, Ohio 43081.

We do business under our corporate name and the name "Hommati."

Exhibit A-3 contains the name and addresses of our agents for service of process.

We do not have any parents, predecessors, or affiliates.

### **The Franchised Business**

The franchised business, sometimes also referred to as the "Program," is to provide real estate marketing services to real estate agents, brokers, business owners, contractors, engineering firms, owners or authorized representatives of commercial real estate, apartment complexes, land, resorts, vacation properties, rentals, etc. who we sometimes also referred to as "Clients." Services include digital media services such as 3D interactive tours, Live Virtual Showings, drone aerial videos, interior videos, virtual reality tours, agent green screen videos, agent biography videos, HDR 2D images, augmented reality, video slideshows, guided tours, 3D walkthroughs, virtual enhancements, SMS sign riders (known as Curb Leads), Lender Network Advertising Program and agent headshots.

You will provide the required Featured Agent discount on those services to those Clients that elect to pay you a monthly Featured Agent Fee and have their home listings featured and ranked higher on [www.hommati.com](http://www.hommati.com).

### **The Market and Competition**

The market consists of an estimated 3,000,000 real estate licensees currently active in the U.S. (SOURCE: Association of Real Estate License Law Officials (ARELLO)). The market is developed. Business is year-round.

Your principal competition, in terms of services provided, will be from local real estate photographers and videographers. Competition, in terms of the Hommati website, will come from companies that host internet sites specializing in real estate listings. These companies include Zillow.com, Trulia.com, Realtor.com, Homes.com and Redfin.com. There are also many independent businesses that offer some or several of the similar services that you will provide in your Program.

## **Industry Specific Regulations**

You must comply with federal, state, and local laws, rules, and ordinances applicable to the commercial drone industry. Federal regulations are found primarily at 14 CFR Part 107. The regulations include, but are not limited to, (i) obtaining a Remote Pilot Certificate from the FAA and complying with recurring training every twenty-four (24) calendar months; (ii) having possession of this certificate when using a drone; (iii) registering the drone with the FAA; (iv) complying with physical regulations of the drone such as the weight limit; (v) complying with restrictions on operation of the drone, such as where drones may take off and land and that drones may not interfere with first responders. You should investigate the application of these laws further.

## **Prior Business Experience**

We have offered franchises since January 2018. We operated a business of the type being franchised from October 1, 2017 to November 30, 2017 strictly for the purpose of prototyping services and business strategies for the model. We also have one corporate owned location.

We offered Area Representative franchises from January 2024 to November 2024 but no longer offer this franchise. We have no Area Representatives.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Jerry L. Clum, Jr., President, CEO, and Director**

Jerry L. Clum, Jr. has been our President, CEO, Founder, and Director since incorporating in August 2017. In addition, he has been the Managing Member of Sunbury Holdings, LLC, since September 2013, in Columbus, Ohio. Mr. Clum also served as the Managing Member of Tuttle Place Health and Wellness Center, in Springfield, Ohio, from June 2007 to March 2020.

### **Joseph Ciamacco, Vice President of Franchise Development**

Joseph Ciamacco has been our Vice President of Franchise Development since October 2021. From August 2017 to October 2021, Mr. Ciamacco served as our Franchise Development Manager.

### **Gordon Mott, Vice President of Technology**

Gordon Mott has served as our Vice President of Technology since August 2022. From January – August 2022, Gordon Mott served as our Tech Support Manager. From August 2020 to January 2022, Gordon Mott served as Research and Development for Zen and the Art of Code in Columbus, Ohio. From March 2003 to August 2020, Gordon Mott served as Lead Consultant for Bamf!Ware Consulting in Columbus, Ohio.

### **ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4. BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

### **ITEM 5. INITIAL FEES**

#### Initial Franchise Fee.

When you sign the franchise agreement, you must pay us an initial franchise fee of \$44,900 in immediately accessible funds.

#### Technology Equipment.

Before opening for business, you agree to purchase from us technology equipment (iPad Pro 11 – 2023 or newer, 256GB W/Lidar Enabled, Minimum of Three Broker Video Boxes). The total amount for both the iPad and the Broker Video Boxes will be \$1,450.

#### Refundability of Initial Fees

These fees are uniformly imposed and fully earned and nonrefundable when paid.

We are a member of the International Franchise Association (IFA) and participate in the IFA's VetFran Program. We provide a discount on the Initial Franchise Fee of \$3,000 to veterans of U.S. Armed Forces who have been honorably discharged or otherwise meet the requirements of the VetFran program. You are required to provide us with a copy of your DD214 to receive this discount.

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## ITEM 6. OTHER FEES

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Royalty  (Note 2)	8-6% on monthly Gross Revenues from \$12,501 - \$16,667, as explained in Note 3 below	Monthly by the 10 <sup>th</sup> of each month	Calculated on all Gross Revenues excluding Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Lender Network Advertising Program Monthly Fees Broker/Team Leader Monthly Fees, Upload/Floor Plan fee, Inactive Penalty Fee and sales tax
Featured Agent Monthly Membership Fee	40% of the Featured Agent Monthly Membership Fee paid by Clients	Monthly by the 10 <sup>th</sup> of each month	
3D Upload/Floor Plan Fee	Currently \$28 per 3D Interactive Tour when it is first uploaded to Hommati.com or at the time it is billed to the client, whichever happens first. Or \$6 per Floor Plan if you sell a Floor Plan without a 3D tour.	Monthly by the 10 <sup>th</sup> of each month	The \$28 fee is the same regardless of whether the floor plan is used or it is uploaded to Hommati. The fee is earned as soon as you produce the 3D Interactive tour.
Broker/Team Leader Featured Agent Sponsored	40% of the Broker/Team Leader Monthly Membership Fee paid by Clients	Monthly by the 10 <sup>th</sup> of each month	
Hommati Curb Leads	40% of the Monthly Fee paid by clients.	Monthly by the 10 <sup>th</sup> of each month	
Inactive Penalty Fee	\$10 per month per 3D Interactive Tour after the listing is inactive for 30 days or more and You have not archived it.	Monthly by the 10 <sup>th</sup> of each month	
Lender Network Advertising Program Monthly Fee	40% of the Lender Network Advertising Program Monthly Fee paid by Clients	Monthly by the 10 <sup>th</sup> of each month	
Technology/Syndication Monthly Fee (Note 4)	\$195 per month.	Monthly by the 10 <sup>th</sup> of each month	
Virtual Enhancements	Currently \$21 per image staged or \$44 per image for those requiring items to be removed before staging, \$6 per image for twilight enhancement and \$7 per image for blue skies, green grass enhancement. The price could be higher for more complex staging.	At the time of any order	
Cost of Audit	Our actual cost of performing the audit if the audit discloses	Upon invoice	If you dispute our finding of

	an underpayment of 3% or more of the total royalties or any other ongoing payments you are obligated to make to us for the period audited		underpayment, we will engage a CPA to verify results. You will pay for both audits if the second audit finds an underpayment that is as great as that found by the first audit.
Payment for Proprietary Products or Services.  (Note 5)	The full purchase price of the service and/or product plus shipping costs and tax.	At the time of any order.	If ordering Proprietary Services or Products from us or our affiliate, you must submit a check for the full purchase price, plus an additional amount to cover the costs of shipping, tax and other charges
National Advertising Fund Fee	Up to 4% of your Gross Revenues	Monthly by the 10 <sup>th</sup> of each month	We reserve the right to implement a National Advertising Fee and program, but have not done so yet.
Renewal Fee	\$1,500	Before we grant our consent to Renewal.	
Buy Out of Non-Compete Fee	An amount equal to two times all royalties and other fees during the last year of the Term of the Franchise Agreement.	At the time of your termination of expiration of the Franchise Agreement	If you notify us in writing within 90 days before termination or expiration, or within 21 days thereafter, you may buy out your post-term Covenant Not to Compete. You must pay to us one lump sum amount equal to two times all royalties and other fees during the last year of the Term of the Franchise Agreement.
Transfer Fee	\$5,000	Before we grant our consent to the Transfer	
Brokerage Fee	33% of the then current franchise fee if you sell your franchise to a candidate we produce.	Before we grant our consent to the Transfer	Partially compensates us for the acquisition costs we spend on advertising to generate the interested candidate.

Annual Meeting Registration Fee	We will charge a registration fee of \$595 for up to 2 attendees at the HOMMATI® annual meeting. Additional attendees may attend for an additional registration fee of \$300 each	One month before meeting	Attendance at the annual meeting is mandatory. Payment is due whether you attend the annual meeting or not.
Declined Payment Charge	\$50 or our actual expense, whichever is more	Upon invoice	
Interest and Late Fees on Late Payments, Reports or Under Reporting	Not to exceed 18% per annum on all amounts owed. Also, \$50 per occurrence per late report or fee	Due upon payment of late fee or submittal of late report.	No amounts charged will exceed any legal limits or restrictions.
Email Service Fee	\$360 per email address	Every Three Years	You must pay us \$360 per email every three years.
Local Advertising	4% of Gross Revenues or \$500 per month whichever is greater. This total amount includes Direct Mail, Social Media, and Email Drip Marketing, etc.	Monthly by the 10 <sup>th</sup> of each month	You must spend these monies on local and online advertising per our guidelines.
Direct Mail Marketing	Currently, a minimum of \$175 per month needs to be invested in Direct Mail Marketing.	Monthly by the 10 <sup>th</sup> of each month	These expenditures count towards your 4% or \$500 per month Local Advertising spend requirement
Social Media and Email Drip Marketing (Note 6)	Currently, a minimum of \$175 per month needs to be invested in Social Media and Email Drip Marketing	Monthly by the 10 <sup>th</sup> of each month	These expenditures count towards your 4% Local Advertising % or \$500 per month spend requirement.
Attorney Fees and Costs	Varies depending on the amount incurred	At time of resolution of claims	You must pay our costs and attorney fees if we prevail in a claim with you.

1. All fees are uniformly imposed by, payable to and collected by us. Fees and payments to us or our Related Party are not refundable.
2. "**Gross Revenues**" means the receipts from all business conducted upon, from or through Your HOMMATI® Program. Gross Revenues shall include, but not be limited to 3D Interactive Tours, Aerial Video, Aerial Stills, Interior Video, 2D Stills, SMS Sign Riders (known as Curb Leads), Broker/Team Leader Sponsorships, Inactive Penalty Fees, Sign/Lockbox Placement, Virtual Enhancements, Agent Headshots, Door Hanger Services and Mileage. For the purpose of paying royalties, Gross Revenues do not include Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Lender Network Advertising Program Fees, Inactivity Penalty Fee, or Broker/Team Leader Sponsorship Fees, however, when reporting your Gross Revenues on the royalty report in your franchise dashboard you would

include all revenues including Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Sponsorship Fees and Inactive Penalty Fees, as the report will automatically deduct these fees from the Gross Revenues. Gross Revenues shall not include the amount of any sales, use, or gross receipts tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from Clients, provided that the amount thereof is added to the selling price or absorbed therein, and paid by You to such governmental authority. The amount of descending scale royalty you will pay depends on the monthly revenues you generate.

3. "**Royalty**" the fee that you pay us and it's calculated on a descending scale basis with specific monthly breaking points.

You will pay to us an 8% royalty on the first \$12,500 in monthly Gross Revenues earned. You will pay us a 7% royalty on all monthly Gross Revenues between \$12,501 and \$16,667. You will pay us a 6% royalty on all monthly Gross Revenues above \$16,667. For example, if your monthly Gross Revenues are \$17,000 your Royalty would be calculated as  $(\$12,500 \times .08) + (\$4,166 \times .07) + (\$334 \times .06) = \$1,311.66$ . The breaking points do not include Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Monthly Fees, Lender Network Advertising Program Fee or Inactive Penalty Fees. There is no monthly minimum royalty collected.

4. We collect a Technology/Syndication Monthly Fee to host the website, your dashboard, your agents' dashboards and display home listings on our website. Initially, all listings that agents have had services performed on are added manually. Depending on each MLS, some or all listings are automatically updated thereafter by the MLS. Not all listings on the MLS will display. We filter out listings that do not meet our requirements and some brokers have set up their 3<sup>rd</sup> party MLS listing accounts to only display on websites that they have previously selected. The Technology/Syndication Fee is payable whether the MLS participates in syndication or not or if we no longer receive syndication. This fee is also still payable should you go on Inactive Hold or put your franchise up for sale.
5. Proprietary Products and Services may include items such as Hommati gift cards, broker video boxes, Hommati laser engraved thumb drives and the iPad you use in your business. At your request, you may review a current price list for such items.
6. We are the exclusive vendor for your minimum of \$175 per month for all Social Media and Email Marketing. You are required to spend an additional \$5 boost per Platinum or Premium Package sold in order to generate more traffic and inquiries on those listings. This amount includes the minimum Email Drip Marketing fee for up to 1,000 email addresses being sent once a month. You can increase your email address database to as large as you wish for an added cost.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	ESTIMATED AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee <sup>1</sup>	\$44,900	\$44,900	Wire transfer	At agreement signing	Us
Insurance (Quarterly Installment) <sup>2</sup>	\$900	\$1,100	As arranged	Before opening	Broker and Insurer
Computer and Wireless Internet Installation <sup>3</sup>	\$0	\$2,300	As arranged	Before opening	Suppliers
Software <sup>4</sup>	\$250	\$650	As arranged	Before opening	Suppliers
Drone & RC Remote <sup>5</sup>	\$2,999	\$3,300	As arranged	Before opening	Suppliers
10' Display, 3" Banner, Printing, Literature <sup>6</sup>	\$1,974	\$2,174	As arranged	Before opening	Suppliers
Technology Equipment: iPad Pro 11 - 2023 or newer, 256GB W/Lidar Enabled, Minimum of Three Broker Video Boxes <sup>7</sup>	\$1,450	\$1,450	As arranged	Before training	Us
Mirrorless Camera & Two Lenses <sup>8</sup>	\$3,900	\$5,100	As arranged	Before opening	Suppliers
Other Equipment <sup>9</sup>	\$3,600	\$3,700	As arranged	Before opening	Suppliers
3D Camera plus applicable sales tax & shipping <sup>10</sup>	\$799	\$899	As arranged	Before opening	Suppliers
Vehicle Deposit, Vehicle Wrap & Three Months Expense <sup>11</sup>	\$2,950	\$5,200	As arranged	Before opening	Suppliers
Business Licenses and Sales Tax Deposits <sup>12</sup>	\$100	\$250	As arranged	Before opening	Government agencies
Legal and Accounting Fees <sup>13</sup>	\$1,500	\$2,250	As arranged	Before opening	Attorney and Accountant
Training Expenses <sup>14</sup>	\$1,000	\$1,700	As arranged	Before, during and after training	Hotels, carriers, restaurants
Additional Funds (90 days) <sup>15, 16</sup>	\$3,042	\$5,000	As arranged	Varies	Third parties
TOTAL <sup>17</sup>	\$69,364	\$79,973			

## NOTES FOR TABLE ABOVE:

1. Initial Franchise Fee. Table 7 above is based upon the acquisition of one franchise territory.
2. Insurance (Quarterly Installment). This is the estimated insurance cost for the first quarterly installment.
3. Computer and Wireless Internet Installation. Items in this category include a late model (less than 3 years old) desktop computer or laptop running Apple OS 10.13.6 or later or Microsoft Windows 10 Pro or later, both with a minimum of 500 GB of available storage and 32 GB of memory (If you have an existing computer that meets these requirements you may use it) and installation of wireless high-speed internet access with a minimum of 25 Mbps download and 25 Mbps upload. The low-cost estimate assumes you have the required computer and internet connection already.
4. Software. Microsoft and Mac users must purchase Microsoft 365 personal (Outlook, PowerPoint, and Excel), Dropbox, Adobe Photography 20GB Bundle (Photoshop + Lightroom), and a StoryBlocks subscription. Additional optional software for both operating systems is not included here.
5. Drone & RC Remote. This figure includes the purchase of the DJI Mavic 3 Pro Creator Combo bundle (including 2 additional batteries, ND filter set, and charging hub) or another comparable drone should that specific drone not be available.
6. 10' Display, 3" Banner, Printing, Literature. These amounts are for certain printed marketing materials.
7. iPad Pro 11. This figure includes the purchase of an iPad Pro 11 - 2023 or newer, Apple M-1 chip or newer, Wi-Fi + cellular, 256 GB memory, w/Lidar enabled. We will upload the Operations Manual onto your iPad. The range of price is due to price fluctuations in the market. The price you will pay is our actual cost of the device at the time of purchase. This figure also includes the purchase of three Broker Video Boxes, one of our proprietary marketing strategies for your Program. We are the exclusive vendor for both items. They will be given to you at training.
8. Mirrorless Camera & Two Lenses. These amounts are for the camera and lenses needed to begin operations. The range in price is due to having two camera options. The newer version is more expensive than the older one.
9. Other Equipment. Other equipment includes interior video equipment and additional accessories such as cases for the drone and 3D camera, tripods, green screen and lighting package, cables, smart cards, extra batteries, etc.
10. 3D Camera. These amounts are for the 3D Camera that you will need and include sales tax and shipping costs.
11. Vehicle Deposit, Vehicle Wrap & Three Months Expense. You will need to own, lease, or purchase a late model 2018 - 2025 used Ford Escape or Toyota RAV4 in a white

exterior color, to use in the operation of your Program. We must approve of this vehicle in terms of its make, condition, and year. Our specifications for vehicles are provided in the Operations Manuals and may be modified occasionally. You must also “wrap” your vehicle with our approved signage. The minimum range listed is based on the projected monthly payments for three months associated with purchasing or leasing an approved vehicle and the cost of the vehicle wrap. The minimum range is based on \$0 down lease or finance through 3<sup>rd</sup> party financing of your choice. The amount of deposit required will depend on your credit worthiness, the cost of the vehicle and the requirements of the lending institution. The cost of purchasing a vehicle outright typically ranges from \$19,000 - \$29,000 plus applicable taxes. You should consult with your personal financial advisor to determine whether you should pursue leasing, financing or purchasing your service vehicle.

12. Business Licenses and Sales Tax Deposits. The low figure assumes no business license or sales tax requirement, which has been our franchisees’ experience in certain jurisdictions. The high estimate assumes certain such costs.
13. Legal and Accounting Fees. This figure includes fees for an attorney's review of this disclosure document and your franchise agreement, organization of a new company, and an accountant's assistance in setting up your accounting application with our chart of accounts.
14. Training Expenses. This category includes estimated expenses for training one person, including transportation, lodging, and meals for a five-day training program.
15. Additional Funds (90 Days). The “Additional Funds” category is for working capital to cover miscellaneous expenses during your first 90 days of operation. This category includes estimated monthly payments for designated telephone and Internet Service, the fee for obtaining a drone pilot certification (typically \$150 paid to a third party), online accounting service, Technology/Syndication Monthly Fee, Social Media and Email Marketing, Direct Mail Marketing, printing costs, internet service, phone and iPad service, as well as miscellaneous expenses incurred before opening and during the first 90 days of operations. Currently, we estimate that the minimum monthly overhead that includes the expenses shown in this paragraph will be approximately \$794 per month, however, the first three months are already included in the additional funds section. You should review them carefully in light of local conditions and the current economic outlook, consulting a business advisor if needed.
16. Additional Funds (90 Days). We base our estimate of Additional Funds on our experience operating the same type of business offered here as well as financial information that franchisees share with us.
17. Total. Except for the "Additional Funds" category shown above, the table shows estimated expenses only until your Program begins operation. Fees paid to us are not refundable. Whether fees paid to third parties are refundable would depend on their policies. We did not include any amount for the cost of purchasing or leasing real property because we expect you to operate from your home. We do not offer financing for any of these expenses.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **The Goods or Services Required to be Purchased or Leased**

#### **Advertising:**

You must purchase marketing material from us or a designated vendor. You are required to purchase digital, pay-per-click, and direct mail per our specifications, which may require a vendor designation. You must obtain our approval before placing any advertising.

#### **Computers, Equipment, Services and Supplies:**

You must buy items bearing the HOMMATI® name or marks, QuickBooks Online, cloud-based telephone account, software, drone package, Wi-Fi + Cellular enabled iPad Pro 11 with minimum of 256GB of storage capacity and LiDAR, 3D or VR Tour Platform, floor plans, printing, Broker Video Boxes, promotional items, gift cards, yard signs, HOMMATI® apparel, Hommati thumb drives, vehicle wrap, Broker Video Boxes and 3D camera from designated vendors. We have the right to name ourselves as designated vendors or suppliers for these items.

#### **Insurance:**

You must buy insurance according to our specifications, which are presently as follows: You must purchase and maintain a policy or policies of comprehensive general liability insurance, covering all Program assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than \$1,000,000. You must purchase a minimum \$5,000 Surety Bond on each employee that you have who may ever work in or around a home you are providing services at. You must purchase and maintain commercial automotive liability insurance with a combined single limit, CSL of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and include a hired and non-owned endorsement. We may increase the minimum coverage requirement annually to reflect inflation or other changes in circumstances. The insurance policies must contain a provision that the policies cannot be canceled or amended without thirty (30) days written notice to us. All policies must be issued by an insurance company with a financial strength rating of at least "A" by A.M. Best & Co., designate us as an additional named insured and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us in any manner we specify in the Operations Manuals as soon as the policy is issued or renewed.

You must also purchase a separate policy for drone liability insurance from our designated vendor who specializes in insurance for the aviation industry for their standard coverage amounts.

In addition, you must maintain policies of workers' compensation, unemployment, and disability insurance, and any other types of employment insurance required by applicable law.

## Vehicle Standards and Specifications:

You must use vehicles for your Program that meet our specifications for the model, type, color, trademark representation, and appearance (no rust or body damage). These specifications are included in our Operations Manuals. All vehicles purchased, financed or leased for your Program are to be, and maintained, in a "good" condition as defined by KELLY BLUE BOOK ("Good" condition means the vehicle is free of any major defects. The paint, body, and interior have only minor (if any) blemishes, and there are no major mechanical problems. All vehicles used in your Program are to be wrapped to the specifications within our Operations Manuals.

## Pre-Employment Background Check & Motor Vehicle Report

We require in our Operations Manuals that you conduct a pre-employment criminal background check and motor vehicle report for employees of your Program prior to their starting work. You must pay the fee associated with performing the required background checks, which is paid directly to the service provider. We do not earn a profit on your purchase of this service.

## Additional Sales Training and Coaching

You are required to purchase additional sales training and coaching per our specifications, which may include a designated vendor.

## Whether the Franchisor or Affiliates are Approved Suppliers

We are an approved supplier of advertising materials, but not the only approved supplier. We are the only approved vendor or supplier for the iPad Pro, hosting the spaces of the 3D tours, Aerial Videos, Interior Videos, 2D or HDR photography, Hommati thumb Drives, Gift Cards, Virtual Enhancements, Broker Video Boxes and Floor Plans as well as the only website that you may use in the operation of your Program and all services must be delivered within your franchise dashboard. You cannot have, use or upload to any other 3D or VR Platform. You cannot set up accounts with other vendors even under a different name or entity. You cannot deliver services to agents using any other photo, video or 3D Tour delivery service.

## Officer Interests in Suppliers

Our officers, Jerry Clum and Joseph Ciamacco, own an interest in us.

## Alternative Suppliers

We do not maintain written criteria for approving suppliers so such criteria are not available to you. We permit you to contract with alternative suppliers who meet our criteria, which is based upon the ability of the supplier to timely supply quality goods and services that we feel will benefit the franchise system. We do not charge to consider an alternate supplier for such things as inspecting the supplier's premises, checking the supplier's credentials, or testing the product. We will give you our written approval or our reasons for withholding our approval within 30 days in most cases. As a condition of approving a

supplier of any product that bears the Trade Name or Marks, the supplier must sign our license agreement to enable us to control the quality. We may withdraw our approval of a supplier by written notice.

### Issuance of Specifications

Our existing standards and specifications and criteria were evolved through industry standards. We will communicate our standards and specifications to you in writing, including updates and modifications, usually in the Operations Manuals.

### Revenue from Required Purchases

For the fiscal year ended November 30, 2024, we derived \$33,313 in revenue from the sale of required products to franchisees, representing 1.9% of our total revenue of \$1,710,018.22.

### Required Purchases and Leases as a Proportion of Costs

Approximately 80% of your start-up expenses and 80% of your ongoing expenses will be for purchases from approved or designated vendors or suppliers or according to our specifications.

### Vendor or Supplier Payments to the Franchisor

We do not currently receive any revenue based upon your purchase of goods or services from approved or designated outside vendors or suppliers or according to our specifications.

### Purchasing or Distribution Cooperatives

Currently, there are no purchasing or distribution cooperatives in which you will be required to participate.

### Purchase Arrangements

We negotiate purchase arrangements with suppliers, including advantageous price terms, for the benefit of all members of the HOMMATI® Network. In some cases, we may require all HOMMATI® Programs to purchase certain items from a designated vendor or supplier in return for systemwide discounts or other benefits.

### Material Benefits

We do not provide material benefits to you based on your use of any designated vendors or suppliers. However, you must be in compliance with your franchise agreement to renew it and if you breach your franchise agreement, we may terminate it.

## ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Franchisee's Obligations	Section In Franchise Agreement	Item in Disclosure document
a. Site selection and acquisition/lease	4.2, 7.2.2	11
b. Pre-opening purchases/leases	3, 5, 6,	5, 7, 8
c. Site development and other pre-opening requirements	5, 6, 7.2.2	11
d. Initial and ongoing training	7.2.1, 7.2.6	11
e. Opening	7.2.2	11
f. Fees	2.1, Article 3, 4.2, 4.3, 5.3, 5.7, 5.11, Article 6, 7.2.10, 7.3, 7.5, 9.2, 9.4, 9.6, 10.3, 11.10	5, 6, 7
g. Compliance with standards and policies/Manual	7.2.3	8, 11
h. Trademarks and proprietary information	7, 8	13, 14
i. Restrictions on products/services offered	7.2.4	8, 16
j. Warranty and customer service requirements	7.2	Not Applicable
k. Territorial development and sales quotas	4.2, 7.2.2	12
l. Ongoing product/service purchases	3, 5, 6, 7	8
m. Maintenance, appearance & remodeling requirements	7.2.7	Not Applicable
n. Insurance	7.7	8

<b>Franchisee's Obligations</b>	<b>Section In Franchise Agreement</b>	<b>Item in Disclosure document</b>
o. Advertising	5.11, 6.3, 7.5	8, 11
p. Indemnification	8.5	6
q. Owner's participation/management/staffing	7.4	15
r. Records and reports	6.2, 6.3, 6.7, 7.6, 10.2.2	11
s. Inspections and Audits	6.8, 7.2.9	6, 11
t. Transfer	3, 4.2, 6.12, Article 9	17
u. Renewal	4.4.2, 6.11	17
v. Post-termination obligations	10.3	17
w. Non-competition covenants	8.6, Attachment 3	15, 17
x. Dispute resolution	11.7	17

## **ITEM 10. FINANCING**

We do not offer direct or indirect financing to you. We do not guarantee your note, lease or 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**

#### Initial Training Program

Before the opening of your Program, we will conduct an initial training program in the operation of your Program under the HOMMATI® System for you. (Franchise Agreement §5.1)

#### Operations Manuals

We will lend you or make available to you our digital suite of Operations Manuals that may include instructions for use of the Marks, specifications for goods or services that

will be used in or sold by your Program, sample business forms, information on marketing, management, and administrative methods developed by us for use in your Program, names of designated vendors or suppliers, and other information that we believe may be necessary or helpful to you in the operation of your Program. (Franchise Agreement §5.2)

### Designated Vendors or Suppliers

We will give you, in the Operations Manuals or otherwise in writing or within your online dashboard, names and addresses of designated vendors or suppliers of certain types of goods and services that you must use or sell in your Program. (Franchise Agreement §5.3)

### Specifications

We will provide you with standards and specifications for certain products and services you will use in your Program. You are required to manually add each listing that you do services, the minimum required information you need to add includes the full listing address, the listing agent, the number of bedrooms, number of bathrooms, square footage of home, the lot size, the year built, the price and at least the main listing image. You are required to provide all services in each of the packages we offer. This includes uploading the floor plan and setting up the guided tour and 3D walkthrough. You must only use the prescribed equipment required for each service, all billings and service deliveries must be done within your franchise dashboard. (Franchise Agreement §5.4)

### Forms and Templates

We will provide a limited amount of advertising and promotional templates to you to assist you in fulfilling your local advertising obligation. At no additional charge, we will give you a sample of each or make the artwork available to you in digital form. (Franchise Agreement §5.5)

### Suggested Prices

We will suggest fees and prices that you may wish to charge your Clients. You do not have to adopt our suggested price. Our current Suggested Retail Price for our Platinum Package HDR which includes our seven main services: 3D Tour, Aerial Video & Stills, HDR 2D Stills, Floor Plan, Guided Tour, 3D Walkthrough and Virtual Tour is \$349 retail or \$299 for Featured Agents, plus .05 cents per sq. ft. over 3,500 Sq. Ft. Generally, it takes 1-hour and 15 minutes on-site time and approximately 1-hour in off-site post-production per Platinum Package HDR for homes up to 3,500 sq. ft. You may choose instead to use our designated 3<sup>rd</sup> party vendor for your photography and video editing. Virtual enhancements is a service you provide, but we do this work for you. (Franchise Agreement §5.6)

### Assistance in Hiring, Managing and Training Employees

It is understood that all employment decisions concerning hiring, managing, employment agreements, as well as wages, benefits, and other compensation; hours of work and scheduling; the assignment of duties to be performed; the supervision of the performance of duties; work rules and directions governing the manner, means, and methods of the

performance of duties and the grounds for discipline; the tenure of employment, including hiring and discharge; and working conditions related to the safety and health of employees are the sole responsibility of the franchisee. You agree and acknowledge that you are the sole employer of any staff you may decide to employ, and all responsibilities thereof are borne by You. Should HFN make available any sample employment agreements, job descriptions, interview questions, applications, employee handbooks, etc. they are only for the purpose of providing samples for a template that you should modify and update to your own specifications as well as applicable, local, state and federal laws or regulations that may apply. All training must be conducted by you, none of your employees are authorized to attend training at our franchise headquarters. If you decide that part of your training would include having your employees view any videos, read any sections of the operations manual or have them attend any portion of the virtual training, that was created and/or is conducted for franchise owners, then this would be at your sole discretion and must be supervised by you. (Franchise Agreement §5.12)

### Site Selection

You do not need our approval of your Program's location. You must keep us informed of your Program's location. We expect that your Program will be home-based.

### Time Before Opening

We estimate that the average length of time between signing of a franchise agreement and opening of a franchised business will be 30 to 60 days. Factors that may affect the length of time it takes to open include completion of initial training, organizing the business, and delays caused by government agencies.

### **Post-Opening Obligations**

#### National Advertising Fund

We reserve the right to administer a National Advertising Fund that we will account for separately on the general ledger. The purpose of the fund is to pool our advertising money and that of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. (Franchise Agreement §5.11)

#### Local Advertising

Unless you have voluntarily requested to be placed on Inactive Hold (for example because of an extended vacation or health problem, thus suspending your Local Advertising spend duties), beginning the first month (1<sup>st</sup>) month of operation, you are required to initiate your social media, direct mail, email drip marketing, PPC, local SEO programs. You are required to spend a minimum of four percent (4%) of your monthly Gross Revenues or \$500 per month whichever is greater, on local advertising, marketing and promotional programs to help grow your business within your Territory. This will cover your \$500 per month requirement until you exceed \$20,833 in monthly sales. At that point, the minimum 4% would be higher than the \$500 per month minimum and you would be responsible for the difference. You are fully responsible for all advertising expenses. Advertising may include, but is not limited to, Google Ads PPC, LinkedIn Advertising,

Yahoo Advertising, real estate expos and events and local real estate magazines, trade journals, direct mail, social media marketing and email drip marketing is counted towards that overall four percent (4%). You must spend \$100 per month on Google Ads PPC, \$195 per month for email and social media marketing and \$174 per month for direct mail. You are required to purchase the Hommati 10' display and the Hommati 3' banner from the designated vendors prior to starting operations and attend at least two (2) real estate expos or real estate events in your area each year provided these events are being held in your area. You are required to have at least 1,000 agent emails in your database or your pro-rata share of agent emails for your market provided you have other franchisees operating in your territory. You are required to display a Hommati yard sign at each listing you sell a Platinum or Premium Package. You are required to do a minimum of a five-dollar (\$5) boost for each Platinum or Premium Package you sell. (Franchise Agreement §7.5)

#### Proprietary Products and Services Availability

We will use our reasonable efforts to ensure that designated vendors or suppliers will at all times have a supply of Proprietary Products and/or Services for sale to you at fair market value. (Franchise Agreement §5.7)

#### Additional Training

We will provide additional training to you during the term of this agreement when we believe that additional training is needed. We anticipate that any additional training program will be primarily web-based. (Franchise Agreement §5.8)

#### Consultation

We will use reasonable efforts to make our personnel available in a timely manner for telephone, fax, email, or online consultation on all aspects of your Program for no additional charge. (Franchise Agreement §5.9)

#### Business Development

From time to time, we will develop additional services to add to your profit centers. We will seek to evolve new methods of marketing, retaining, and increasing the revenue of your Program throughout the term of this agreement. (Franchise Agreement §5.10)

#### Advertising Services

The first time you intend on running a new advertisement, you must submit to us copies of all promotional and advertising materials that you originate and propose to use at least two weeks before the proof approval deadline. Once an advertisement has been approved, provided the content and/or images have not changed, you may use the previously approved advertisement in your on-going advertising. This requirement is also applicable to regional advertising cooperatives. All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising, and comply with any applicable laws and regulations. We will review the materials within a reasonable time and will promptly notify you or the regional advertising cooperative, as applicable, whether we approve or reject them. We may not withhold our

approval unreasonably. Even if we approve specified materials, we may later withdraw our approval if we reasonably believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising.

In the future, if we do administer a National Advertising Fund, we are not obligated to spend a specific amount of money in your Territory. We will give preference to advertising projects that are system wide in scope, but we may allocate some money to regional groups of franchisees or individual franchisees upon occasion. We reserve the unqualified right to decide, in our sole discretion, where, when and how advertising money will be spent.

We have a National Advisory Committee consisting of 5 franchisee representatives across the United States. The purpose of the NAC is to advise us in connection with issues facing franchisees, including but not limited to advertising policies. Members are elected by the franchise body. The NAC serves in an advisory capacity only and does not have operational or decision-making power.

When two (2) or more company-affiliated or franchised Programs have been established in your geographic area, we may, at our option, call a meeting of their representatives to establish a regional advertising cooperative for the region. You may also voluntarily agree with neighboring franchisees to establish a regional advertising cooperative.

For all cooperative decisions, representatives will be entitled to 1 vote within the region. The cooperative will elect a chairperson for a 1-year term and will decide, by simple majority vote, such matters as how often it will meet, what financial contribution it will assess from each member, and what advertising programs it will undertake. Cooperatives must operate from written organizational documents and provide annual financial reports to their members.

Regional advertising cooperative programs must be reasonably related to the general promotion of the Trade Name and Marks within the region and must conform to the requirements for local advertising stated in the Manual. Your required contribution to a regional advertising cooperative may be offset against your local advertising obligation for the period.

The area within which a cooperative operates will normally be defined by political boundaries, such as a county or Standard Metropolitan Statistical Area ("SMSA.") Members of a cooperative will contribute at the same rate as one another. Company-owned or affiliated Programs will contribute at the same rate as franchisees. We do not have the right to require cooperatives to be formed, changed, dissolved, or merged, but we may call a meeting of franchisee representatives in the area to decide whether to form a cooperative.

We reserve the right to administer a National Advertising Fund sometime in the future that we will account for separately on the general ledger. The purpose of the fund will be to pool our advertising money and that of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. We may use the fund to pay for market research, advertising materials, media space and time for a national or regional advertising program, graphics development, a promotional website, online leads generation, a referral program, social media use and public relations activities. The fund may also be used for

advertising grants to franchisees, collectively or individually, at our sole discretion.

If we administer this fund, all franchisee Programs and any Program that may be operated by an affiliate would contribute up to and not to exceed four percent (4%) of their gross collected revenues each month. If all National Advertising Funds are not spent in the fiscal year in which they are collected, we will retain them in the fund bank account for use in a subsequent year.

We may use up to fifteen percent (15%) of fund money to compensate ourselves for overhead and other expenses incurred in connection with our administration of the fund. We will distribute to our franchisees, once a year, an unaudited National Advertising Fund report that will state the total amounts of money collected and spent by the Fund during the past year and list, by general category, the manner in which we spent the money.

We may incidentally announce the availability of franchises as part of an advertisement or other marketing communication that primarily promotes the services provided by the Franchise Network to the public. We do not use any portion of the National Advertising Fund for advertisements that principally solicit new franchise sales.

As of November 30, 2024, we did not collect or spend any monies related to the advertising fund.

### Computer Systems

You must have a computer system (less than 3 years old) that includes an Apple Mac desktop or MacBook Pro laptop with Apple OS 10.13.6 or newer or a laptop or desktop running Microsoft Windows 10 Pro or newer, either with a minimum of 500 GB of available storage and 32 GB of memory and computer software, including Microsoft 365 personal (Outlook, PowerPoint, and Excel), Dropbox, Adobe Photography 20GB Bundle (Photoshop + Lightroom), and a StoryBlocks subscription. Additional optional software for both operating systems is not included here.

If you already have a computer, printer and internet access that meet the requirements set forth above you do not need to purchase them.

You will use the computer system to connect with our franchise dashboard, undertake bookkeeping and accounting functions and communicating with your Clients.

As time passes and technology changes, you may be required to replace some components of the computer system with different components.

We estimate that the cost of purchasing the items described above will range from \$250 to \$2,850. We estimate that annual repair, maintenance and updates of your computer system and software will total less than \$500. Neither we nor any other party is obligated to provide maintenance, repairs, upgrades, or updates for your computer system.

Periodically, we may ask you to upgrade your equipment and software to meet our currently effective standards. You must promptly comply with any such request. There are no contractual limitations on the frequency and cost of the obligation.

We will have independent access to all the data you store online in connection with your accounting, email and franchise dashboard. There are no contractual limitations on our right to access this data.

### Leads

All leads received from our website Hommati.com coming from your Territory will be assigned to the franchisee selected by the agent. If the agent does not select a specific franchisee then the lead will be assigned on a Round Robin Basis to all franchisees within the Territory. This means leads will be distributed in rotation to each franchisee within the Franchise Network in the same Territory. Each franchisee will receive an equal distribution of these leads except under certain circumstances. You will be removed from the Round Robin lead assignment for any of the following circumstances:

1. You are not in Good Standing as defined in Franchise Agreement Section 3.7.
2. You have not confirmed receipt of any lead or leads for more than 14 calendar days from the date of receipt in your franchise dashboard.
3. You have requested to be placed on an Inactive Hold due to vacations or other circumstances that would cause you to temporarily stop operating your business for a period of more than 14 days.
4. You have been involuntarily placed into an Inactive hold due to not enrolling any new Featured Agents or selling any services for a period of 90 days or more.
5. Leads from Featured Agents will go exclusively to the franchisee who enrolled the Featured Agent.
6. Leads from Limited Agents who have been assigned to a franchisee for less than 90 days will go exclusively to the franchisee that received it in the Round Robin distribution. If the Limited Agent has done at least one paid billing within the past 180 days then that Limited Agent will be assigned to the franchisee who received that paid billing.

### Operations Manuals

Exhibit D-3 contains the Table of Contents of our Operations Manuals, the number of pages devoted to each subject, and the total number of pages in the Operations Manuals as of our last fiscal year end. In addition, we will give you the opportunity to view our Operations Manuals in the presence of our representative at a mutually convenient time and place before you enter into a franchise agreement with us.

## Training

### TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Administration And Operations	7	0	Westerville, OH
Marketing And Advertising	8	0	Westerville, OH
Drone Training	4	0	Westerville, OH
3D Camera Training	4	0	Westerville, OH
Photography Training	4	0	Westerville, OH
Franchise Dashboard	5	0	Westerville, OH
Interior Video Training	3	0	Westerville, OH
Software Training	4	0	Westerville, OH
<b>TOTAL</b>	39	0	

Training classes will be held about once a month or as needed. Instructional materials will include the Operations Manuals, handouts, hands-on drone flight training and 3D scanning, instructional videos and testing materials.

Jerry Clum, our CEO/President, will supervise the training program and also serve as an instructor. He has been with us since we were formed in 2017. He has 29 years of experience in franchising and has trained more than 1,000 franchisees for this and other franchise concepts. He has 38 years of experience in sales, management, and operations.

Joe Ciamacco, our Vice President of Franchise Development, will also serve as an instructor. He has over 11 years of experience in franchising and trained more than 175 franchises for this and other franchise concepts. He has been with us since we were formed in 2017 and has worked since then in drone and 3D operations and business development.

Wendy Emery, our National Media Director, will also serve as an instructor. She has been with us since mid-2019 and has over 26 years of work experience in the field of art and design.

You must attend and successfully complete all phases of the initial training program and complete it to our satisfaction – meaning attaining at least a score of 70% or higher on the final exam at the end of training- at least 15 days before you begin operating under the franchise agreement. Your Program must always be directly or indirectly supervised by you or a person who has successfully completed our initial training program. If we reasonably conclude that you are unwilling or unable to successfully complete training, this constitutes

grounds for termination of your franchise.

We do not charge a fee for the initial training program for you and any other member of your management. Trainees do not have to attend at the same time as one another. For all training we offer, you must pay any costs of travel, lodging, meals, and other incidental expenses that you or your employees incur or that we incur in traveling to your location, at your request, to conduct training, including a reasonable per diem for any trainer who travels to your location. Depending on availability of seats, only one person may be able to attend in-person training. Others may be required to attend live virtual training.

Additional training programs will be offered from time to time. If we advise you that attendance at an additional training program is mandatory, you must attend and complete the program, at your own expense, to our reasonable satisfaction. We do not charge a fee for additional training.

#### Additional Sales Training and Coaching

After 90 days of operating the Program, you are required to participate in additional sales training and coaching via a designated third-party vendor. If this training and coaching is initiated, you will be responsible for paying their fees directly to the designated vendor. We anticipate the additional training to be less than a one-time fee of \$2,700 for the initial training held virtually in two four hour classes and 12 monthly coaching calls. The purpose of this training and coaching program is to assist franchisees in achieving both a faster and higher level of sales growth.

We will make use of online or distance training when practical to minimize cost. We also expect to offer continuing education at the annual meeting for which there will be a registration fee. You must pay any travel, lodging, and other expenses that you or your employees incur to attend additional training programs.

### **ITEM 12. TERRITORY**

#### Non-Exclusive 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.

#### Territory

Your franchise is for a specific location of one or more counties, as explained below and identified in Attachment 7 to the Franchise Agreement.

The minimum territory that we grant normally includes 200,000 or more people in it. We use population data from the US Census Bureau or another source we deem reliable to determine population.

Your Territory is protected by a maximum number of franchisees we can establish within a Territory. We determine this maximum number by taking the total population within

a county and/or a combination of counties and dividing it by 200,000. This sets the maximum number of franchisees to 1 per 200,000 in population. Territories are delineated by county and state. For counties that have less than 200,000 in population we may, at our sole discretion, combine two or more counties to get up to a total minimum population of 200,000.

When a county has more than 200,000 in population we may, in our sole discretion, combine two or more counties in order to not void contiguous counties that have less than 200,000 in population. When a county has more than 200,000 in population we may also, at our sole discretion, combine two or more counties in order to maintain trade areas for metropolitan statistical areas that have close economic ties to multiple counties. Your Territory specified in Attachment 7 will show all counties we have included. We may, at our sole discretion and at any time in the future, expand your Territory and permit you to operate your Program in additional counties provided we never exceed the maximum number of franchisees to 1 per 200,000 in population of the updated Territory. We do not need to execute any form of addendum to add additional counties to your territory.

You can provide services to any real estate agent or client whose principal office is inside your Territory and who is not already exclusive to another franchisee. An agent's principal office is defined as the firm office they are assigned to, they may not always have their own desk there, but they will usually have at least an inbox. It also may be the address shown on their business card. If an agent has an office address on their card or are assigned to a physical office location, then their home address cannot be used as their address. This is regardless of whether they have an office in their home or not. Some firms may have multiple offices and agents may work out of more than one of them. In these cases, the agent's principal office is the address shown on their business card. In the case of any disputes, we will use our reasonable judgement researching online and possibly contact the agent and/or the agent's broker to make a final determination of what address should be used.

From time-to-time, agents may move firms or change assignment from one office to another within the same firm. A franchisee may have enrolled an agent when that agent was working at one specific firm or office and then, later, the agent moved. Or an agent may have used a different address or county, when they enrolled, i.e., their home address. If it's discovered that a franchisee is providing services to an agent who is not currently in their Territory and the agent is now in a different franchisee's Territory, unless a mutual agreement can be reached between the two franchisees in question, we can, in our sole discretion and without consent, re-assign that agent to the franchisee who has the Territory the agent is in.

If an agent who is exclusive to You has listings outside your Territory, You can provide services on those listings regardless of whether it is in a Territory being served by other franchisee(s).

### Relocation

You do not need our consent to relocate your Program's office within your Territory or Territories. Relocation of your Program to an address outside your Territory is not permitted with the exception of implementing a transfer into another Territory. We may, at

our sole discretion, permit You to transfer into another Territory provided we have not reached our maximum number of franchisees in the Territory you are requesting a transfer. You will be subject to a transfer fee. (Franchise Agreement §6.12)

### Options, Rights of First Refusal

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

You may not solicit or accept orders from consumers (who would be licensed real estate agents or brokers) outside of your territory, including through other channels of distribution such as catalog sales, telemarketing, or other direct marketing.

### Round Robin Lead Distribution Process

To reduce the duplication of effort or conflicts with franchisees within the Territory, we have established the following requirements:

- (a) All leads generated from your landing page are automatically assigned to you. Leads coming in generically to our website are asked screening questions to attempt to determine if the agent has initiated enrollment due to speaking with or seeing marketing from a specific franchise. All leads that were not generated from your landing page or leads generated from our website whereby the agent does not remember how they heard about Hommati, will be assigned on a Round Robin fashion to all franchisees operating in your Territory (except as provided in 5.12 of the Franchise Agreement). They will be assigned in rotation to each franchisee within the Territory and each franchisee will receive an equal distribution of these leads.
- (b) We agree not to authorize any other franchisee or affiliate to solicit Clients that have paid you a Featured Agent Monthly Membership Fee or Limited Agents you have billed through your dashboard for any Hommati service within the past 180 days or Limited Agents assigned to You who has not had any billings for less than 90 days. You agree that you will not provide Products or Services to a Client that any other franchisee has been paid a Featured Agent Monthly Membership Fee or they have billed a Client for any Hommati service within the past 180 days or Limited Agents assigned to any other franchisee for less than 90 days who has not had any billings. If it is determined that an agent initiated Featured or Limited Agent enrollment due to the efforts of a specific franchise and there is evidence provided that supports this claim, we may, in our sole discretion, reassign that agent to the franchisee it was determined initiated that enrollment.
- (c) You must do an Exclusive Agent Search on the franchise dashboard before offering Featured Membership, 3D Interactive Tour, Aerial Video, 2D or HDR Photography or any other Hommati services. You must confirm the agent you want to offer services to is not exclusively assigned to any other franchisee.

- (d) If a conflict arises between two or more franchisees as to who has the rights to a particular Client, this conflict will be resolved by determining which franchisee has the earliest date of active Client membership or through evidence provided that supports the claim of one of the franchisees that in our sole discretion we deem to be true.
- (e) Limited Agents are also assigned to franchisees on an exclusive basis for a 90-day period. If they upgrade their membership to a Featured Agent, they will become exclusive to You. A Limited Agent will also remain exclusive to You provided You have billed them through your dashboard for any Hommati service not less than at least one time per each 180-day period. If they do not, they will return to the Round Robin assignment and they may come up as a new lead in the future.

### Restrictions

We reserve the exclusive right to conduct or control Internet promotion and marketing, including the exclusive right to establish and use accounts in any of the social media using our Trade Name or Marks. The only social media accounts or Google My Business Pages that can be created by You to be used in your operation are accounts that we assist you in setting up and are managed under our admin account. We will be given full admin authority of those accounts and maintain ownership of them. You are prohibited from establishing any social media groups including, but not limited to Facebook or Linked In groups where the discussion of the Hommati Program is likely to occur.

We reserve all other rights not expressly granted to you in this agreement, including the right to sell national advertising on our website and the right to sell other Proprietary Products and Services on our website that are not the types of products and services that you are authorized to offer as part of a Program.

### Client Dispute Resolution

We have the right to refer any Client dispute between you and another franchisee to an independent ombudsman whom we will compensate. You and we will be bound by the decision of the ombudsman in any such dispute. Under no circumstances, however, will we be required to initiate legal action against any franchisee or former franchisee to prevent or compensate you for the violation of your Territorial rights by that franchisee.

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

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**ITEM 13. TRADEMARKS**

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

Registration or Serial Number	Description of Mark	Principal or Supplemental Register of the USPTO	Registration Date
5423200		Principal	March 13, 2018
5423194	HOMMATI	Principal	March 13, 2018
6220723	The Agent Advantage	Principal	December 12, 2020

We have filed all required affidavits and renewals.

There is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding that affects our ownership, use or licensing of the principal Marks.

There is no pending material federal or state court litigation regarding our use or ownership rights in the principal Marks.

There is no currently effective agreement that significantly limits our right to use or license the use of our Marks in a manner material to the franchise.

You must notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System.

You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. We are not required to take affirmative action when notified of these uses of claims.

We have the sole right to control any administrative proceedings or litigation involving a Mark licensed by us to you. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark licensed by us to you or if the proceeding is resolved unfavorably to you. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we may select legal counsel and have the right to control the proceedings.

We have the right to change our Trade Name and Marks and the specifications for

each when we believe, in our reasonable discretion, that the changes will benefit the Franchise Network. You must promptly conform, at your own expense, to any such changes.

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

You agree to affix the Marks upon such vehicles, uniforms, equipment, advertising, sales/promotional materials and such other objects, in such size, color, lettering style and fashion, and at such place as we may designate in the Operations Manuals.

#### **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

Our Chief Executive Officer, Jerry Clum, has filed the provisional patent application listed below and licenses the rights to use the system evidenced in the provisional patent applications and to sublicense the system to our franchisees.

Title of Patent Application: The Agent Advantage Program  
Application Number: 63113525  
Filing Date: November 13, 2020  
Type of Patent Application: Utility

A non-provisional patent was also filed one year later:

Title of Patent Application: System and Method of Optimizing a Lead Conversion Rate for a Real Estate Agent  
Application Number: 17526485  
Filing Date: November 12, 2021  
Type of Patent Application: Utility

The above referenced provisional and non-provisional patent applications relates to a process that assist real estate agents to reduce the number of cancellations of scheduled listing presentations and assist real estate agents to win a higher percentage of listing presentations. The invention is a process that includes a custom co-branded video created for a real estate agent explaining the innovative technology that they will utilize to help sell a client's home faster and for a higher selling price. The present invention also includes a custom printed magazine-like brochure called *The Innovative Agents Magazine*.

The patent applications are in a pending state. There is no pending material federal or state court litigation regarding our use or ownership rights in the provisional patent application.

There is no agreement which limits the use of the provisional patent application. We know of no patent that could materially affect franchisees.

We claim common law copyrights in our suite of Operations Manuals, website, intranet, and marketing materials.

We communicate our proprietary marketing methods to you under the franchise

agreement. We consider this to be valuable confidential information, protectable under the law of trade secrets.

During the term of this agreement and all renewals and extensions thereof and for one (1) year after its Termination, You agree and acknowledge that We shall be entitled to sole ownership of any intellectual property rights or copyright that You create, develop, produce and/or discover. This may include, but not be limited to, all videos, photography and 3D Tours. You hereby assign to Us the entire right, title and interest to such work, which relates in any way to the operation of Your Program.

## **ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

You can operate the business on either a full-time or part-time, executive managed basis. If you elect to operate on a part-time, executive managed basis, it is required that you hire either a General Manager or both a 3D/Drone Pilot and Agent Development Manager before beginning operations. The 3D/Drone Pilot must be available to provide services to Clients when needed. The Agent Development Manager would meet with agents, educate them about your services and take orders for those services. If you do not hire either a General Manager or both a 3D/Drone Pilot and Agent Development, then you must devote full-time attention to your Program and not be employed anywhere else during normal business hours. Because an HOMMATI® Program is intended to be operated as a home-based business, it is unlikely that employees, if any, will work from the same premises as you will. Therefore, although the Program needs supervision, we do not expect anyone to exercise "on-premises" supervision except in the case of untrained employees at Client's homes. Until your employees are fully trained by us and have been bonded, they are not to perform any HOMMATI® services offered in your Program. Generally, for our Platinum Package HDR, it takes 1 hour and 15 minutes of on-site time for up to 3,500 sq. ft. homes to scan and fly the drone. Generally, it takes 1 hour of off-site time for post-production work to edit aerial videos and all 2D stills. Virtual enhancements are a service you provide, but we do this work for you.

If you can show that you have at least \$45,000 more in working capital than the amount we require for franchisees operating their Program as an owner operator model, and you immediately hire either a General Manager or both a 3D/Drone Pilot and Agent Development Manager, you may operate your business on a part-time basis. Any person that you employ as a General Manager must be trained in all aspects of your Program and perform the duties and responsibilities of both the 3D/Drone Pilot and Agent Development Manager positions. The General Manager must be compensated at a level which is competitive to other similar positions in your market. Any person that you employ as a 3D/Drone Pilot who will be scanning the homes and/or piloting a drone in the operation of your Program is required to attend at least the drone virtual training and 3D Camera virtual training portion of our initial training program. Any person that you employ as an Agent Development Manager who will perform the marketing of your services is required to attend at least the sales, marketing and presentation virtual training portion of our initial training program. You will still have overall responsibility for the business. In order to determine if employees will be needed and, if so, how many will be needed, we are providing an estimate for what one fully trained and skilled employee can accommodate in a one-week work period. On average, one 3D/Drone Pilot can typically complete a maximum of 19 Platinum

Packages HDR per week if their only responsibility is doing the on-site jobs. On average, one franchise owner or General Manager can typically complete a maximum of 10 Platinum Packages HDR per week if they are responsible for both on-site, off-site post production work as well as marketing and all other operational responsibilities. This figure may vary depending on the size of the homes you will be assigning, the distance between the scans, the drive time between jobs and the employee's skill level.

There are no restrictions on whom you may hire as an employee provided the criminal background check and motor vehicle report you obtain meets the requirements as set forth in the Operations Manuals. They must also sign the Nondisclosure and Noncompetition Agreement attached to the franchise agreement as Attachment 3. We do not require your spouse to guarantee performance under the franchise agreement, or sign a confidentiality or non-competition agreement, however, if your spouse is a co-owner of the franchise or franchisee entity, then you and your spouse will both guarantee performance under the franchise agreement.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must use and sell all the goods and services and only the goods and services that we have authorized you to provide. If, from time-to-time, we decide to make changes in the goods and services you are authorized to provide, you must comply with the changed requirements at your own expense. We have the right to change or discontinue any program, marketing method, procedure, etc. in response to legal, competitive, or technological issues or changes or attempts to improve in the marketplace. You may sell your goods and services to any customer who is a licensed real estate agent or broker consistent with your territorial restrictions. You must bill and deliver all services to agents using your franchise dashboard. You cannot use any other photo, video or 3D Tour delivery or billing service.

We may make changes in our standards and specifications, when, in our reasonable discretion, change is needed for the continued success and development of the Franchise Network. Such changes may require the purchase of equipment, supplies, furnishings, or other goods, completion of additional training by your employees, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense.

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## ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	4.4.1	Term is 10 years from the Start Date.
b. Renewal or extension of the term	4.4.2	At your request, we may renew the agreement for 2 more 10-year terms if you meet the conditions in 17c.
c. Requirements for franchisee to renew or extend	4.4.2	Upon renewal, you will be asked to sign a new franchise agreement that may have materially different terms and conditions from the original franchise agreement. Other conditions: be in Good Standing, give timely notice, sign release (if permitted by state law) and pay renewal fee.
d. Termination by franchisee	None	You may terminate upon any grounds available under applicable state law.
e. Termination by franchisor without cause	None	Not applicable
f. Termination by franchisor with cause	10.2	We may terminate only upon non-curable or uncured default.
g. "Cause" defined - curable defaults	10.2	Subject to applicable State law, you have 5 days to cure failure to submit payment and 30 days to cure failure to submit information, failure to begin operating by Start Date, failure to operate according to agreement, or any other material default not listed here.
h. "Cause" defined - non-curable defaults	10.2	Non-curable defaults: misuse of Marks or conduct harming our goodwill, repeated failure to follow required procedures for website uploads, competition with the Franchise Network, unauthorized attempt to transfer, material misrepresentation in acquisition of franchise or operation of business, termination of another agreement because of your default, acting without required consent or approval, abandonment, repeated defaults, threat to public health or safety, insolvency, criminal misconduct
i. Franchisee's obligations on termination/non-renewal	10.3	Stop operating, pay amounts due, complete de-identification, return of property, terminating listings, maintaining records, selling contact list to HFN and turning over management Also see r. below.

j. Assignment of contract by franchisor	9.7	We may transfer the franchise without your consent if we reasonably believe the transferee can perform our obligations and is financially responsible and the assignee expressly agrees in writing to assume obligations.
k. "Transfer" by franchisee – defined	3.30	With specified exceptions, transfer means any change in the majority ownership of the franchise agreement, the capital assets of your Program, or you.
l. Franchisor approval of transfer by franchisee	9.1 - 9.4	You must obtain our prior written consent to any Transfer.
m. Conditions for franchisor approval of transfer	9.4	The assignee must qualify, assume rights and obligations under the franchise agreement, satisfactorily complete training program, and not be in default. You must sign a special release of claims (subject to state law), obtain our written approval of sale agreement, pay transfer fee, and pay Syndication Monthly Fee until transfer is completed.
n. Franchisor's right of first refusal to acquire franchisee's business	9.3	We may match any offer to buy your Business
o. Franchisor's option to purchase franchisee's business	10.3(f)	After termination or non-renewal, we have the exclusive right to purchase any or all of your Clients who are paying a Featured Membership Fee and will do so at a pre-determined pricing formula.
p. Death or disability of Franchisee	9.6	Qualified transferee must be identified within 180 days, at the most, after notice and you must move promptly to transfer. We may operate the Program on your behalf during any interim period.
q. Non-competition covenants during the term of the franchise.	8.6, Attachment 3	No involvement in competing Business.
r. Non-competition covenants after the franchise is terminated or expires.	8.6, Attachment 3	No involvement in providing similar services you provided in your Program for 1 year within your former Territory or within 25 miles of your Territory or any other Hommati territory that has a franchisee operating.
s. Modification of the agreement	11.4	Amendment requires the signature of both parties
t. Integration/merger clause	11.6	Subject to State law, only the terms of the franchise agreement are binding. Any representations or promises besides those in the disclosure document and franchise agreement may not be enforceable.

u. Dispute resolution by arbitration or mediation	11.7	Good faith participation in negotiation and mediation are preconditions to arbitration. Aside from requests for injunctions and related claims, all disputes that are not settled must be decided by binding arbitration by the AAA under its rules for commercial arbitration.
v. Choice of forum	11.7.5	Mediation and arbitration must be in Franklin County, Ohio (except as modified by applicable state law)
w. Choice of law	11.2	Except as to claims governed by federal law, Ohio law governs (except as modified by applicable state law).

## ITEM 18. PUBLIC FIGURES

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

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) 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.

Here we set forth certain historical financial performance representations in the tables further below, using the following definitions.

### DEFINITIONS

a) Annual Gross Revenues – means the actual gross revenues derived by each franchisee for the 12 months previous to the survey as determined by franchisees royalty reports.

b) Annual Gross Profit - means the actual gross revenues derived by each franchisee for the 12 months previous to the survey, less the cost of services sold, which includes credit card fees, 3D Upload and Floor Plan fees, the Technology/Syndication fee, Virtual Staging fees, Agent Transparent Background fees, 40% split on the Featured Agent Membership fees, Broker Team Leader fees, Curb Lead fees, Lender Network Advertising Program fees, Sales Tax and total Royalty paid, during the same period as determined by franchisees royalty reports. Cost of services does not include operating expenses such as insurance, online accounting software, labor, auto expenses, advertising, phone or internet service.

- c) Franchise Network – "Franchise Network" means the interdependent network composed of all HOMMATI® franchisees.
- d) Franchisee Benchmark Survey – refers to a survey that was sent out to all franchisees in our Franchise Network in November 2024 and the results of this survey in addition to the monthly Royalty Reports for the 12 months prior which were used to create this Financial Performance Representation.
- e) Full-Time Basis – means those Franchise Outlets that reported in the survey they were operating at 40 or more hours per week.
- f) Operating Time Period – means the period of time that each franchisee had been operating and within the tier levels shown.
- g) Part-Time Basis – means those Franchise Outlets that reported in the survey they were operating at less than 40 hours per week.

Royalty Report – means the automated electronic system in our franchise dashboard that totals the Monthly Gross Revenue from the billings each franchisee made in the month and then calculates the royalties payable by each franchisee. All billings for all jobs performed must be billed within your franchise dashboard and only within your dashboard.

### **BASIS AND ASSUMPTIONS**

The financial information was prepared on a basis consistent with generally accepted accounting principles during the respective measurement periods. The information in this analysis has not been audited, it is based on actual historical financial data for the 12 months period prior to the survey as per the Royalty Report generated for those 12 months as well as the answers provided in a Franchisee Benchmark Survey that was conducted.

### **FRANCHISE NETWORK**

We surveyed our Franchise Network in November 2024. At that time, we had 124 franchisees. Of those 124 franchisees, 83 franchisees (66.9%) completed the survey. Of those 83 franchisees, 14 franchises (16.9%) were not operating for the entire 12 months previous and were excluded from these tables.

Of the 69 remaining franchisees, 27 franchises (39.1%) reported they were operating on a Full-Time Basis and 42 franchisees (60.9%) reported they were operating on a Part-Time Basis.

Table 1 reflects the Hommati Franchisees in our Franchise Network operating on a Full-Time Basis.

**TABLE 1 FULL-TIME BASIS**

<b>HIGHEST FULL-TIME</b>	<b>ANNUAL GROSS REVENUES</b>	<b>ANNUAL GROSS PROFIT</b>
Over 5 + Years (1 Franchisee)	\$531, 587.33	\$445,867.27
Over 4 Years (1 Franchisee)	\$395,045.25	\$308,897.27
Over 3 Years (1 Franchisee)	\$125,5607.76	\$109,654.27
Over 2 Years (1 Franchisee)	\$112,459.95	\$93,836.82
Over 1 Year (1 Franchisee)	\$90,484.79	\$75,636.36
<b>AVERAGE FULL-TIME</b>	<b>ANNUAL GROSS REVENUES</b>	<b>ANNUAL GROSS PROFIT</b>
Over 5+ Years (Average of 7 Franchisees)	\$204,292.74	\$166,868.00
Over 4 Years (Average of 7 Franchisees)	\$149,334.77	\$119,322.08
Over 3 Years (Average of 7 Franchisees)	\$86,718.40	\$72,867.29
Over 2 Years (Average of 5 Franchisees)	\$71,807.86	\$60,118.83
Over 1 Year (Average of 1 Franchisee)	\$90,484.79	\$75,636.36
<b>MEDIAN FULL-TIME</b>	<b>ANNUAL GROSS REVENUES</b>	<b>ANNUAL GROSS PROFIT</b>
Over 5 + Years (Average of 7 Franchisees)	\$180,561.52	\$137,077.07
Over 4 Years (Average of 7 Franchisees)	\$90,111.70	\$65,918.58
Over 3 Years (Average of 7 Franchisees)	\$96,227.22	\$79,622.95
Over 2 Years (Average 5 Franchisees)	\$58,941.75	\$49,213.16
Over 1 Year (Average 1 Franchisee)	\$90,484.79	\$75,636.36
<b>LOWEST FULL-TIME</b>	<b>ANNUAL GROSS REVENUES</b>	<b>ANNUAL GROSS PROFIT</b>
Over 5 + Years (1 Franchisee)	\$59,651.05	\$47,716.38
Over 4 Years (1 Franchisee)	\$50, 473.92	\$40,033.07
Over 3 Years (1 Franchisee)	\$36, 064.14	\$26,056.76
Over 2 Years (1 Franchisee)	\$41, 679.70	\$33,160.34
Over 1 Year (1 Franchisee)	\$90, 484.79	\$75,636.36

**TABLE 1.1 FULL-TIME BASIS STATED RESULTS**

	Annual Gross Revenues	Annual Gross Profit	Number Who Attained or Surpassed Stated Result*	Percentage Who Attained or Surpassed Stated Result*
<b>HIGHEST FULL-TIME</b>				
	\$531,587.33	\$445,867.27	1	4%
<b>AVERAGE FULL-TIME</b>				
	\$130,812.79	\$107,023.41	7	26%
<b>MEDIAN FULL-TIME</b>				
	\$96,227.22	\$81,515.89	14	52%
<b>LOWEST FULL-TIME</b>				
	\$36,064.14	\$9,145.62	27	100%

Notes to Table 1.1

1. This table takes into account all franchisees who were operating on a Full-Time Basis regardless to their Operating Time Period. It includes all franchisees who were operating for the entire 12 months prior to the survey.

2. \* The “stated result” in the table above refers to Annual Gross Profit. The number and percent that attained or surpassed the stated result refers to the number and percent for all tiers of the table above that attained or surpassed the Annual Gross Profit.

**TABLE 1.2 NUMBER OF FULL-TIME FRANCHISEES PER OPERATING LEVEL**

FULL-TIME FRANCHISEE’S OPERATING TIME	NUMBER OF FULL-TIME FRANCHISEES AT THIS LEVEL
Over 5 Years	7
Over 4 Years	7
Over 3 Years	7
Over 2 Years	5
Over 1 Year	1

Table 2 reflects the Hommati Franchisees in our Franchise Network operating on a Part-Time Basis.

**TABLE 2 PART-TIME BASIS**

<b>HIGHEST PART-TIME</b>	<b>ANNUAL GROSS REVENUES</b>	<b>ANNUAL GROSS PROFIT</b>
Over 5 + Years (1 Franchisee)	\$119,990.41	\$101,834.87
Over 4 Years (1 Franchisee)	\$111,694.38	\$93,613.03
Over 3 Years (1 Franchisee)	\$ 73,397.30	\$59,396.05
Over 2 Years (1 Franchisee)	\$ 58,948.85	\$45,584.74
Over 1 Year (1 Franchisee)	\$ 52,067.70	\$39,282.20
<b>AVERAGE PART-TIME</b>	<b>ANNUAL GROSS REVENUES</b>	<b>ANNUAL GROSS PROFIT</b>
Over 5 + Years (Average of 8 Franchisees)	\$48,851.05	\$37,467.12
Over 4 Years (Average of 9 Franchisees)	\$32,729.42	\$24,581.76
Over 3 Years (Average of 9 Franchisees)	\$20,082.64	\$14,526.91
Over 2 Years (Average of 8 Franchisees)	\$18,686.31	\$12,875.97
Over 1 Year (Average of 8 Franchisees)	\$14,642.13	\$9,095.26
<b>MEDIAN PART-TIME</b>	<b>ANNUAL GROSS REVENUES</b>	<b>ANNUAL GROSS PROFIT</b>
Over 5 + Years (Average of 8 Franchisees)*	\$35,240.56	\$25,799.01
Over 4 Years (Average of 9 Franchisees)	\$17,259.94	\$11,545.34
Over 3 Years (Average of 9 Franchisees)	\$14,130.06	\$9,171.48
Over 2 Years (Average of 8 Franchisees)*	\$16,600.82	\$11,223.69
Over 1 Year (Average of 8 Franchisees)*	\$5,716.46	\$2,258.47
<b>LOWEST PART-TIME</b>	<b>ANNUAL GROSS REVENUES</b>	<b>ANNUAL GROSS PROFIT</b>
Over 5 + Years (1 Franchisee)	\$15,626.36	\$10,429.81
Over 4 Years (1 Franchisee)	\$1,610.85	-\$583.34
Over 3 Years (1 Franchisee)	\$2,970.44	\$121.89
Over 2 Years (1 Franchisee)	\$1,006.81	-\$1,560.39
Over 1 Year (1 Franchisee)	\$414.45	-\$1,997.37

**Notes to Table 2**

\* There were an even number of franchisees in these tiers, so we added the two middle values and divided by 2 in order to get an accurate median value.

**TABLE 2.1 PART-TIME BASIS STATED RESULTS**

	Annual Gross Revenues	Annual Gross Profit	Number Who Attained or Surpassed Stated Result*	Percentage Who Attained or Surpassed Stated Result*
<b>HIGHEST PART-TIME</b>				
	\$119,990.41	\$101,834.87	1	2.4%
<b>AVERAGE PART-TIME</b>				
	\$26,970.10	\$19,702.02	14	33.3%
<b>MEDIAN PART-TIME</b>				
	\$19,631.99	\$11,694.81	21	50%
<b>LOWEST PART-TIME</b>				
	\$ 414.45	-\$1,997.37	42	100%

**Notes to Table 2.1**

1. This table takes into account all franchisees who were operating on a Part-Time Basis regardless to their Operating Time Period. It includes all franchisees who were operating for the entire 12-month period prior to the survey.
2. \* The “stated result” in the table above refers to Annual Gross Profit. The number and percent that attained or surpassed the stated result refers to the number and percent in each tier of the table above that attained or surpassed the Annual Gross Profit shown in each row for that tier.

**TABLE 2.2 NUMBER OF PART-TIME FRANCHISEES PER OPERATING LEVEL**

PART-TIME FRANCHISEE’S OPERATING TIME	NUMBER OF PART-TIME FRANCHISEES AT THIS LEVEL
Over 5 Years	9
Over 4 Years	8
Over 3 Years	9
Over 2 Years	8
Over 1 Year	8

**Some franchisees have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.**

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Other than the preceding financial performance representations, 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 Jerry Clum, CEO, 6264 S. Sunbury Rd. Ste.100, Westerville, OH 43081 and (833) 466-6284, the Federal Trade Commission and the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**System Wide Outlet Summary  
For Fiscal Years Ending November 30, 2022, 2023, 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	<b>2022</b>	<b>125</b>	<b>140</b>	<b>+15</b>
	<b>2023</b>	<b>140</b>	<b>128</b>	<b>-12</b>
	<b>2024</b>	<b>128</b>	<b>124</b>	<b>-4</b>
<b>Company Owned</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>8</b>	<b>+8</b>
	<b>2024</b>	<b>8</b>	<b>9</b>	<b>+1</b>
<b>Total Outlets</b>	<b>2022</b>	<b>125</b>	<b>140</b>	<b>+15</b>
	<b>2023</b>	<b>140</b>	<b>136</b>	<b>-4</b>
	<b>2024</b>	<b>136</b>	<b>133</b>	<b>-3</b>

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)  
For Fiscal Years Ending November 30, 2022, 2023, 2024**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>California</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>1</b>
	<b>2024</b>	<b>1</b>
<b>Florida</b>	<b>2022</b>	<b>1</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>
<b>Idaho</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>1</b>
	<b>2024</b>	<b>0</b>
<b>Kentucky</b>	<b>2022</b>	<b>1</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>
<b>Missouri</b>	<b>2022</b>	<b>1</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>1</b>
<b>Tennessee</b>	<b>2022</b>	<b>1</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>
<b>Texas</b>	<b>2022</b>	<b>1</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>
<b>Total</b>	<b>2022</b>	<b>5</b>
	<b>2023</b>	<b>2</b>
	<b>2024</b>	<b>2</b>

Table No. 3

**Status of Franchised Outlets  
For Fiscal Years Ending November 30, 2022, 2023, 2024\***

State and Territory	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2022	4	0	0	0	0	0	4
	2023	4	0	0	1	0	0	3
	2024	3	0	0	1	0	0	2
Alaska	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arizona	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	1	0	2
	2024	2	1	0	0	0	0	3
Arkansas	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1
	2024	1	0	0	1	0	0	0
California	2022	11	3	0	0	0	0	14
	2023	14	1	0	1	1	0	13
	2024	13	1	0	0	0	1*	13
Colorado	2022	3	2	0	0	0	0	5
	2023	5	0	1	0	0	0	4
	2024	4	0	1	0	0	0	3
Connecticut	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	2	0	0	1
Florida	2022	13	1	0	0	0	0	14
	2023	14	1	0	0	2	0	13
	2024	13	2	0	4	0	0	11
Georgia	2022	2	3	0	0	0	0	5
	2023	5	1	1	0	0	0	5
	2024	5	0	1	0	0	0	4
Hawaii	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	1	0	1	0	0	4
Indiana	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	0	4

<b>Kansas</b>	<b>2022</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2023</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2024</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Kentucky</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Maine</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Maryland</b>	<b>2022</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2023</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2024</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Michigan</b>	<b>2022</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2023</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2024</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Minnesota</b>	<b>2022</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2023</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2024</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Missouri</b>	<b>2022</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2023</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2024</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Nebraska</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>						
	<b>2024</b>	<b>0</b>						
<b>Nevada</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>						
<b>New Hampshire</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>New Jersey</b>	<b>2022</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2023</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2024</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>5</b>
<b>New York</b>	<b>2022</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2023</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2024</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>North Carolina</b>	<b>2022</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2023</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>4</b>
	<b>2024</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>
<b>North Dakota</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ohio</b>	<b>2022</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2023</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>4</b>
	<b>2024</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Oklahoma</b>	<b>2022</b>	<b>0</b>						
	<b>2023</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Oregon</b>	<b>2022</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2023</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2024</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Pennsylvania</b>	<b>2022</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2023</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2024</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>South Carolina</b>	<b>2022</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2023</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2024</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Tennessee</b>	<b>2022</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>
	<b>2023</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2024</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Texas</b>	<b>2022</b>	<b>12</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>
	<b>2023</b>	<b>13</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>14</b>
	<b>2024</b>	<b>14</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>14</b>
<b>Utah</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2024</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Virginia</b>	<b>2022</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2023</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2024</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>West Virginia</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Wisconsin</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Total</b>	<b>2022</b>	<b>125</b>	<b>20</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140</b>
	<b>2023</b>	<b>140</b>	<b>12</b>	<b>3</b>	<b>13</b>	<b>8</b>	<b>0</b>	<b>128</b>
	<b>2024</b>	<b>128</b>	<b>16</b>	<b>4</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>124</b>

\*Franchisee moved to Texas

\*\*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

**Table No. 4**

**Status of Company-Owned Outlets  
For Fiscal Years Ending November 30, 2022, 2023, 2024**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisees</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisees</b>	<b>Outlets at End of the Year</b>
<b>Arizona</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>California</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Florida</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2024</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Nevada</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>New Jersey</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>North Carolina</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Ohio</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Texas</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Totals</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>
	<b>2024</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9</b>

**Table No. 5**

**Projected Openings as of November 30, 2024**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Open</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
<b>Arizona</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>California</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Colorado</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Florida</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Georgia</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Illinois</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Michigan</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Nevada</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>New Jersey</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>New York</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>North Carolina</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Ohio</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Pennsylvania</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>South Carolina</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Tennessee</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Texas</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>Virginia</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>PR</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>TOTALS</b>	<b>1</b>	<b>22</b>	<b>0</b>

Exhibit D-1 contains the name, business address, and business telephone number of each current franchisee and their outlet as of the end of our last fiscal year.

Exhibit D-2 contains the name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had a Business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the date of issuance of this disclosure document.

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

We have no current or former franchisees who have signed provisions during the last three fiscal years restricting their ability to speak openly to you about their experience with the Made in the Shade franchise system.

As of the date of this disclosure document, no independent trademark-specific franchisee organizations have asked to be included in this disclosure document and there are no franchisee organizations sponsored or endorsed by us.

## **ITEM 21. FINANCIAL STATEMENTS**

Exhibit B contains our audited financial statements for the fiscal years ended November 30, 2024, 2023, and 2022. Our fiscal year end is November 30.

## **ITEM 22. CONTRACTS**

The following agreements are proposed for use in connection with the franchise we offer:

Exhibit C: Franchise Agreement  
Attachments

1. Special Release of Claims
2. Authorization Agreement for Prearranged Payment
3. Nondisclosure and Noncompetition Agreement
4. Assignment of Telephone Numbers, Email Addresses and Special Power of Attorney
5. Personal Guaranty and Subordination Agreement
6. Your Owners
7. Protected Territory

Exhibit D-4 Hommati Franchisee Closing Questionnaire

## **ITEM 23. RECEIPTS**

Attached as the last page of this disclosure document (Exhibit F-2) is a receipt. Please sign it, date it as of the date you receive the disclosure document and return it to us by email or fax. A duplicate of the receipt is attached for your records

## **Exhibit A-1**

### **State Addenda to the Disclosure Document**

#### **California**

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

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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Neither the franchisor nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

California Business and Professions Code Sections 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.

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60-day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The franchise agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur at Franklin County, Ohio, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association.

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

outside the State of California.

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

Our website is located at [www.hommati.com](http://www.hommati.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](http://WWW.DFPI.CA.GOV).

Section 31512 of the Franchise Investment Law (FIL) and 20010 of the California Franchise Relations Act (CFRA) provide that any condition, stipulation, or provision purporting to bind you to waive compliance with any provision of these laws is void. Therefore, any release of claims that you must sign as a condition of renewal or transfer may not apply to claims arising under the FIL or the CFRA.

The highest interest rate allowed by law in California is 10% annually.

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.

### **CA Corporations Code Section 31512.1- Franchise Agreement**

#### **Provisions Void as Contrary to Public Policy:**

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

The following text is added to the **Special Risks** page of the Disclosure Document: "Each owner of the franchise is required to execute a personal guarantee. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property

states such as California.”

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

## **HAWAII**

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

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

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

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

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.

## **Illinois**

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

Illinois law governs the Franchise Agreement.

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 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 of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

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.

## **Maryland**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Item 17.u. is modified to also provide, "This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."
3. Item 17.v. is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."
4. Maryland franchisees should not sign Exhibit D-4, the Franchisee Closing

## Questionnaire.

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.

5. Item 5 is modified to also provide, "Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Commissioner and attach below."

STATE OF MARYLAND  
SECURITIES DIVISION  
FRANCHISOR SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT

HOMMATI FRANCHISE NETWORK, INC.

(Name of Franchisor)

a Ohio Corporation

(Description or form of business organization, including State of Incorporation), with business offices at

6264 S SUNBURY RD, SUITE 100, WESTERVILLE, OH, 43081

(Address)

as Principal, and Hudson Insurance Company a corporation duly organized  
(Name of Surety)

under the laws of the State of Delaware and authorized to do  
business in the State of Maryland, as Surety, are hereby held and firmly bound to the State of Maryland, in the sum  
of fifty thousand dollars

Thousand Dollars (\$ \$50,000.00 ). For the payment of this sum, Principal and Surety bind themselves, their  
representatives, successors and assigns, jointly and severally by these presents.

WHEREAS, Principal has applied for registration as a franchisor to offer and sell franchises in Maryland, as  
required under the Maryland Franchise Registration and Disclosure Law, Title 14, Subtitle 2, Business Regulation  
Article, Annotated Code of Maryland, (2010 Repl. Vol.) (the Maryland Franchise Law); and

WHEREAS, Principal executes this surety bond under §14-217 of the Maryland Franchise Law, as a  
condition of its registration to offer and sell franchises in Maryland;

NOW, THEREFORE, the Principal agrees as follows:

1. Principal shall obey all applicable rules, regulations and statutes of the State of Maryland, now or hereafter existing and all other applicable laws now or hereafter existing, affecting or relating to the offer or sale of franchises and area franchises.
2. Principal shall in all respects be bound to any and all applicable requirements and provisions required to be in this bond by existing and future statutes, rules and regulations of the State of Maryland, and laws, the same as though such requirements and provisions were fully set forth in this bond, and by reference such requirements and provisions are made a part hereof.
3. Principal shall in all respects be bound to perform and fulfill, up to and until the time at which a franchisee's or subfranchisor's business is fully operational, all undertakings, covenants, terms, conditions and agreements of any contract, or of any modification to a contract duly authorized by the parties to the contract, that the Principal makes with these franchisees, or subfranchisors.
4. This bond is for the benefit of the State of Maryland and all persons purchasing franchises and area franchises from Principal.
5. This bond shall become effective at \_\_\_\_\_ on Jan 22, 2024  
(time of day) (date)

It may be cancelled by Surety and Surety relieved of liability with respect to a franchise agreement entered into by Principal after the effective date of cancellation. Cancellation is effective 90 days after the Maryland Securities Commissioner and Principal receive written notice from Surety of cancellation. Notwithstanding any such cancellation, coverage under this bond remains effective with respect to any franchise agreements entered into by Principal prior to the effective date of cancellation.



Hudson Insurance Company

(Name of Surety)

By: [Signature]  
(Signature of Attorney in Fact) John D. Weisbrot

HOMMATI FRANCHISE NETWORK, INC.

(Name of Franchisor)

By: \_\_\_\_\_  
(Signature of Officer, Partner, or Sole Proprietor)

Approved as to form:

\_\_\_\_\_  
Assistant Attorney General

\_\_\_\_\_  
Date

**INSTRUCTIONS:**

1. This side is to be completed by a notary public for both the Principal and the Surety.
2. Please attach the Power of Attorney and Certified Copy of the Corporate Resolution for the Surety listed herein.

STATE OF \_\_\_\_\_ )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

**ACKNOWLEDGMENT OF PRINCIPAL**

**(INDIVIDUAL PROPRIETORSHIP)**

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

by \_\_\_\_\_  
(Name of Person Acknowledged)

**(CORPORATION)**

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

by \_\_\_\_\_, Assistant Secretary of  
(Name of Corporation President)

\_\_\_\_\_, a \_\_\_\_\_  
(Name of Corporate Acknowledging) (State of Incorporation)  
corporation, on behalf of the corporation.

**(PARTNERSHIP)**

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

by \_\_\_\_\_, a partner on behalf of  
(Name of Acknowledging Partner)

\_\_\_\_\_, a partnership.  
(Name of Partnership)

\_\_\_\_\_  
Notary Public

NOTARY SEAL                      Cty: \_\_\_\_\_                      Comm. Exp: \_\_\_\_\_

STATE OF Pennsylvania )  
 ) ss.  
 COUNTY OF BUCKS )

**ACKNOWLEDGMENT OF SURETY**

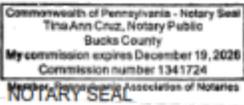
The foregoing instrument was acknowledged before me this 22nd day of January, 2024

by John D. Weisbrot, Attorney-In-Fact  
(Name and Title of Officer or Agent)

of Hudson Insurance Company  
(Name of Corporation Acknowledging)

a Delaware corporation, on behalf of the corporation.  
(State of Incorporation)

*Teria Ann Cruz*  
Notary Public



NOTARY SEAL                      Cty: BUCKS                      Comm. Exp: 12/19/2026



Bond Number: SC400774

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That HUDSON INSURANCE COMPANY, a corporation of the State of Delaware, with offices at 100 William Street, New York, New York, 10038, has made, constituted and appointed, and by these presents, does make, constitute and appoint

John D. Weisbrot; Melissa L. McDade; Steven M. Varga

of the State of Pennsylvania

its true and lawful Attorney(s)-in-Fact, at New York, New York, each of them alone to have full power to act without the other or others, to make, execute and deliver on its behalf, as Surety, bonds and undertakings given for any and all purposes, also to execute and deliver on its behalf as aforesaid renewals, extensions, agreements, waivers, consents or stipulations relating to such bonds or undertakings provided, however, that no single bond or undertaking shall obligate said Company for any portion of the penal sum thereof in excess of the sum of

fifty thousand dollars

Such bonds and undertakings when duly executed by said Attorney(s)-in-Fact, shall be binding upon said Company as fully and to the same extent as if signed by the President of said Company under its corporate seal attested by its Secretary.

In Witness Whereof, HUDSON INSURANCE COMPANY has caused these presents to be of its Senior Vice President thereunto duly d, on this 2nd day of June, 2022 at New York, New York.



Attest: Dina Daskalakis
Dina Daskalakis No. 01MU6067553
Corporate Secretary

By: Michael P. Cifone
Michael P. Cifone
Senior Vice President

STATE OF NEW YORK
COUNTY OF NEW YORK SS.

On the 2nd day of June, 2022 before me personally came Michael P. Cifone to me known, who being by me duly sworn did depose and say that he is a Senior Vice President of HUDSON INSURANCE COMPANY, the corporation described herein and which executed the above instrument, that he knows the seal of said Corporation, that the seal affixed to said instrument is such corporate seal, that it was so affixed by order of the Board of Directors of said Corporation, and that he signed his name thereto by like order.

(Notarial Seal)



ANN M. MURPHY
Notary Public, State of New York
No. 01MU6067553
Qualified in Nassau County
Commission Expires December 10, 2025

CERTIFICATION

STATE OF NEW YORK
COUNTY OF NEW YORK SS.

The undersigned Dina Daskalakis hereby certifies: That the original resolution, of which the following is a true and correct copy, was duly adopted by unanimous written consent of the Board of Directors of Hudson Insurance Company dated July 27, 2007, and has not since been revoked, amended or modified:

"RESOLVED, that the President, the Executive Vice Presidents, the Senior Vice Presidents and the Vice Presidents shall have the authority and discretion, to appoint such agent or agents, or attorney or attorneys-in-fact, for the purpose of carrying on this Company's surety business, and to empower such agent or agents, or attorney or attorneys-in-fact, to execute and deliver, under this Company's seal or otherwise, bonds, obligations, and recognizances, whether made by this Company as surety thereon or otherwise, indemnity contracts, contracts and certificates, and any and all other contracts and undertakings made in the course of this Company's surety business, and renewals, extensions, agreements, waivers, consents or stipulations regarding undertakings so made; and

FURTHER RESOLVED, that the signature of any such Officer of the Company and the Company's seal may be affixed by facsimile to any power of attorney or certification given for the execution of any bond, undertaking, recognizance, contract of indemnity or other written obligation in the nature thereof or related thereto, such signature and seal when so used whether heretofore or hereafter, being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed."

THAT the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked, and furthermore that the Resolution of the Board of Directors, set forth in the said Power of Attorney is now in force.

Witness the hand of the undersigned and the seal of said Corporation this 22nd day of January, 2024.



By: Dina Daskalakis
Dina Daskalakis, Corporate Secretary



**MARYLAND INSURANCE ADMINISTRATION**  
**CERTIFICATE OF AUTHORITY**  
**DUPLICATE**

**No. 008021**

The below named insurer has authority to transact, within this State until the 30th day of June next, unless said authority is revoked prior to said day in accordance with law, the kinds of insurance set forth below and specifically designated by code letters. Code letters are detailed on reverse side.

**C P S V W M H**

**Hudson Insurance Company**  
**100 William Street**  
**5th Floor**  
**New York, NY 10038**

EFFECTIVE DATE
07 01 2018
MO DAY YR.

This is a certified copy of a Certificate of Authority Fee  
\$5.00  
8/8/2018

Insurance Commissioner

**KINDS OF INSURANCE AUTHORIZED TO BE WRITTEN UNDER  
THE MARYLAND INSURANCE ARTICLE**

A - Variable Annuities - Sections 1-101(d)(e), 16-601, 16-602, 16-603	N - Non-Profit Health Service Plan - Section 14-101, 14-110, 14-111
C - Casualty (not including Vehicle Liability, Mortgage Guaranty & Worker's Compensation) - Section 1-101(f)	P - Property and Marine (excluding Wet Marine and Transportation) - Section 1-101(gg)
D- Dental Plan Organization - Sections 14-401, 14-405, 14-407	R - Variable Life - Sections 16-601, 16-602
F - Fraternal - Section 8-423, 8-424, 8-427	S - Surety - Section 1-101(oo)
G - Mortgage Guaranty - Section 1-101(i)	T - Title - Section 1-101(qq)
H - Health - Section 1-101(p)	V - Vehicle Liability - Sections 1-101(i), 19-101, 19-502, 19-503, 19-504
L - Life, including Annuities and Health (except Variable Life & Variable Annuities) - Sections 1-101(d)(e), 1-101(p), 1-101(x)	W - Workers' Compensation - Sections 1-101(i), 19-101, 19-402
M - Marine, Wet Marine & Transportation - Sections 1-101(z), 1-101(ss)	X - Medical Mutual - Sections 24-203, 24-206



the terms below control.

Minn. Stat. Section 80c.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minn. Stat. Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minn. Stat. Section 80c.12 Subd.1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rules 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minn. Stat. Section 80C.17 Sub. 5.

Item 6 of the Disclosure Document is amended to limit the Declined Payment Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

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.

### **New York**

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

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

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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.

### **North Dakota**

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

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Mediation and Arbitration: Mediation and Arbitration will take place in a location agreeable to all parties and may not be remote from the franchisee’s place of business.

Jurisdiction and Venue: Item 17(u) of the Disclosure Document is modified to delete the requirement that a North Dakota franchisee consent to jurisdiction and venue in Ohio.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

### **Rhode Island**

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

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

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is

purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:  
Rhode Island law applies.

### **Virginia**

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

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 do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

### **Wisconsin**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

**Exhibit A-2**  
**STATE ADMINISTRATORS**

California

Commissioner of Financial Protection and Innovation  
320 West 4th Street  
Los Angeles, California 90013-2344  
[www.dfpi.ca.gov](http://www.dfpi.ca.gov); 1-866-275-2677  
Ask.DFPI@dfpi.ca.gov

Hawaii

Commissioner of Securities  
Department of Commerce & Consumer Affairs  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

Illinois

Chief Franchise Bureau  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-1090

Indiana

Franchise Section  
Indiana Securities Division  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

Maryland

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

Michigan

Franchise Administrator  
Consumer Protection Division  
Michigan Department of Attorney General  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48933  
(517) 373-7117

Minnesota

Commissioner of Commerce  
Minnesota Department of Commerce  
85 Seventh Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1500

New York

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St. 21<sup>st</sup> Floor  
New York, NY 10005  
212-416-8222

North Dakota

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

Rhode Island

Director of Business Regulation  
Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9587

South Dakota

Director  
Division of Securities  
Department of Labor and Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-4823

Virginia

Chief Examiner  
State Corporation Commission  
1300 E. Main Street, 9th Floor  
Richmond, Virginia 23219  
(804) 371-9051

Washington

Director Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, WA 98504-1200  
(360) 902-8760

Wisconsin

Franchise Administrator  
Securities and Franchise Registration  
Wisconsin Securities Commission  
345 W. Washington Ave., 4th Floor  
Madison, Wisconsin 53703  
(608) 266-8557

**Exhibit A-3**  
**AGENTS FOR SERVICE OF PROCESS**

California

Commissioner of Financial Protection  
and Innovation  
2101 Arena Blvd  
Sacramento, California 95834  
[www.dfpi.ca.gov](http://www.dfpi.ca.gov); 1-866-275-2677;  
[Ask.DFPA@dfpi.ca.gov](mailto:Ask.DFPA@dfpi.ca.gov)

Hawaii

Commissioner of Securities  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

Illinois

Illinois Attorney General Office  
500 South Second Street  
Springfield, Illinois 62706

Indiana

Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204

Maryland

Maryland Securities Commissioner  
200 Saint Paul Place  
Baltimore, Maryland 21202-2020

Minnesota

Commissioner of Commerce  
State of Minnesota Department  
of Commerce  
Securities Unit  
85 Seventh Place East, Suite 280  
St. Paul, Minnesota 55101

New York

New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001  
(518) 473-2492 Phone

North Dakota

Securities Commissioner  
North Dakota Securities Department  
600 East Boulevard Avenue, State  
Capitol, Fourteenth Floor, Dept. 414  
Bismarck, North Dakota 58505-0510

Rhode Island

Director of Business Regulation  
Securities Division  
John O. Pastore Complex  
1511 Pontiac Avenue, Building 69-1  
Cranston, RI 02920

South Dakota

Director of the Division of Securities  
Department of Labor and Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501

Virginia

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

Washington

Administrator of Securities Department  
of Financial Institutions Securities  
Division  
150 Israel Rd SW  
Tumwater, WA 98501

Wisconsin

Commissioner of Securities  
Office of the Commissioner of Securities  
345 W. Washington Ave., 4th Floor  
Madison, Wisconsin 53703

Connecticut

The Banking Commissioner  
The Department of Banking, Securities and  
Business  
Investment Division  
260 Constitution Plaza  
Hartford, CT 06103-1800  
Phone Number (860) 240-8299

**EXHIBIT B**

**FINANCIAL STATEMENTS**

**HOMMATI FRANCHISE NETWORK, INC.**

**FINANCIAL STATEMENTS**

**Years Ended November 30, 2024, 2023 and 2022**

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**BRADY WARE**  
& SCHOENFELD

## INDEPENDENT AUDITORS' REPORT

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Stockholders  
**Hommati Franchise Network, Inc.**  
Westerville, Ohio

### Opinion

We have audited the accompanying financial statements of **Hommati Franchise Network, Inc.**, (an Ohio S Corporation), which comprise the balance sheets as of November 30, 2024, 2023 and 2022 and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Hommati Franchise Network, Inc.** as of November 30, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 **Hommati Franchise Network, Inc.'s** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

3601 Rigby Road • Suite 400 • Dayton, Ohio • 45342-4981  
2206 Chester Blvd. • Richmond, Indiana • 47374-1219  
3 Easton Oval • Suite 300 • Columbus, Ohio • 43219-6287  
11175 Cicero Drive • Suite 300 • Alpharetta, Georgia • 30022-1166

[www.bradyware.com](http://www.bradyware.com)

## INDEPENDENT AUDITORS' REPORT - CONTINUED

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### 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 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 generally accepted auditing standards, we:

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



Columbus, Ohio  
January 10, 2025

**HOMMATI FRANCHISE NETWORK, INC.****BALANCE SHEETS**

November 30, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
CURRENT ASSETS			
Cash	\$ 213,441	\$ 815,740	\$ 2,349,666
Accounts receivable	173,805	71,876	157,421
Inventory	3,154	15,790	28,092
Prepaid expenses	<u>2,760</u>	<u>22,900</u>	<u>15,560</u>
Total current assets	393,160	926,306	2,550,739
PROPERTY AND EQUIPMENT, NET	75,017	106,101	79,911
OTHER LONG TERM ASSETS			
Intangible assets	73,958	82,833	-
Other assets	54	54	54
Website development costs, net	113,349	173,632	204,885
Operating lease right-of-use asset	<u>207,298</u>	<u>281,295</u>	<u>-</u>
Total other long-term assets	<u>394,659</u>	<u>537,814</u>	<u>204,939</u>
	<u>\$ 862,836</u>	<u>\$ 1,570,221</u>	<u>\$ 2,835,589</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
CURRENT LIABILITIES			
Accounts payable	\$ 79,255	\$ 86,763	\$ 115,827
Deferred revenue	-	-	135,000
Current operating lease liabilities	<u>76,371</u>	<u>72,034</u>	<u>-</u>
Total current liabilities	155,626	158,797	250,827
LONG-TERM LIABILITIES			
Operating lease liabilities	<u>137,146</u>	<u>213,517</u>	<u>-</u>
Total liabilities	292,772	372,314	250,827
STOCKHOLDERS' EQUITY			
Common stock	2,963	2,963	2,963
Additional paid-in capital	3,543,207	3,543,207	3,543,207
Accumulated deficit	<u>(2,976,106)</u>	<u>(2,348,263)</u>	<u>(961,408)</u>
Total stockholders' equity	<u>570,064</u>	<u>1,197,907</u>	<u>2,584,762</u>
	<u>\$ 862,836</u>	<u>\$ 1,570,221</u>	<u>\$ 2,835,589</u>

See notes to financial statements.

**HOMMATI FRANCHISE NETWORK, INC.**

**STATEMENTS OF OPERATIONS**

**For the Years Ended November 30, 2024, 2023 and 2022**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>REVENUE</b>			
Franchise fees	\$ 664,500	\$ 440,080	\$ 945,365
Royalties	<u>1,045,518</u>	<u>1,024,588</u>	<u>1,080,657</u>
Total Revenue	<b>1,710,018</b>	1,464,668	2,026,022
<b>OPERATING EXPENSES</b>			
Professional services	<b>387,412</b>	363,282	331,086
Equipment supplies	<b>17,822</b>	26,855	192,880
Dues and subscriptions	<b>216,234</b>	229,873	160,083
Salaries and wages	<b>776,371</b>	1,065,330	876,864
Credit loss/bad debt expense	-	45,764	-
Office expense	<b>92,674</b>	66,045	83,520
Insurance	<b>45,723</b>	48,812	42,079
Depreciation	<b>31,084</b>	37,029	27,793
Amortization	<b>121,243</b>	124,643	94,291
Rent	<b>137,159</b>	139,256	64,380
Charitable contributions	-	-	8,915
Payroll taxes	<b>72,270</b>	91,216	78,106
Shipping and delivery	<b>1,648</b>	4,449	5,417
Meals and entertainment	<b>25,152</b>	29,101	25,770
Advertising	<b>378,939</b>	462,831	681,818
Automobile expense	-	100	10
Repairs and maintenance	<b>2,615</b>	2,099	1,700
Miscellaneous	<b>6,217</b>	4,670	23,437
Utilities	<b>13,659</b>	15,523	48,799
Uniforms	-	-	707
Management fees	<b>17,500</b>	117,500	30,000
Total Operating Expenses	<b>2,343,722</b>	2,874,378	2,777,655
<b>OTHER INCOME</b>			
Interest income	<u>5,861</u>	<u>22,855</u>	<u>761</u>
<b>NET LOSS</b>	<b><u>\$ (627,843)</u></b>	<b><u>\$ (1,386,855)</u></b>	<b><u>\$ (750,872)</u></b>

See notes to financial statements.

**HOMMATI FRANCHISE NETWORK, INC.****STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY****For the Years Ended November 30, 2024, 2023 and 2022**

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	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Total stockholder's equity</u>
Balances - November 30, 2021	\$ 2,963	\$ 2,343,207	\$ (210,536)	\$ 2,135,634
Additional capital contributed	-	1,200,000	-	1,200,000
Net loss	-	-	(750,872)	(750,872)
Balances - November 30, 2022	2,963	3,543,207	(961,408)	2,584,762
Net loss	-	-	(1,386,855)	(1,386,855)
Balances - November 30, 2023	2,963	3,543,207	(2,348,263)	1,197,907
Net loss	-	-	(627,843)	(627,843)
Balances - November 30, 2024	<u>\$ 2,963</u>	<u>\$ 3,543,207</u>	<u>\$ (2,976,106)</u>	<u>\$ 570,064</u>

**HOMMATI FRANCHISE NETWORK, INC.****STATEMENTS OF CASH FLOWS**

For the Years Ended November 30, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>			
Net loss	\$ (627,843)	\$ (1,386,855)	\$ (750,872)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	31,084	37,029	27,793
Amortization	121,243	124,643	94,291
Amortization of right-of-use asset	73,997	4,256	-
	<u>(401,519)</u>	<u>(1,220,927)</u>	<u>(628,788)</u>
Change in operating assets and liabilities			
Inventory	12,636	12,302	(28,092)
Other assets	-	-	3,420
Prepaid expenses	20,140	(7,340)	(15,560)
Accounts receivable	(101,929)	85,545	(40,775)
Accounts payable	(7,509)	(29,064)	40,310
Deferred revenue	-	(135,000)	135,000
Operating lease liabilities	(72,034)	-	-
	<u>(550,215)</u>	<u>(1,294,484)</u>	<u>(534,485)</u>
Net cash used by operating activities	(550,215)	(1,294,484)	(534,485)
<b>INVESTING ACTIVITIES</b>			
Purchases of property and equipment	-	(63,219)	(30,335)
Website development costs	(52,084)	(87,473)	(157,252)
Purchase of intangible assets	-	(88,750)	-
	<u>(52,084)</u>	<u>(239,442)</u>	<u>(187,587)</u>
Net cash used by investing activities	(52,084)	(239,442)	(187,587)
<b>FINANCING ACTIVITIES</b>			
Capital contributions	-	-	1,200,000
	<u>-</u>	<u>-</u>	<u>1,200,000</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(602,299)</b>	<b>(1,533,926)</b>	<b>477,928</b>
<b>CASH</b>			
Beginning of year	<u>815,740</u>	<u>2,349,666</u>	<u>1,871,738</u>
End of year	<u>\$ 213,441</u>	<u>\$ 815,740</u>	<u>\$ 2,349,666</u>

See notes to financial statements.

## HOMMATI FRANCHISE NETWORK, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations - Hommati Franchise Network, Inc.** (the "Company") was formed on August 14, 2017 and is a national franchising agency for providing services to the real estate market. The Company develops new technology in order to assist real estate agents sell homes in innovative ways. The Company uses different approaches which include: 3D Interactive Tours, Virtual Staging, Aerial HD Video/Stills, Ultra HD 34MP (up to 4K) Photography, Sign Placement/Removal Service, and Doorhanger Services. These services are designed to eliminate some of the up front work for the real estate agents and make selling homes more effective and efficient in any market.

**Financial Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations** - The Company is dependent on the use of trademarks, slogans, logos, and copyrighted materials including training programs, marketing literature, website development and operational documents (intellectual property). Should the license to utilize such intellectual property be terminated, such events would likely have an adverse effect on the Company's operations.

**Adoption of New Accounting Standards** - In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Company adopted the standard effective December 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

**Accounts Receivable** - The Company recognizes an allowance for losses on accounts receivable in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The Company assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. The expense associated with the allowance for expected credit losses is recognized in operating expenses. There was no allowance for expected credit losses/bad debts recorded as of November 30, 2024, November 30, 2023 and November 30, 2022.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or offset to credit loss expense in the year of recovery, in accordance with the Company's accounting policy election.

**Inventory** - Inventories consist of cameras and batteries and are valued at cost.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Property and Equipment** - Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Routine repairs and maintenance are charged to expense when incurred. When property and equipment are retired or sold, the related cost and accumulated depreciation are removed from the respective accounts, and the resulting gains and losses are included in income.

The Company reviews for impairment of long-lived assets in accordance with accounting standards. These standards require companies to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at November 30, 2024.

**Income Taxes** - On December 1, 2017, the Company elected, with the consent of its stockholder, to be taxed as an S corporation under Section 1362 of the Internal Revenue Code. Therefore, no provision for federal and state income taxes is included in the financial statements.

**Website Development Costs** - Costs incurred in the preliminary project and post-implementation stages of an internal use software project and website development are expensed as incurred, and certain costs incurred in the application development stage of a project are capitalized and amortized over the estimated useful life. As of November 30, 2024 the Company has capitalized a total of \$584,901 related to website development. The Company capitalized \$52,084, \$87,473, and \$157,252 related to website development during 2024, 2023 and 2022. Amortization expense of website development costs was \$112,368, \$118,726 and \$94,291 for the years 2024, 2023 and 2022. Amortization expense is expected to be \$72,728, \$31,941 and \$8,681 for the years 2025, 2026 and 2027.

**Accounting for Uncertainty in Income Taxes** - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Company's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of November 30, 2024.

**Advertising** - Advertising costs are expensed as incurred. Advertising expense was \$378,939, \$462,831 and \$681,818 for the years 2024, 2023 and 2022.

**Leases** - In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among companies by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The Company adopted the standard effective December 1, 2022 and recognized and measured leases existing at December 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended November 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Company elected the available practical expedients to account for their existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Company also recognized on December 1, 2022 a lease liability of \$347,137, which represents the present value of the remaining operating lease payments of \$417,138, discounted using the risk-free borrowing rate of 2.66%, and a ROU asset of \$353,432.

The standard had a material impact on the balance sheet, but did not have an impact on the income statement, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

The Company leases a building. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets, and current and long-term operating lease liabilities on the balance sheet.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit interest rate, the Company uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Subsequent Events** - In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through January 10, 2025, the date the financial statements were available to be issued.

## HOMMATI FRANCHISE NETWORK, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 2 - REVENUE RECOGNITION

##### Franchise Fees

The Company derives revenue from franchise fees. Franchise fees are charged at the beginning of a new franchise's operations and are a one-time, nonrefundable fee. The fee includes pre-opening costs with no ability to separate pre-opening costs and franchise agreement into multiple performance obligations. Revenue is recognized at a point in time the franchisee begins operations, in an amount that is fixed based on the agreement between franchisor and franchisee. Costs incurred to obtain a contract are expensed as incurred. The Company does not have any significant financing components.

The Company sold 15, 10, and 27 new franchises during 2024, 2023, and 2022 respectively.

##### Royalties

The Company derives revenue from royalties. Royalties are charged for each individual franchisee at the point of sale, if relating to new cameras sold, or monthly, if relating to membership fees, royalties for monthly gross revenue generated, or tours given in a month. Revenue is recognized at a point in time, at the end of each month, and varies depending on number of franchises and performance of each individual franchisee. Costs are expensed as incurred. The Company does not have any significant financing components.

##### Performance Obligations

For performance obligations related to franchise fees and royalties, the benefit of the service is transferred at a point in time. Revenue is recorded for these services after the service has been provided or completed.

The contract balances at November 30, 2024, 2023, and 2022 are presented on the balance sheets. At December 1, 2021, contract balances included contract receivables of \$116,646.

#### NOTE 3 - INVENTORY

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cameras	\$ 3,154	\$ 15,790	\$ 27,200
Batteries	-	-	892
	<u>\$ 3,154</u>	<u>\$ 15,790</u>	<u>\$ 28,092</u>

The inventory recorded in 2022 was a result of a bulk purchase made during the year due to changes in franchisee agreements and supply chain issues.

# HOMMATI FRANCHISE NETWORK, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 - PROPERTY AND EQUIPMENT

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Office equipment	\$ 158,722	\$ 158,722	\$ 154,127
Vehicles	58,624	58,624	-
	<u>217,346</u>	<u>217,346</u>	<u>154,127</u>
Less accumulated depreciation	<u>142,329</u>	<u>111,245</u>	<u>74,216</u>
	<u>\$ 75,017</u>	<u>\$ 106,101</u>	<u>\$ 79,911</u>

Depreciation expense for the years 2024, 2023 and 2022 was \$31,084, \$37,029 and \$27,793.

### NOTE 5 - INTANGIBLE ASSETS

The Company purchased a franchise location in 2024, acquiring the franchise's customer list and related book of business. The intangible assets related to this purchase are being amortized on a straight-line basis over a period of 10 years. Amortization expense related to the intangible assets will be \$8,875 on an annual basis through 2033.

The amount of intangible assets and accumulated amortization for the years 2024, 2023 and 2022, are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Intangible assets	\$ 88,750	\$ 88,750	\$ -
Accumulated amortization	<u>(14,792)</u>	<u>(5,917)</u>	<u>-</u>
	<u>\$ 73,958</u>	<u>\$ 82,833</u>	<u>\$ -</u>

### NOTE 6 - LEASING ACTIVITIES

The Company has an operating lease with a related party for a building requiring fixed monthly payments.

The following summarizes the weighted average remaining lease term and discount rate as of November 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<b>Weighted Average Remaining Lease Term</b>		
Operating leases	<b>2.67 years</b>	3.67 years
<b>Weighted Average Discount Rate</b>		
Operating leases	<b>2.66%</b>	2.66%

## HOMMATI FRANCHISE NETWORK, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 6 - LEASING ACTIVITIES - CONTINUED

The maturities of operating lease liabilities as of November 30, 2024 are as follows:

2025	\$	80,952
2026		83,384
2027		<u>56,688</u>
Total lease payments		221,024
Less interest		<u>7,507</u>
Present value of lease liabilities	\$	<u>213,517</u>

The following summarizes the line items in the statements of operations which include the components of lease expense for the years ended November 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Rent		
Operating lease expense	\$ 80,552	\$ 80,552
Variable lease expense	<u>56,607</u>	<u>58,704</u>
Total operating lease expense	<u>\$ 137,159</u>	<u>\$ 139,256</u>

The following summarizes cash flow information related to leases for the years ended November 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 78,588	\$ 70,001
Lease assets obtained in exchange for lease obligations:		
Operating leases	-	347,137

#### NOTE 7 - COMMON STOCK

During 2021, the Company received a \$3,000,000 investment, \$1,500,000 of which was held in escrow with \$1,500,000 in cash. The value of the amount in escrow was deducted from additional paid in capital on the accompanying statements of changes in stockholders' equity and was to be received as cash by the Company once specific performance metrics were met by the Company. As a result of the investment, an additional 741 shares of \$1 par value common stock were issued to the individuals that contributed.

During 2022, \$1,200,000 of the \$1,500,000 that was held in escrow in 2021 was released and received in cash in accordance with the performance metrics. The remaining \$300,000 was deducted from additional paid in capital on the accompanying statements of changes in stockholders' equity and returned to the investors. There were no additional shares issued.

**HOMMATI FRANCHISE NETWORK, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7 - COMMON STOCK - CONTINUED**

At November 30, 2024, 2023 and 2022, there were 5,000 shares of common stock authorized with 2,963, shares issued and outstanding, respectively.

**EXHIBIT C**



**HOMMATI®  
FRANCHISE AGREEMENT**

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State Specific Addendum to Franchise Agreement

## Attachments:

1. Special Release of Claims
2. Authorization Agreement for Prearranged Payment
3. Nondisclosure and Noncompetition Agreement
4. Assignment of Telephone Numbers, Email Addresses and Web Addresses and Special Power of Attorney
5. Personal Guaranty and Subordination Agreement
6. Your Owners
7. Protected Territory

# HOMMATI® FRANCHISE AGREEMENT

## 1. PARTIES

This agreement is made between Hommati Franchise Network, Inc. ("we", "us" or "HFN"), an Ohio corporation with its principal office in Westerville, Ohio and:

\_\_\_\_\_ [franchisee's legal name] ("you").

## 2. RECITALS

### 2.1. Ownership of System

We have developed a unique branded system for providing real estate and marketing services to real estate agents, brokers, business owners, contractors, engineering firms, owners, property managers or authorized representatives of commercial real estate, apartment complexes, land, resorts, vacation properties, rentals, among other clients. Services include digital media services such as 3D interactive tours, Live Virtual Showings, drone aerial videos, interior videos, virtual reality tours, agent green screen videos, agent biography videos, HD and HDR Photography, 2D images, augmented reality services, virtual enhancements, video slideshows, guided tours, 3D walkthroughs, SMS sign riders (known as Curb Leads, Lender Network Advertising Program, agent headshots, and a real estate website and mobile app for agents to promote their listings.

We have the right to use and sublicense certain intellectual property rights, including the trade name and mark, HOMMATI®. We have spent time, effort, and money to develop the business methods, technical knowledge, specialized services, proprietary products, brand concepts, operational processes, trade secrets, commercial ideas, advertising materials, marketing strategies, and training techniques that make up our franchise concept.

### 2.2. Objectives of Parties

We grant to you the right and you accept from us the obligation to own and operate a program, using our Trade Name, Marks, and System, throughout the term of this agreement and according to its conditions.

## 3. DEFINITIONS

For purposes of this franchise agreement, when any of the following words and phrases begins with a capital letter, we define its meaning in this Article 3:

### **3D Upload/Floor Plan Fee**

"3D Upload/Floor Plan Fee" means the fee that you pay us each time you upload a 3D Interactive Tour.

### **Broker/Team Leader Sponsorship**

"Broker/Team Leader Sponsorship" means brokers or real estate agents who commit to pay a larger monthly membership fee to sponsor agents under them as Featured Agents. The Broker/Team Leader and all real estate agents they sponsor will receive full Feature Agent Member benefits.

### **Clients**

"Clients" means the real estate agents and brokers, business owners, contractors, engineering firms, property managers, owners of commercial real estate, apartment complexes, land, resorts, vacation properties, rentals, among others who make purchases from you.

### **Exclusive Agent Search**

"Exclusive Agent Search" means the search that you do on the franchise dashboard to determine if a Client has been enrolled under another Hommati franchisee within the last 90 days and/or provided services and who have paid a billing to another franchisee within the last 180 days.

### **Featured Agents**

"Featured Agents" are those Clients that have enrolled on Hommati.com, pay you a monthly membership fee and have listings that rank higher within the search results, are provided priority scheduling of services, receive their leads for free, are given the ability to create custom listing brochures and they must receive a \$50 discount on all Platinum and Premium Packages and 20% off all other services. They can also participate in The Agent Advantage Program and utilize our Live Virtual Showings.

### **Featured Agent Monthly Membership Fee**

"Featured Agent Monthly Membership" is the monthly fee paid by Clients to become Featured Agents.

### **Franchise Dashboard**

"Franchise Dashboard" is the online tool used to upload and manage listings, Clients, Exclusive Agent Searches and price list. You can also view listing and Client tracking and metrics, and it is where you will submit your royalty report and do your Client billings. All billings for all jobs performed must be billed within your franchise dashboard and only within your dashboard. You cannot use any other billing methods, other than your franchise dashboard.

### **Franchise Network**

"Franchise Network" means the interdependent network composed of us, all HOMMATI® franchisees and any other people or companies that we have licensed to use

our Trade Name or Marks.

### **Good Standing**

"Good Standing" means your timely compliance and that of your Related Parties with all provisions of this agreement and the Operations Manuals, specifically including provisions for timely payment of money you owe to us or our affiliate.

### **Gross Revenues**

"Gross Revenues" means the receipts from all business conducted upon, from or through Your HOMMATI® Program. Gross Revenues shall include, but not be limited to 3D Interactive Tours, Aerial Video, Aerial Stills, Interior Video, Video Slideshows, 3D Walkthroughs, Guided Tours, 2D Stills, SMS Sign Riders (known as Curb Leads), Broker/Team Leader Sponsorships, Lender Network Advertising Program Fees, Inactive Penalty Fees, Sign/Lockbox Placement, Virtual Enhancements, Door Hanger Services and Mileage. For the purpose of paying royalties, Gross Revenues do not include Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Sponsorship Fees, Inactive Penalty Fees or Sales Tax, however, when reporting your Gross Revenues on the royalty report in your franchise dashboard you would include all revenues including Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Lender Network Advertising Program Fees, Broker/Team Leader Sponsorship Fees, Inactive Penalty Fees and Sales Tax, as the report will automatically deduct these items.

### **HFN**

"HFN" means Hommati Franchise Network, Inc., or any person or company to which we allocate all or part of our rights and obligations under this agreement.

### **Hommati Curb Leads**

"Hommati Curb Leads" means an SMS based lead generation program we offer to real estate agents with sign riders added to their for-sale signs.

### **Inactive Hold**

"Inactive Hold" means a period of time over 14 days that would cause you to temporarily stop operating your business. You can voluntarily ask to be placed on Inactive Hold due to vacations or other circumstances that would cause you to temporarily stop operating your business for a period of more than 14 days. You can be involuntarily placed into an Inactive Hold due to not enrolling any Featured Agents and/or not selling any services to any agent for a period of 90 days or more.

### **Inactive Penalty Fee**

"Inactive Penalty Fee" means a monthly fee that you would pay for each listing that has a 3D Interactive Tour if you have not requested the tour to be archived after 30 or more days the listing has become inactive on the MLS.

### **Leads**

"Leads" are potential Clients that are derived from Hommati.com and are automatically sent to you on a round robin basis.

### **Lender Network Advertising Program**

"Lender Network Advertising Program" means an advertising program where lenders pay you a fee to have their logo appear on listings from a list of agents they select.

### **Limited Agents**

"Limited Agents" are real estate agents or brokers who have enrolled in a free membership account on Hommati.com.

### **Listings**

"Listings" are real estate properties that are shown on Hommati.com.

### **Live Virtual Showings**

"Live Virtual Showings" means the system we use within our VR Platform that allows agents to do a home showing virtually with potential buyers and the agent and buyer can see and hear each other on the 3D Tour. This allows the agents to show the home's unique features and upgrades virtually rather than in person.

### **Marks**

"Marks" means the trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols we authorize you to use under this agreement.

### **Minimum Listing Requirements**

"Minimum Listing Requirements" means the minimum required details that you must have added to a listing if you are publishing a listing live to Hommati.com that has not synced in from the MLS. You must add the actual listing price, square footage, agent information, at least the main image, property description, lot size, the number of bedrooms, bathrooms and year built. In addition to the above, if the listing included a 3D Tour, you must add the floor plan, the 3D walkthrough, and the guided tour to the listing.

### **Operations Manuals**

"Operations Manuals" means our suite of Operations Manuals that we will lend you or to which we will give you access on our intranet during the term of this agreement, as updated from time to time, containing information, forms, and requirements for the establishment and operation of a HOMMATI® Program and for use of our Trade Name and Marks."

### **Platinum Package HDR**

"Platinum Package HDR" is our most popular service. The current suggested price for Featured Agents is \$299 and \$349 for non-member agents. The package includes a 3D Interactive Tour, Aerial Video & Stills, 2D Ultra HD Photography, VR Tour, Video Slideshow, Guided Tour, 3D Walkthrough, Floor Plan w/Measurements, full-color pdf brochure created, Featured Listing on Hommati.com and, in most cases, the 3D Tour

and Aerial Videos are syndicated to the MLS.

### **Program**

"Program" means a business that we operate or that we have authorized a franchisee to operate under our Trade Name, Marks, and System and that offers the types of products and services that we have specifically authorized for a HOMMATI® Program. It does not include any other promotional activities and services that we provide through the HOMMATI® website or in any other manner.

### **Proprietary Product**

"Proprietary Product" means any product made according to our specifications or packaged or labeled with, or otherwise bearing, our Marks.

### **Related Party**

"Related Party" or "Related Parties" means "shareholders, general partners, limited partners and companies in which you have a controlling interest, companies in which any person or company owning a controlling interest in you also has a controlling interest, and your members, officers and directors."

### **Round Robin Basis**

"Round Robin Basis" means all leads coming into Hommati.com generically from your Territory will be assigned in rotation to each franchisee within the Franchise Network and each franchisee will receive an equal distribution of these leads (except as provided in Franchise Agreement Section 5.12.)

### **Royalty**

"Royalty" means the fee that you pay us and it's calculated on a descending scale basis with specific monthly breaking points.

You will pay to us an 8% royalty on the first \$12,500 in monthly Gross Revenues earned. You will pay us a 7% royalty on all monthly Gross Revenues between \$12,501 and \$16,667. You will pay us a 6% royalty on all monthly Gross Revenues above \$16,667. The breaking points do not include Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Lender Network Advertising Program Monthly Fees, Broker/Team Leader Monthly Fees or Inactive Penalty Fees. There is no monthly minimum royalty collected.

### **Royalty Report**

"Royalty Report" means the electronic document that you submit to us when reporting Gross Revenues, Featured Agent Monthly Membership Fee, 3D Upload/Floor Plan Fee, Hommati Curb Lead Fees, Broker/Team Leader Sponsorship Fees, Lender Network Advertising Program Monthly Fees, Inactive Penalty Fees and Technology/Syndication Monthly Fee. This system automatically generates Your Royalty Report from the billings you submit. All billings for all jobs performed must be billed within your Franchise Dashboard and only within your Franchise Dashboard. You cannot use any other billing methods, other than your franchise dashboard.

**Social Media and Email Marketing Fee**

"Social Media and Email Marketing Fee" means the fee that you pay us to manage some of your social media platforms, managing your listing boosts, your Google My Business page, other social media advertising and your email drip marketing program.

**Start Date**

"Start Date" means the date when your HOMMATI® Program begins operation or ninety (90) after the completion of training or 180 days (180) after the franchise agreement is signed, whichever happens first. The Start Date may be extended only with our written consent.

**Technology/Syndication Monthly Fee**

"Technology/Syndication Monthly Fee" means a fee that you are required to pay to us each month to host the website, your dashboard, your agents' dashboards and display local real estate Listings into our website Hommati.com, regardless of whether we are currently subscribing to your MLS or there are other franchisees in your market subscribing to the same MLS or whether the MLS participates in syndication or not.

**System**

"System" means the intellectual property that we license to you under this agreement, including the right to use our business methods, technical knowledge, specialized services, proprietary products, brand concepts, operational processes, trade secrets, commercial ideas, advertising materials, marketing strategies, and training techniques.

**Termination**

"Termination" means expiration, non-renewal, transfer, or termination of this agreement before its normal expiration date.

**Territory**

"Territory" means the geographic area defined by a county or counties that we grant to you in this agreement and protected by a maximum number of franchisees permitted to conduct business there.

**Trade Name**

"Trade Name" means the commercial name "HOMMATI®".

**Transfer**

"Transfer" means any sale, gift, Territory change or other change in the majority beneficial ownership of: (1) rights in this agreement, (2) the capital assets of your HOMMATI® Program, or (3) you.

**You**

"You" means the person or company that is named as "you" in Article 1 of this agreement. "You" means, in addition, all people or entities that succeed to your interest

by Transfer or operation of law.

## **4. FRANCHISED RIGHTS**

### **4.1. Granting Clause**

We grant to you the right and obligation and you accept from us the right and obligation to own and operate a HOMMATI® Program.

### **4.2. Territory**

Your franchise is for a specific location of one or more counties, as explained below and identified on Attachment 7 to the Franchise Agreement.

The minimum territory that we grant normally includes 200,000 or more people in it. We use population data from the US Census Bureau or another source we deem reliable to determine population.

Your Territory is protected by a maximum number of franchisees we can establish within a Territory. We determine this maximum number by taking the total population within a county and/or a combination of counties and dividing it by 200,000. This sets the maximum number of franchisees to 1 per 200,000 in population. Territories are delineated by county and state. For counties that have less than 200,000 in population we may, at our sole discretion, combine two or more counties to get up to a total minimum population of 200,000.

When a county has more than 200,000 in population we may, in our sole discretion, combine two or more counties in order to not void contiguous counties that have less than 200,000 in population. When a county has more than 200,000 in population we may also, at our sole discretion, combine two or more counties in order to maintain trade areas for metropolitan statistical areas that have close economic ties to multiple counties. Your Territory specified in Attachment 7 will show all counties we have included. We may, at our sole discretion and at any time in the future, expand your Territory and permit you to operate your Program in additional counties provided we never exceed the maximum number of franchisees to 1 per 200,000 in population of the updated Territory. We do not need to execute any form of addendum to add additional counties to your territory.

You can provide services to any real estate agent or client whose principal office is inside your Territory. An agent's principal office is defined as the firm office they are assigned to, they may not always have their own desk there, but they will usually have at least an inbox. It's also may be the address shown on their business card. If an agent has an office address on their card or are assigned to a physical office location, then their home address cannot be used as their address. This is regardless of whether they have an office in their home or not. Some firms may have multiple offices and agents may work out of more than one of them. In these cases, the agent's principal office is the address shown on their business card. In the case of any disputes, We will use our reasonable judgement researching online and possibly contacting the agent and/or the agent's broker to make a final determination of what address should be used.

From time-to-time, agents may move firms or change assignment to one office to another within the same firm. A franchisee may have enrolled an agent when that agent was working at one specific firm or office and then, later, the agent moved. Or an agent may have used a different address or county, when they enrolled, i.e., their home address. If it's discovered that a franchisee is providing services to an agent who is not currently in their Territory and the agent is now in a different franchisee's Territory, unless a mutual agreement can be reached between the two franchisees in question, we can, in our sole discretion and without consent, re-assign that agent to the franchisee who has the Territory the agent is in.

If an agent who is exclusive to You has listings outside your Territory, You can provide services on those listings regardless of whether it is in a Territory being served by other franchisee(s).

### Relocation

You do not need our consent to relocate your Program's office within your Territory or Territories. Relocation of your Program to an address outside your Territory is not permitted with the exception of implementing a transfer into another Territory. We may, at our sole discretion, permit You to transfer into another Territory provided we have not reached our maximum number of franchisees in the Territory you are requesting a transfer. You will be subject to a transfer fee per Section 6.12 of this Agreement

### Options, Rights of First Refusal

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

You will not receive an exclusive Territory. You may face competition from other franchisees.

You may not solicit or accept orders from consumers (who would be licensed real estate agents or brokers) outside of your territory, including through other channels of distribution such as catalog sales, telemarketing, or other direct marketing.

### Round Robin Lead Distribution Process

To reduce the duplication of effort or conflicts with franchisees within the Territory, we have established the following requirements:

- (a) All leads coming into our website generically, excluding those that are not already Featured Agents or Limited Agents assigned to a franchisee for less than 90 days or have been billed services by a franchisee within the past 180 days or have come in from your or another franchisee's landing page or those where the Client has identified a specific franchisee that initiated their action, will be assigned in a Round Robin fashion to all franchisees operating in your Territory (except as provided in Franchise Agreement Section 5.12).

They will be assigned in rotation to each franchisee within the Franchise Network and each franchisee will receive an equal distribution of these leads.

(b) We agree not to authorize any other franchisee or affiliate to solicit Clients that have paid you a Featured Agent Monthly Membership Fee or Limited Agents you have billed through your dashboard for any Hommati service within the past 180 days or Limited Agents assigned to You who has not had any billings for less than 90 days. You agree that you will not provide Products or Services to a Client that any other franchisee has been paid a Featured Agent Monthly Membership Fee or they have billed a Client for any Hommati service within the past 180 days or Limited Agents assigned to any other franchisee for less than 90 days who has not had any billings.

(c) You must do an Exclusive Agent Search on the franchise dashboard before offering Featured Membership, 3D Interactive Tour, Aerial Video, Interior Video, 2D or HDR Photography or any other Hommati services. You must confirm the agent you want to offer services to is not exclusively assigned to any other franchisee.

(d) If a conflict arises between two or more franchisees as to who has the rights to a particular Client, this conflict will be resolved by determining which franchisee has the earliest date of Client membership or publication of the 3D Interactive Tour or Aerial Video to Hommati.com or through evidence provided that supports the claim of one of the franchisees that in our sole discretion we deem to be true. If it is determined that an agent initiated Featured or Limited Agent enrollment due to the efforts of a specific franchise and there is evidence provided that supports this claim, we may, in our sole discretion, reassign that agent to the franchisee it was determined initiated that enrollment.

(e) Limited Agents are also assigned to franchisees on an exclusive basis for a 90-day period. If they upgrade their membership to a Featured Agent within that 90-day period, they will become exclusive to You. If they do not, and they have not been billed for any services within the past 180-days, they will return to the Round Robin assignment if they come up as a new lead in the future.

### Restrictions

We reserve the exclusive right to conduct or control Internet promotion and marketing, including the exclusive right to establish and use accounts in any of the social media using our Trade Name or Marks. The only social media accounts or Google My Business Pages that can be created by You to be used in your Operation are accounts that we assist you in setting up and are managed under our admin account. We will be given full admin authority of those accounts and maintain ownership of them. You are prohibited from establishing any social media groups including, but not limited to Facebook or Linked In groups where the discussion of the Hommati Program is likely to occur.

We reserve all other rights not expressly granted to you in this agreement, including the right to sell national advertising on our website Hommati.com and the right to sell other Proprietary Products and Services on our website Hommati.com that are not the types of products and services that you are authorized to offer as part of a Program.

#### Client Dispute Resolution

We have the right to refer any Client dispute between you and another franchisee to an independent ombudsman whom we will compensate. You and we will be bound by the decision of the ombudsman in any such dispute. Under no circumstances, however, will we be required to initiate legal action against any franchisee or former franchisee to prevent or compensate you for violation of your Territorial rights by that franchisee.

#### **4.3. Rights Reserved**

We reserve the exclusive right to conduct or control Internet promotion and marketing, including the exclusive right to establish and use accounts in any of the social media using our Trade Name or Marks.

We reserve all other rights not expressly granted to you in this agreement, including the right to sell national advertising on our website Hommati.com and the right to sell other Proprietary Products and Services on our website Hommati.com that are not the types of products and services that you are authorized to offer as part of a Program.

#### **4.4. Term and Renewal**

##### 4.4.1. Initial Term

The initial term of the franchise will begin on the Start Date and will continue for ten (10) years.

##### 4.4.2. Renewal

You have the right to renew the franchise for consecutive additional ten (10) year terms on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if, at the time of renewal, the following conditions have been fulfilled:

- (a) You and your Related Parties are in Good Standing under (1) this agreement, (2) any other agreement between us or our affiliates and you, and (3) the Operations Manuals,
- (b) You have notified us in writing at least one hundred eighty (180) days before the expiration date of this agreement of your wish to renew,
- (c) You and any Related Parties that have signed this agreement have signed a copy of the franchise agreement for the renewal term not less than ninety (90) days before the expiration of this agreement or thirty (30) days after you receive the renewal franchise agreement from us, whichever is later,
- (d) You and any Related Parties that are guarantors to this agreement have signed

a special release of claims in the form of Attachment 1 to this agreement with respect to past dealings with us and our affiliates, and

- (e) You have not been voluntarily or involuntarily on Inactive Hold for a period of 90 days or more within 60 days of the renewal period.

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this agreement's provisions. Changed provisions may include increased or different fees and National Advertising Fund contributions.

## **5. OUR SERVICES**

We will perform the following services for you at times and places we select as long as you are in Good Standing under this agreement, any other agreement with us and the Operations Manuals:

### **5.1. Initial Training Program**

Before the opening of your Program, we will conduct an initial training program in the operation of your Program under the HOMMATI® System for you.

### **5.2. Operations Manuals**

We will lend you or make available to you our digital suite of Operations Manuals that may include audio media, video media, computer software, and access to online applications, electronic media and/or written materials. The Operations Manuals may include instructions for use of the Marks, specifications for goods or services that will be used in or sold by your Program, sample business forms, information on marketing, management, and administrative methods developed by us for use in your Program, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of your Program. We will revise the Operations Manuals periodically to meet the changing needs of the Franchise Network and will distribute updated pages containing these revisions to you, or, if the Operations Manuals has been placed on our intranet, will post revised pages there.

### **5.3. Designated Vendors or Suppliers**

We will give you, in the Operations Manuals or otherwise in writing or within your online dashboard, names and addresses of designated vendors or suppliers of certain types of goods and services that you must use or sell in your Program. Currently, we designate providers for your online bookkeeping, 3D Tour Platform, floor plans, HOMMATI® apparel, printing, photo and video editing, direct mail, yard signs, social media and email marketing, Hommati thumb drives, gift cards, service providers of Proprietary Products, vehicle wrap, drone wrap, drone and drone equipment, Broker Video Boxes, 3D camera and equipment, as well as all services must be billed and delivered using only your franchise dashboard.

In designating a particular supplier or provider, **we expressly disclaim any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied warranties as to**

**merchantability or fitness for any intended purpose.** You agree to look solely to the manufacturer or supplier for the remedy for any defect in the goods or services.

#### **5.4. Specifications**

We will provide you with standards and specifications for certain products and services you will use in your Program. The standards and specifications will be stated in the Operations Manuals, as revised from time to time. Currently, your computer system and certain accessories are covered by our specifications. You are required to manually add each listing that you do services, with a minimum required amount of information. You are required to provide all services in each of the packages we offer and only those services and using only the prescribed equipment we require. This includes uploading the floor plan and setting up the guided tour and 3D walkthrough.

#### **5.5. Forms and Templates**

We will provide a limited amount of advertising and promotional templates to you to assist you in fulfilling your independent advertising. At no additional charge, we will give you a sample of each or make the artwork available to you in digital form. You must pay the cost of reproducing these materials.

#### **5.6. Suggested Prices**

We will suggest fees and prices that you may wish to charge your Clients. You do not have to adopt our suggested price, however, You must honor the required Featured Agent discount on all services to all Clients who pay You the Featured Agent Membership Fee.

#### **5.7. Proprietary Products and Services Availability**

We will use our best efforts to ensure that designated vendors or suppliers will at all times have a supply of Proprietary Products and/or Services for sale to you at fair market value.

#### **5.8. Additional Training**

We will provide additional training to you during the term of this agreement when we believe that additional training is needed. We anticipate that our additional training programs will be primarily web-based.

#### **5.9. Consultation**

We will use our reasonable efforts to make our personnel available in a timely manner for telephone, email, or online consultation on all aspects of your Program for no additional charge. We will advise you on recruiting and training well-suited employees.

#### **5.10. Business Development**

From time to time, we will develop additional services to add to your profit centers. We will seek to evolve new methods of marketing, retaining, and increasing the revenue of your Program throughout the term of this agreement.

#### **5.11. National Advertising Fund**

##### **5.11.1. Administration**

We may, in the future, administer a National Advertising Fund that we will account for separately on the general ledger. If we do administer this fund, it will not exceed four percent (4%) of your Gross Revenues. The purpose of the fund would be to pool our advertising money and that of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. We may use the fund to pay for market research, advertising materials, media space and time for a national or regional advertising program, graphics development, a promotional website, online leads generation, a referral program, social media use and public relations activities. The fund may also be used for advertising grants to franchisees, collectively or individually, at our sole discretion. We may use up to 15% of fund money to compensate ourselves for overhead and other expenses incurred in connection with our administration of the fund. We will distribute to our franchisees, once a year, an unaudited National Advertising Fund report that will state the total amounts of money collected and spent by the Fund during the past year and list, by general category, the manner in which we spent the money.

### **5.12 Leads**

We will distribute and assign all leads generated from your landing page directly to you. Leads coming in generically to our website are asked screening questions to attempt to determine if the agent has initiated enrollment due to speaking with or seeing marketing from a specific franchise. All leads that were not generated from your landing page or leads generated from our website whereby the agent does not remember how they heard about Hommati, will be distributed on a Round Robin Basis to all franchisees within the Territory. Each franchisee will receive an equal distribution of these leads except under certain circumstances. Leads that come in for Featured Agents who are already exclusively assigned to another franchisee or leads that come in from Limited Agents who have been exclusively assigned to another franchisee for less than 90 days or less than 180 days from the last time another franchisee has billed them, will not be distributed in the Round Robin lead assignment. You will be removed from the Round Robin lead assignment for any of the following circumstances:

1. You are not in Good Standing as defined in Franchise Agreement Section 3
2. You have not confirmed receipt of any lead or leads for more than 14 calendar days from the date they were received in your franchise dashboard.
3. You have requested to be placed on an inactive hold due to vacations or other circumstances that would cause you to temporarily stop operating your business for a period of more than 14 days.
4. You have been involuntarily placed into an inactive hold due to not enrolling any new Featured Agents and/or selling any services to any agent for a period of 90 days or more.
5. Leads from Featured Agents will go exclusively to the franchisee who enrolled the Featured Agent.
6. Leads from Limited Agents who have been assigned to a franchisee for less than 90 days will go exclusively to the franchisee that received it in the Round Robin distribution.

### **5.12 Assistance in Hiring, Managing and Training Employees**

It is understood that all employment decisions concerning hiring, managing, employment agreements, as well as wages, benefits, and other compensation; hours of work and scheduling; the assignment of duties to be performed; the supervision of the performance of duties; work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; the tenure of employment, including hiring and discharge; and working conditions related to the safety and health of employees are the sole responsibility of the franchisee. You agree and acknowledge that you are the sole employer of any staff you may decide to employ, and all responsibilities thereof are borne by You. Should HFN make available and sample employment agreements, job descriptions, interview questions, applications, employee handbooks, etc. they are only for the purpose of providing samples for a template that you should modify and update to your own specifications as well as applicable, local, state and federal laws or regulations that may apply. All training must be conducted by you, none of your employees are authorized to attend training at our franchise headquarters. If you decide that part of your training would include having your employees view any videos, read any sections of the operations manual or have them attend any portion of the virtual training, that was created and/or is conducted for franchise owners, then this would be at your sole discretion and must be supervised by you.

## **6. YOUR PAYMENTS**

### **6.1. Initial Franchise Fee**

When you sign this agreement, you must pay us in immediately accessible funds an Initial Franchise Fee of \$44,900.

The initial franchise fee is fully earned and nonrefundable when paid.

We are a member of the International Franchise Association (IFA) and participate in the IFA's VetFran Program. We provide a discount on the Initial Franchise Fee of \$3,000 to veterans of U.S. Armed Forces who have been honorably discharged or otherwise meet the requirements of the VetFran program. You are required to provide us with a copy of your DD214 to receive this discount.

### **6.2. Royalty**

The royalty fee you pay us is calculated on a descending scale basis with specific monthly breaking points.

You will pay 8% on the first \$12,500 of monthly Gross Revenue, 7% on monthly Gross Revenues from \$12,501 - \$16,667 and 6% on monthly Gross Revenues above \$16,667.

The breaking points do not include Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Monthly Fees, Lender Network Advertising Program Monthly Fees Virtual Enhancement Fees or Inactive Penalty Fees. There is no monthly minimum royalty collected.

You will report this Royalty to us no sooner than the 1<sup>st</sup> of the month but not later than the tenth (10<sup>th</sup>) of the monthly following the month you are reporting. While many items on this report are automated within the Franchise Dashboard, it is your responsibility to ensure you're paying the correct amount of Royalty. You will use the Royalty Report on your Franchise Dashboard to report any and all Gross Revenues collected. Gross Revenues will be generated automatically with your Franchise Dashboard from the billings you submit. All billings for all jobs performed must be billed within your franchise dashboard and only within your dashboard. You cannot use any other billing methods, other than your franchise dashboard.

We reserve the right to automatically deduct the Royalty payments by electronic funds transfer, pre-arranged draft, or other digital method at our option immediately following receipt of your Royalty Report or, if you do not submit your Royalty Report to us on or before the tenth (10<sup>th</sup>) of the month following the month you are to be reporting, we can, at our option, initiate payment by electronic funds transfer, pre-arranged draft, or other digital method an amount equal to what the current Royalty Report shows for the month and then reconcile this amount against the actual amount once you have submitted the Royalty Report. If the reconciliation shows that you have underpaid, you will be responsible for submitting the difference to us within seven (7) calendar days. If the reconciliation shows that you have overpaid, you will be given a credit toward your next month's Royalty Report.

We have the right to increase the breaking points in an amount corresponding to the increase in the Consumer Price Index (CPI) for the immediately preceding year.

### **6.3. National Advertising Fund Contributions**

If, in the future, we administer a National Advertising Fund, then no later than the tenth (10<sup>th</sup>) day of each month during the term of this agreement, you would be required to pay to the National Advertising Fund a monthly contribution of an amount we will set not to exceed four percent (4%) of your total Gross Revenues.

### **6.4. Social Media and Email Marketing Fee**

You will pay us a fee of \$175 per month to manage the required social media platforms, managing your listing boosts, your Google My Business page, other social media advertising and your email drip marketing program.

### **6.5 Technology/Syndication Monthly Fee**

You will pay us a fee of \$195 per month to host the website, your dashboard, your agents dashboards and, depending on the MLS, automatically upload and update and display listings the MLS may publish. Not all listings on the MLS will display. We filter out listings that do not meet our requirements and some brokers have set up their 3<sup>rd</sup> party MLS listing accounts to only display on websites that they have previously selected. This fee is payable regardless of whether we are already subscribing to your MLS or there are other franchisees in your territory subscribing to the same MLS or whether the MLS

participates in syndication or not or if we no longer receive syndication. We have the right to increase the Technology/Syndication Monthly Fee each quarter by an amount that is no higher than a total increase of 25% in a single calendar year. This fee is still payable whether you have voluntarily or involuntarily have been placed on Inactive Hold or put your franchise up for sale.

#### **6.6. 3D Upload/Floor Plan Fee**

You are required to pay a 3D Upload/Floor Plan Fee of \$28 for each 3D Interactive Tour you produce and/or upload to Hommati.com. The fee is the same regardless of whether the floor plan is utilized, or it is uploaded to Hommati or if the tour is used on a different platform that we have granted authorization to do so. The fee is earned as soon as you produce the 3D Interactive tour. If you intentionally or do something in error that causes a duplicate upload or ordering of another floor plan, the fee will have to be paid again. In those cases that you create and sell a floor plan only without the 3D Tour, the 3D Upload/Floor Plan Fee would be \$6 for the floor plan itself. We have the right to increase the 3D Upload/Floor Plan Fee as well as the individual floor plan fee each quarter by an amount that is no higher than a total increase of 25% in a single calendar year. Homes in excess of 15,000 sq. ft. and/or up to a maximum of 200 scans may be too large to capture under one model.

#### **6.7. Virtual Enhancement Fees**

You agree to pay to us a Virtual Enhancement Fee of \$21 per image staged or \$44 per image for those images requiring a reasonable number of items to be removed before staging. \$6 per image for twilight enhancement and \$7 per image for blue skies, green grass enhancement. We have the right to increase the Virtual Enhancement Fees each quarter by an amount that is no higher than a total increase of 25% in a single calendar year.

#### **6.8. Payment of Ongoing Fees**

Except where otherwise stated, your obligation to pay royalties and any other ongoing payments to us described in this Article, other than Initial Franchise Fee, begins on the Start Date of this agreement.

You must sign the attached authorization agreement for prearranged payment, in the form of Attachment 2 to this agreement, or any other document necessary to enable us to initiate payment of ongoing fees and other payments by electronic funds transfer, pre-arranged draft, or other digital method at our option. You must submit the Royalty Report to us, in the manner and form described in the Franchise Agreement Section 6.2 and in the Operations Manuals, including, among other information, the figures on which our fees are calculated. Once you have submitted the Royalty Report to us between the first and the tenth (10<sup>th</sup>) of the month following the month you are to be reporting, we will initiate payment by electronic funds transfer, pre-arranged draft, or other digital method an amount equal to what you reported. If we are unable to take payment digitally for any reason for which you are responsible, our inability to take payment will be considered your failure to make payment. If you do not submit the Royalty Report to us on or before the tenth (10<sup>th</sup>) of the month following the month you are to be reporting, we can, at our option,

initiate payment by electronic funds transfer, pre-arranged draft, or other digital method an amount equal to what the current Royalty Report shows for the month and then reconcile this amount against the actual amount once you have submitted the Royalty Report. If the reconciliation shows that you have underpaid, you will be responsible for submitting the difference to us within seven (7) calendar days. If the reconciliation shows that you have overpaid, you will be given a credit toward your next month's Royalty Report.

#### **6.9. Audit**

We have the right to audit your books and records, including your tax returns and financial and business data from fixed and removable drives of your business computer system and from your online accounting and bank statement with respect to your Program during normal working hours with no advance notice. Alternatively, at our sole option, we may require you to send digital or paper copies of selected records to us for audit. The auditor may be our employee or an independent contractor and does not have to be an accountant.

We have the right to contact Clients to verify the amount and quantity of payments made to you. If an audit discloses an underpayment of amounts payable to us under this agreement, you must immediately pay these amounts to us together with an administrative processing fee for each late payment as provided in this Article. If you are unable to produce the records you are required to maintain to explain any discrepancy disclosed by the audit, we may presume that the discrepancy results from an underpayment.

If we performed the audit because you did not provide required financial statements at the times and in the format specified in the Operations Manuals or if the underpayment exceeds three percent (3%) of the total Gross Revenues or any other ongoing payments to us for any period covered by the audit, you must also reimburse us for our expenses for the audit.

If you dispute our finding of an underpayment, we will retain, at your written request within ten (10) days of receiving our notification of underpayment, a certified public accountant to review or audit, at your option, your books and records for the period under examination. If the certified public accountant's report shows an underpayment that equals or exceeds any underpayment we found, or if the audit cannot be completed because you withhold requested records, you must reimburse us for our expenses in obtaining both audits, the amount of the underpayment and an administrative processing fee for each payment that was late.

#### **6.10. Training Fees and Costs**

We do not charge a fee for the initial training program for you or live virtual training for any other member of your operations, sales or management team. For all training we offer, you must pay any costs of travel, lodging, meals, and other incidental expenses that you or your employees incur or that we incur in traveling to your location, at your request, to conduct training, including a reasonable per diem for any trainer who travels to your location.

### **6.11. Payment for Proprietary Products**

If ordering Proprietary Products from us or our affiliate, you must submit a check for the full purchase price, plus an additional amount to cover the costs of shipping, freight insurance, and any applicable duties, sales or use tax, as we specify, with each order for Proprietary Products. We have the right to require payment in cash, electronic funds transfer, cashier's check, or other means of making the funds immediately accessible to us if, in our reasonable discretion, your payment practices or financial status, the amount of the order, general economic conditions, or other business reasons make it advisable.

### **6.12. Renewal Fee**

As a condition of renewing this franchise, you must pay, when you enter into a new, then current franchise agreement for the first renewal term, a renewal fee of \$1,500. Any renewal fee for a later renewal term will be set in the franchise agreement for the expiring franchise term.

### **6.13. Transfer Fee**

As a condition of Transfer of this franchise, or a Transfer to a different Territory, you must pay, before the Transfer, a Transfer fee of \$5,000 if you Transfer your franchise or a majority ownership interest in it or when you Transfer your franchise to a different Territory.

### **6.14. Brokerage Fee**

If you sell your franchise to a candidate that we produce, you must pay a fee equal to 33% of the then current franchisee fee to partially compensate us for the acquisition costs we spent on advertising to generate the interested candidate. This fee must be paid before we grant our consent to the Transfer. If you sell your franchise to a candidate you have located independently and have met all the conditions described in Section 9.4 of this agreement, this fee would not be applicable.

### **6.15. Annual Meeting Registration Fee**

You must pay the HOMMATI® Annual Meeting registration fee whether you attend the meeting or not. We will charge a registration fee of \$595 for up to two (2) attendees at the HOMMATI® Annual Meeting. This fee may be accounted for separately from royalties and is an automatic payment, it does not need to be approved by you first. Additional attendees may attend for an additional registration fee of \$300 each. You must pay your own travel, lodging, and incidental expenses. Payment is due at least one (1) month before the meeting begins.

### **6.16. Declined Payment Charge**

You must pay us, upon invoice, a declined payment charge of \$50 or our actual expense, whichever is more, to compensate us for the administrative expenses and bank charges we incur if your credit card payment is declined or your check or electronic payment is dishonored by the bank.

### **6.17. Interest and Late Fees on Late Payments, Reports or Under Reporting**

You must pay us, upon payment of late fee or submittal of late report, interest not

to exceed 18% per annum on all amounts owed plus an administrative processing fee of \$50 for each late payment or report. The purpose of the late payment charge is to partially compensate us for the administrative burden imposed upon us by your failure to comply with your obligation to pay or report in a timely manner.

#### **6.18. Email Service Fee**

You must pay us a fee once every three years of \$360 per email address that you have requested. A minimum of one email address with the @Hommati.com domain name is required for your Program. Only emails with the @hommati.com domain can be used in your Program for you and any and all of your staff and we have specific requirements for what names can be used in the email address. We have the right to increase the Email Service Fee each quarter by an amount that is no higher than a total increase of 25% in a single calendar year.

#### **6.19. Application of Payments**

We may apply any payment you make to us, at our option, to any past due debt you owe us regardless of how you say the payment should be applied. We do not have to accept payments after they are due or extend credit or otherwise finance your operations, except as specifically provided in this agreement. **If you do not pay all amounts when due, we may suspend our services and support until you cure the failure.** If you do not make the payment within any applicable cure period, we have the right, at our option, to terminate this agreement.

### **7. YOUR OBLIGATIONS**

#### **7.1. Use of Trade Name and Marks**

##### **7.1.1. Context**

We require you to use our Trade Name and Marks only in the operation of an HOMMATI® Program. You must use the email address we assign to you for all business communications. You may not use any web address, but ours in connection with your Program. You must sign an Assignment of Telephone Numbers, Email Addresses, and Website Addresses in the form of Attachment 4 to this agreement when you sign this agreement. You agree to affix the Marks upon such vehicles, uniforms, equipment, advertising, sales/promotional materials and such other objects, in such size, color, lettering style and fashion, and at such place as we may designate in the Operations Manuals.

##### **7.1.2. Changes in Trade Name and Marks**

We have the right to change our Trade Name and Marks and the specifications for each when we believe, in our reasonable discretion, that the changes will benefit the Franchise Network. You must promptly conform, at your own expense, to any such changes.

##### **7.1.3. Advertising Materials**

You must submit to us copies of all promotional and advertising materials that you propose to use at least two weeks before the proof approval deadline for any advertising that we have not provided to you, that you have materially changed or that we have not previously approved. All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising, and comply

with any applicable laws and regulations. We will review the materials within a reasonable time and will promptly notify you or the regional advertising cooperative, as applicable, whether we approve or reject them. We may not withhold our approval unreasonably. Even if we approve specified materials, we may later withdraw our approval if we reasonably believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising.

#### 7.1.4. Legal Protection

You must notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we may select legal counsel and have the right to control the proceedings.

### 7.2. Quality Assurance

#### 7.2.1. Initial Training Program

You must attend and successfully complete all phases of the initial training program and complete it to our satisfaction. Your Program must always be directly or indirectly supervised by a person who has successfully completed our initial training program. Failure to successfully complete any aspect of the training program, as we determine in our reasonable discretion, constitutes grounds for immediate termination of your franchise. You must pass the FAA Drone Pilot Certification for Small Unmanned Aircraft (Part 107) before offering Aerial Videos and/or stills.

#### 7.2.2. Start of Operations

You may not begin operating your Program until we certify in writing that, in the view of our management, you and your employees are prepared to begin operation. **By certifying that our management believes your Program is prepared to begin operation, we do not guarantee that your Program will be successful.** Success is dependent on many factors that are not within our control.

#### 7.2.3. Compliance with Operations Manuals

You must operate your Program in total compliance with the standards and specifications stated in the Operations Manuals. We may make changes in our standards and specifications, when, in our reasonable discretion, change is needed for the continued success and development of the Franchise Network. Such changes may require the purchase of equipment, supplies, furnishings, or other goods, completion of additional training by your employees, or other costs to you. You must promptly conform to the modified standards and specifications at your own expense. You must at all times keep your copies of the Operations Manuals current by inserting in it any revised pages we give you and deleting superseded pages. If there is any dispute as to the requirements of the Operations Manuals at any point in time, the terms of our master copy of the Operations Manuals will control.

#### 7.2.4. Goods and Services Offered

You must use and sell all the goods and services and only the goods and services

that we have authorized you to provide. If, from time to time, we decide to make changes in the goods and services you are authorized to provide, you must comply with the changed requirements at your own expense.

If we have designated a particular vendor or supplier as the sole source for a particular type of goods or services you use or sell in your Program, you may buy only from that supplier. We may designate a supplier at any time. We may name ourselves or an affiliate as a designated vendor or supplier or we may name an unrelated third-party supplier.

You must use any software or hardware and subscribe to any online application that we specify and must update your system to maintain compatibility with our requirements for your computer system. You must use your franchise dashboard to deliver all services to agents, you cannot deliver services to agents using any other photo, video or 3D Tour delivery service.

Even if we do not designate a specific provider for some types of goods or services that you use in your Program, we may require that you obtain our written approval of any supplier from which you obtain those types of goods or services. If we tell you that you must obtain our approval of your supplier of a certain type of goods or services and you would like to buy these goods or services from a supplier that we have not previously approved, you must notify us in writing and, upon our request, give us product specifications, sample products, and/or information about the supplier. We will promptly give you our written approval or our reasons for withholding our approval. As a condition of approving a supplier of any product that bears the Trade Name or Marks, the supplier must sign our license agreement to enable us to control the quality. We may withdraw our approval of a supplier if the supplier no longer meets our standards.

7.2.5. Client Satisfaction Program

We may use various techniques to obtain Client feedback concerning your services. If the feedback indicates that your performance does not meet our currently effective standards, as described in the Operations Manuals, or if we receive unusual numbers of Client complaints about your Program, we may suggest ways in which you can improve your performance. If you do not take immediate, effective steps to bring your operation up to our standards, your failure to do so will be a material breach of this agreement.

7.2.6. Attendance at Additional Training and Coaching

7.2.6.1 If we advise you that attendance at an additional training program is mandatory, you must attend and complete the program, at your own expense, to our reasonable satisfaction. We do not charge a fee for additional training.

7.2.6.2 After 90 days of operating the Program, you are required to participate in additional sales training and coaching via a designated third-party vendor. If this training and coaching is initiated, you will be responsible for paying their fees directly to the designated vendor. We anticipate the additional training to be less than a one-

time fee of \$2,700 for the initial training held virtually in two four hours classes and 12 monthly coaching calls. The purpose of this training and coaching program is to assist franchisees in achieving both a faster and higher level of sales growth.

#### 7.2.7. Maintenance and Upgrades

Periodically, we may ask you to upgrade your equipment and software to meet our currently effective standards. You must promptly comply with any such request.

#### 7.2.8. Professional Conduct

In all your dealings with us, your Clients, your employees, your suppliers and others, you must adhere to the highest possible standards of professional conduct, courtesy, honesty, integrity, ethical behavior, dependability, good faith, and fair dealing. You must respond promptly and courteously to any communications we, and Clients direct to you. You may not engage in any conduct that, in our reasonable opinion, may injure the goodwill associated with the Trade Name and Marks. It is your responsibility for maintaining a good relationship with Clients you work with. If a Client decides they no longer wish to engage your services now or in the future, it is not our responsibility to resolve it. You must do everything you can to promote and maintain the excellent reputation of the HOMMATI® Franchise Network. Breach of this clause is a breach of this agreement and, if material, is grounds for immediate termination without opportunity to cure.

#### 7.2.9. Inspections

We will conduct periodic quality assurance inspections of your Program during normal business hours. You will cooperate with our representatives during inspections. We may make quality assurance inspections with or without prior notice. You must promptly correct any deficiencies in your operation of which we advise you. If you do not take immediate, effective steps to bring your operation up to our standards, your failure to do so will be a material breach of this agreement. We may review your Listings published on the Hommati.com website and evaluate the 2D Stills, 3D Interactive Tours, Aerial Videos, Aerial Stills, Interior Videos, Virtual Enhancements and other digital media services that you have provided for Clients. If, in our sole discretion, we conclude that any service that you have provided is not up to the quality standards of the HOMMATI® Franchise Network, we can remove that media from Hommati.com and require that you immediately replace that service for the Client at your sole cost.

#### 7.2.10. Proprietary Products

Any Proprietary Product used in your Program is unique and important to the success of the System. A Proprietary Product must be used as we instruct. You may purchase a Proprietary Product only from our designated vendors or suppliers. Use or sale of any substitute for a Proprietary Product without our prior written consent, which we may withhold in our sole discretion, is a material breach of this agreement.

#### 7.2.11. Notification of Complaints

You must notify us promptly if you are served with a complaint in any legal or administrative proceeding that is in any way related to your Program or if you become aware that you are the subject of any complaint to or investigation by a governmental

licensing authority or consumer protection agency.

#### 7.2.12 Adding Listings

For any service you perform, you must manually add the listing and publish live to Hommati once the listing goes live on the MLS. For any listing you add, you must ensure you are adding the Minimum Listing Requirements to those listing. This is not necessary for listings that are saved but not published unless you give the Client the branded and unbranded links to use for those manually added listings that were saved but not published. For any listings that have a 3D Tour and/or aerial video you are required to give the agent the Hommati branded and unbranded links to use in their marketing of those listings.

### **7.3. Attendance at Annual Meeting**

We may, at our sole discretion, arrange an Annual Meeting to provide updates, offer continuing education, and encourage discussion of topics of importance to the Franchise Network. If we designate attendance at the Annual Meeting as mandatory, you must attend at your own expense.

### **7.4. Personnel**

#### 7.4.1. Management

You must devote your best efforts to the management and operation of your Program and supervise all financial and operational aspects of your Program. We are entitled to address all communications with you and to any of your employees. If we, in our reasonable discretion, determine that any of your employees are not properly performing his or her duties, we will advise you and you must immediately take steps to correct the situation.

You alone are responsible for the hiring, scheduling, discipline, discharging, day-to-day management and control over your employees. You alone are responsible to set their wages, raises, and any benefits. In addition, you, at your sole expense, are required to obtain a criminal background check and motor vehicle report for employees of your Program who will be marketing or providing services to customers. Such reports must be obtained prior to the employee commencing work in your Program. Failure to do so is cause for termination of this Agreement.

If you elect to operate on a part-time, executive managed basis, it is required that you hire either a General Manager or both a 3D/Drone Pilot and Agent Development before beginning operations. The 3D/Drone Pilot must be available to provide services to Clients when needed. The Agent Development Manager would meet with agents, educate them about your services and take orders for those services. If you do not hire either a General Manager or both a 3D/Drone Pilot and Agent Development, then you must devote full-time attention to your Program and not be employed anywhere else during normal business hours.

#### 7.4.2. Employees

You must see that your employees preserve excellent Client relations, conform to

our dress code when they are representing your Program in public, and otherwise comply with this agreement and the Operations Manuals. If you employ any employees, then you must devote at least part time and best efforts to the management and operation of your Program and must directly or indirectly supervise all financial and operational aspects of your Program.

You alone are responsible for the hiring, scheduling, discipline, discharging, day to day management and control over your employees. You alone are responsible to set their wages, raises, and any benefits.

### **7.5. Advertising Obligations**

Unless you have voluntarily requested to be placed on Inactive Hold, beginning the first (1<sup>st</sup>) month of operation, you are required to spend a minimum of four percent (4%) of your monthly Gross Revenues or \$500 per month whichever is greater, on local advertising, marketing and promotional programs to help grow your business within your Territory. The \$500 per month requirement will apply until you exceed \$20,833 in monthly sales. At that point, the minimum 4% would be higher than the \$500 per month minimum and you would be responsible for the difference. You are fully responsible for all advertising expenses and you would be required to meet your 4% Local Advertising or \$500 per month spend requirement. Advertising may include, but is not limited to, Google Ads PPC, LinkedIn Advertising, Yahoo Advertising, real estate expos and events, local real estate magazines, trade journals, direct mail, social media marketing and email drip marketing is counted towards that overall four percent (4%). Of those you must spend \$100 per month on Google Ads PPC, \$195 per month for email and social media marketing and \$174 per month for direct mail. All of these will count towards your \$500 per month minimum. You are required to purchase the Hommati display and the Hommati 3' banner from the designated vendor prior to starting operations and attend at least two (2) real estate expos or real estate events in your area each year provided these events are being held in your area. You are required to have at least 1,000 agent emails in your database or your pro-rata share of agent emails for your market provided you have other franchisees operating in your territory. You are required to do a minimum of a five-dollar (\$5) boost for each Platinum or Premium Package you sell. You are required to join at least one of the Realtor Associations in your market as an affiliate or vendor member. You are required to display an Hommati yard sign at each listing you sell a Platinum or Premium Package.

The first time you intend on running a new advertisement, you must submit to us copies of all promotional and advertising materials that you originate and propose to use at least two weeks before the proof approval deadline. Once an advertisement has been approved, provided the content and/or images have not changed, you may use the previously approved advertisement in your on-going advertising. This requirement is also applicable to regional advertising cooperatives. All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising, and comply with any applicable laws and regulations. We will review the materials within a reasonable time and will promptly notify you or the regional advertising cooperative, as applicable, whether we approve or reject them. We may not withhold our

approval unreasonably. Even if we approve specified materials, we may later withdraw our approval if we reasonably believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising.

## **7.6. Financial Information**

### **7.6.1. Records**

We have the right to access and copy the data on your computer system and in your online business databases used for your Program upon reasonable advance notice. We have the right to request an electronic copy of your accounting including but not limited to P&L's, balance sheets and cash flow statements at any time. You must keep financial records of your Program in the form prescribed by the Operations Manuals for at least three (3) years.

### **7.6.2. Reports**

You must submit to us financial reports on the income and expenses of your Program, sales taxes paid and business bank statements at the times and in the format specified in the Operations Manuals. You must have computer and communications equipment and software that meet the specifications stated in the Operations Manuals to create financial reports, transmit them to us electronically, receive e-mail communications, and enable you to participate in our intranet.

You must submit to us, in the form we request, complete contact information on each of your Clients.

You must submit to us, upon request, copies of all federal, state, and local income, sales, business bank statements and property tax returns related to your Program. We may use this data to confirm that you are complying with your obligations under this agreement, to formulate earnings and expense information to show to prospective franchisees, and to advise you on Program operations.

## **7.7. Insurance**

You must purchase and maintain a policy or policies of drone liability insurance and comprehensive general liability insurance, covering all Program assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than \$1,000,000. You must purchase a minimum \$5,000 Surety Bond on each employee that you have who may ever work in or around a home you are providing services at. You must purchase and maintain commercial automotive liability insurance with a combined single limit, CSL of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and include a hired and non-owned endorsement. We may increase the minimum coverage requirement annually to reflect inflation or other changes in circumstances. The insurance policies must contain a provision that the policies cannot be canceled or amended without thirty (30) days' written notice to us. All policies must be issued by an insurance company with a financial strength rating of at least "A" by A.M. Best & Co., designate us as an additional named insured and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us in any manner

we specify in the Operations Manuals as soon as the policy is issued or renewed.

In addition, you must maintain policies of workers' compensation, unemployment, and disability insurance, and any other types of employment insurance required by applicable law.

**7.8. Financial and Legal Responsibility**

**7.8.1. Compliance with Law**

You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to your Program. You must strictly follow all laws and regulations relating to unemployment insurance, workers' compensation insurance and withholding, and payment of payroll taxes. You must obtain and maintain an FAA Drone Pilot Certification for Small Unmanned Aircraft (Part 107). You are solely responsible for complying with and registering and licensing requirements. We are not responsible for advising you on federal, state and or local laws or regulations concerning any required registrations of required licenses nor will we be held accountable for your lack of compliance with said laws or regulations. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with the operation of your Program.

**7.8.2. Payment of Indebtedness**

You must pay promptly when due all taxes and debts that you incur in the conduct of your Program, particularly debts to your suppliers. You must remain completely current in any financial responsibilities to us under this agreement and any related agreement.

**7.9. Exclusive Agent Search**

You agree that before you begin marketing to a specific potential Client that you will perform an Exclusive Agent Search on the Franchise Dashboard to determine if the potential Client in question is a Featured Agent or Limited Agent who is already exclusively assigned with another HOMMATI franchisee. You further agree to not solicit or market in any way to Clients that are displayed in this search.

**8. RELATIONSHIP OF PARTIES**

**8.1. Interest in Marks and System**

You may not at any time do or cause to be done anything contesting or impairing our interest in our Trade Name, Marks or System or causing harm to the goodwill associated with the Trade Name and Marks. You must use your best efforts to enhance and protect the goodwill of the Franchise Network. You are not granted any rights in our Trade Name, Marks, or System except for your right to use them according to the express terms of this agreement. We retain the right to grant other franchises or licenses to use the Trade Name, Marks, and System on any terms that we would like, subject only to your rights described in Article 4 of this agreement.

**8.2. Independent Status**

You are an independent contractor and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, Clients and others in the manner specified in the Operations Manuals. You must rely on your own knowledge and judgment in making business decisions, subject only to the requirements of this agreement and the Operations Manuals. You may not expressly or implicitly hold yourself out as our employee, agent, partner, member, shareholder, joint venturer, or representative, nor may you state or suggest that you have the right or power to bind us or to incur any liability on our behalf. You may not use any part of the HOMMATI® Trade Name as part of your legal name (corporate, limited liability company, or partnership name), although you must use the Trade Name as your fictitious business name.

### **8.3. Display of Statement**

Purchase order forms, invoices, leases, tax returns, employee forms, legal agreements and other documents you use in your business dealings with suppliers, lessors, government agencies and employees must identify you by your own name as an independent legal entity operating under a HOMMATI® franchise. If we specify the formats for your statements of identity for specific types of documents in the Operations Manuals, you must comply with our prescribed formats.

### **8.4. Confidentiality**

The information, ideas, forms, marketing plans, and other materials we disclose to you under this agreement, whether or not included in the Operations Manuals, are our confidential and proprietary information and trade secrets. You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third party, except to your employees and agents as necessary in the operation of your Program and except as we authorize in writing. It is your responsibility to obtain compliance of your Related Parties with the provisions of this section. Each of your Related Parties must sign a written nondisclosure agreement, in the form of Attachment 3 to this agreement, when you sign this agreement. You must obtain a nondisclosure agreement from each new Related Party with whom you become affiliated during the term of this agreement and promptly send a copy of the nondisclosure agreement to us.

### **8.5. Indemnification**

You must indemnify and hold us harmless from all expenses and liabilities of any kind arising from or in any way connected to any act or omission of yours. If we are made a party to a legal proceeding in connection with your act or omission, we may hire counsel to protect our interests and bill you for all expenses and fees we incur. You must promptly reimburse us.

### **8.6. Covenant Not to Compete**

You may not, directly or indirectly, during the term of this agreement, operate or own a beneficial interest in any company offering 3D Tours, walkthrough tours, video tours, aerial video or stills, interior videos, HD and HDR photography, 2D Images, virtual enhancements, Live Virtual Showings, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, real estate website or any other services we may offer from time to time to anyone in the United States, except as

authorized through this Franchise Agreement. Additionally, you must not, during the term of this agreement, operate or own a beneficial interest in any website or mobile app that displays any form of real estate Listings or other products and services to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement

Additionally, for one (1) year after the Termination or expiration of this agreement, You may not, directly or indirectly, in your former Territory or within a 25 miles radius of the boundaries of your Territory, or another Hommati franchised territory, directly or indirectly offer or engage, as an owner, operator, employee, or independent contractor, in providing services such as 3D Tours, walkthrough tours, video tours, aerial video or stills, interior videos, 2D or HDR photography, virtual enhancements, Live Virtual Showings, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, or real estate website services to others or solicit customers of your Hommati Franchise Business for the purposes of offering such services. Additionally, you must not, during the term of this agreement for a period of one (1) year after the Termination or expiration of this agreement, in your former Territory or within a 25 miles radius of the boundaries of your Territory, or another Hommati franchised territory, directly or indirectly, own or operate or offer a website or mobile app that displays any form of real estate Listings or other products and services to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement. Additionally, if you are now or later become a licensed real estate agent you must not even on a complimentary basis, during the term of this agreement of for a period of one (1) year after the Termination or expiration of this agreement perform any of the services we offer on your own listings, listings for your broker or any other real estate agent or other client types that we typically provide services.

Prohibitions in the paragraphs above in this Section 8.6 that apply during the Term of the Agreement are limited to the United States.

Prohibitions in the paragraphs above in this Section 8.6, that apply after the termination or expiration of this Agreement, apply only to your former Hommati Territory and within 25 miles of the boundaries of your Territory or another Hommati franchised territory.

You agree to obtain the individual written agreement of each of your Related Parties to the provisions of this section in the form of Attachment 3 to this agreement.

**8.7. Buyout of Post-Term Covenant Not to Compete**

If you notify us in writing within 90 days before the termination or expiration of this Franchise Agreement, or within 21 days thereafter, you may buy out your post-term

Covenant Not to Compete, described in Section 8.6 above. To do so, you agree to pay to us at the time of your notice one lump sum amount equal to two times all royalties and other fees during the last year of the Term of the Franchise Agreement. This amount includes Royalties, Technology/Syndication/MLS Fees, Upload and Floorplan Fees and our 40% share of any recurring revenue you had which include, Featured Agent Memberships, Broker/Team Leader Memberships, Hommati Curb Lead fees and Lender Advertising Fees.

#### **8.8. No Liability for Technology Failure**

We are not liable for any direct, incidental or consequential damages, including but not limited to, lost profits, lost savings or consequential, punitive or incidental damages arising out of or in any way connected to a technology related problem such as high-speed internet connect, electronic mail, software, website, computer, drones, iPad, 3D cameras, any mobile application used in your Program, scanning or scan uploads other electronic equipment or call center.

#### **8.9. Intellectual Property**

During the term of this agreement and all renewals and extensions thereof and for one (1) year after its Termination, You agree and acknowledge that We shall be entitled to sole ownership of any intellectual property rights or copyright that You create, develop, produce and/or discover. This may include, but not be limited to, all videos, photography and 3D Tours. You hereby assign to Us the entire right, title and interest to such work, which relates in any way to the operation of Your Program.

### **9. TRANSFER OF FRANCHISE**

#### **9.1. Purpose of Conditions for Approval of Transfer**

We grant this franchise in reliance on your integrity, ability, experience, and financial resources. You may transfer neither the franchise nor your Program operated under it unless you have first obtained our written consent, which may not be unreasonably withheld. Any purported Transfer without our prior written consent is void. To ensure that no Transfer jeopardizes the Trade Name, Marks, or our interest in the successful operation of your Program, we will consent to a Transfer only if you comply with the provisions of Sections 9.2 through 9.4 of this agreement.

#### **9.2. Notice of Intention to Transfer**

If you would like to transfer this franchise, you must submit to HFN: (a) the form of franchise purchase application we currently use, completed by the prospective transferee and (b) a written notice, describing all the terms and conditions of the proposed Transfer or a copy of the purchase and sale agreement, and (c) the transfer fee described in Section 6.12 of this agreement.

#### **9.3. Consent and Right of First Refusal**

We must respond in writing to your written notice within fifteen (15) days after receiving it, or, if we request additional information, within the later date of fifteen (15) days after receipt of the additional information or the final day of the original fifteen- (15)

day period. We may either preliminarily approve the Transfer, state in writing our reason for refusing to approve it or purchase your Program from you ourselves on the same terms and conditions as those offered by the third party. Silence is not consent. If we preliminarily approve the Transfer, then you may transfer the interest described in the notice only to the named transferee and only on the terms and conditions stated in the notice. Our final consent to the Transfer must be obtained in writing after all the conditions stated below have been fulfilled. Our consent to a particular Transfer will not be consent to any other or subsequent Transfer.

#### **9.4. Conditions for Consent to Transfer**

Our consent to your Transfer will not be unreasonably withheld, but will be subject to certain conditions, including, but not limited to:

- (a) Our determination, based on the information that you submit and any other information available, that the proposed transferee is qualified by meeting all of the criteria of character, business experience, financial responsibility, net worth, and other standards that we customarily apply to new franchisees at the time of Transfer,
- (b) Payment of all your outstanding debts to us and our affiliates,
- (c) Cure of all defaults under the franchise agreement, any other agreement(s) between HFN and you or your Related Parties, and the Operations Manuals,
- (d) At our sole option, signing by the transferee of an assumption of the rights and obligations of this franchise agreement or signing by the transferee of the then-current form of franchise agreement, and signing by the transferee's Related Parties of required supplemental agreements in the forms attached to the applicable franchise agreement,
- (e) Completion by the transferee's Owner of our initial training program to our satisfaction,
- (f) Signing by you and any Related Parties who have signed a guarantee of your obligations of a special release of claims against us and our affiliates in the form of Attachment 1 of this agreement,
- (g) Our determination, based on our review of the proposed purchase agreement or notice, that the agreement and any financing of the sale will give the buyer a reasonable chance to succeed as our franchisee, and
- (h) Your payment of the transfer fee described in Section 6.12 of this agreement.
- (i) You must continue to pay the Technology/Syndication Monthly Fee until the Transfer is completed.

### **9.5. Assignments Not Treated as Transfers**

The Transfer provisions described above do not apply to an assignment to:

- (a) Any Trustee, Guardian, Executor, or Conservator for the account and benefit of a spouse, ancestor, or decedent;
- (b) Any of your employees under any employee stock option plan or stock purchase plan, if any share certificate distributed in connection with a plan of this type is marked with a legend describing the restrictions and conditions of Transfer required by this agreement;
- (c) Any business entity if the controlling interest in the franchisee immediately after the assignment is the same and in the same proportions as the controlling interest immediately before the assignment. Any attempted assignment described in this subsection is void if you have not obtained our prior written consent. We will consent to an assignment of this type only if you fulfill all of the following conditions:
  - (i) You promptly advise HFN in writing of the assignment and send HFN a copy of the assignee's organizational documents and a list of names of the assignee's owners together with a statement of percentage of ownership;
  - (ii) You sign a special release of claims in the form of Attachment 1 to this agreement; and
  - (iii) You sign a guarantee, in the form of Attachment 5 to this agreement, of the obligations of the assignee; and
  - (iv) You and your transferee sign an assignment of franchise and obtain our written consent to the assignment.

### **9.6. Change of Ownership Upon Death or Total Disability**

If you die or become totally disabled while this agreement is in effect, your heirs, successors or beneficiaries will have 60 days within which to show to our satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth, and other standards that we require of new franchisees at that time. If we approve your heirs, successors, or beneficiaries as transferees of the franchise, we will waive any transfer fee in connection with the Transfer. If we advise your heirs or beneficiaries in writing that we do not approve them as transferees of the franchise, or if we do not approve or disapprove a Transfer within 60 days following your death or total disability, your heirs or beneficiaries may have 120 additional days from the date of disapproval of the Transfer or the end of the 60-day period, whichever is first, within which to find and notify us of a proposed Transfer to a qualified transferee. If your heirs or beneficiaries do not advise HFN of a qualified transferee within the specified period, the franchise will automatically terminate at the end of that period unless we have granted a written extension of time. During any period when there is no approved franchisee or transferee operating the Program, we have the right to operate the

business on your behalf or on behalf of your estate, using the income of the Program to pay its ongoing expenses plus a reasonable per diem. Any profit during this period will be paid to you or your estate, as the case may be.

**9.7. Assignment by HFN**

We may assign our rights and responsibilities of this agreement to a person or entity without your consent upon the following conditions: (a) we reasonably believe that the assignee can perform our obligations under this agreement, (b) we reasonably believe the assignee is financially responsible, and (c) the assignee expressly agrees in writing to assume our obligations under this agreement.

**10. TERMINATION OF FRANCHISE**

**10.1. Termination by Consent of the Parties**

The parties may terminate this agreement by mutual written consent.

**10.1.1. HFN Ceases Operations**

If we become insolvent or cease to operate for any reason you will consent to and execute a mutual termination agreement and Special Release of All Claims Franchise Agreement Attachment 1. This Franchise Agreement and all attachments thereto will be considered null and void and you will be released from the Non-Competition Covenants Franchise Agreement Attachment 3. You may continue to operate your business under your own trade name and do so without any payments of royalties or otherwise to us.

**10.2. Termination by HFN**

**10.2.1. Notice of Default**

This agreement will terminate 30 days after we give you written notice of default and opportunity to cure if any of the types of defaults described in subsections (a) through (c) below has not been cured. This agreement will terminate five (5) days after we give you written notice of default and opportunity to cure if the type of default described in subsection (d) below has not been cured. This agreement will terminate immediately without opportunity to cure when we give you written notice of any of the types of defaults described in subsections (e) through (r) below occurs.

**10.2.2. Events of Default**

Subject to the notice provisions in the preceding section, upon the occurrence of any of the following defaults, at our option we may terminate this agreement:

- (a) If you do not submit to us in a timely manner any information or report we require you to submit under this agreement or the Manual, or if you do not deliver to us, in a timely manner, evidence of each insurance policy required by this agreement whenever the policy is issued, amended or renewed,
- (b) If you do not begin operation of Program by the Start Date of this agreement or if you operate your Program in a manner that does not conform to this agreement

and the Operations Manuals in any material respect,

- (c) If you default in the performance of any material obligation under this agreement not otherwise described in this list of defaults,
- (d) If you do not make any payment when due under this agreement or any other agreement between you and us or our affiliate,
- (e) If you do not successfully complete the initial training program and we conclude, in our reasonable discretion, that you are willing and able to do so,
- (f) If you intentionally or recklessly misuse the Trade Name, Marks or the System or engage in conduct that reflects materially and unfavorably on the goodwill associated with them, or if you intentionally use in your Program any names, marks, systems, logotypes, or symbols that we have not authorized you to use,
- (g) If you or any of your Related Parties has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to a Program or that uses the System or the Marks without authorization from us, or if you do not give us a signed copy of the Nondisclosure and Noncompetition Agreement of each of your Related Parties within ten (10) days after that party becomes a Related Party,
- (h) If you or your Related Party attempts to assign your rights under this agreement or to transfer your Program in any manner not authorized by this agreement,
- (i) If you or your Related Party has made any material misrepresentation in connection with the acquisition of a Program or to induce us to enter into this agreement, or if you knowingly keep false books or intentionally make false reports or make any other material misrepresentation to us in the operation of your Program,
- (j) If any other agreement between you or your Related Party and us or our affiliate is terminated because of your material default,
- (k) If you act without our prior written approval or consent in regard to a matter for which this agreement expressly requires our prior written approval or consent,
- (l) If you commit a material default and we have twice previously given you written notice of the same type of default within the term of this agreement, whether or not you have cured the defaults,
- (m) If have been in Inactive Hold for longer than six (6) months or if you stop operating your Program under circumstances that lead us to the reasonable conclusion that you do not intend to resume operation,
- (n) If we reasonably determine that the continued operation of your Program will pose a threat to public health or safety,
- (o) If you become insolvent, or

- (p) If you are convicted of criminal misconduct that is relevant to the operation of your Program or any felony.

### **10.3. Rights and Obligations After Termination**

On Termination of this agreement for any reason, the parties will have the following rights and obligations:

- (a) You must stop operating the Franchised Business.
- (b) You must give us a final accounting for your Program, pay us within 30 days after Termination all payments due to us, and return the Operations Manual, marketing materials, proprietary forms, software, videotapes and any other property belonging to us or our affiliate or containing proprietary information.
- (c) On our written request, you must immediately and permanently stop using the Marks or any confusingly similar marks, the System, and any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that you are operating a Program. You must immediately remove the Marks from your vehicles.
- (d) You must promptly sign any documents and take any steps that in our judgment are necessary to delete your listings from classified telephone directories, disconnect, or, at our option, assign to us any telephone numbers that have been used in connection with your Program, and terminate all other references that suggest you are or ever were associated with us. By signing this agreement, you irrevocably appoint us your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within seven (7) days after this agreement is terminated.
- (e) You must maintain all records we require you to maintain under this agreement for not less than three (3) years after final payment of any money you owe to us when this agreement is terminated.
- (f) For a period of 60-days following the effective date of Termination, we have the exclusive right, at our sole option, to purchase your accounts receivables consisting of the Featured Agent Monthly Membership Fees, Hommati Curb Lead Fees, Lender Network Advertising Program Monthly Fees, and/or Broker/Team Leader Monthly Fees, your Client(s) pays You, on the following terms:
  - i. We must send written notice to you within 30 days after Termination of this agreement if we elect to exercise the option to acquire this asset.
  - ii. We will pay you an amount equal to two (2) months of your portion (60%) of the then current Featured Monthly Membership Fee, Hommati Curb Lead Fees, Lender Network Advertising Program

Monthly Fees and/or Broker/Team Leader Monthly Fees, for each of your Client(s) that are current in paying this fee to you each month. You must give us an updated digital copy of the list of your accounts receivable as well as a paper copy. We may offset any amounts we must pay to cure your defaults against us and your suppliers under this agreement against the purchase price you receive for your accounts receivable.

- iii. If there is any dispute between the parties regarding the purchase and the rights and obligations described in this subsection, and we are the prevailing party in the dispute, we will be entitled to our attorney fees and costs incurred in resolving the dispute.
- (g) If the franchise granted in this agreement is terminated because of either party's material default, the rights described in this section may not necessarily be the injured party's exclusive remedies, but will instead supplement any other equitable or legal remedies available.
- (h) Termination of this agreement will not end any obligation of either party that existed before Termination. All obligations of the parties that by their terms or by reasonable implication are to be performed in whole or in part after Termination will survive Termination.

## **11. MISCELLANEOUS PROVISIONS**

### **11.1. Construction of Contract**

Section headings in this agreement are for reference purposes only and will not in any way modify the statements contained in any section of this agreement. Each word in this agreement may be considered to include any number or gender that the context requires. If there is any conflict between this agreement and the Operations, this agreement will control.

### **11.2. Governing Law**

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

### **11.3. Notices**

The parties to this agreement should direct any notices to the other party at the address below that party's name on the final page of this agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by personal delivery, fax (with simultaneous mailing of a copy by first-class mail), email (with simultaneous mailing of a copy by first-class mail), delivery service, or first-class

mail. Notice by fax or email will be considered delivered upon transmission, by delivery service, upon delivery or attempted delivery to the address you provided to us in writing, and by first class mail, three days after posting. Notice of Termination or nonrenewal must be sent by a receipted form of delivery, but will be effective upon attempted delivery if sent to the address you provided to us in writing even if delivery is not accepted.

#### **11.4. Amendments**

This agreement may be amended only by a document signed by all of the parties to this agreement or by their authorized agents.

#### **11.5. Waiver**

Waiver of any breach of this agreement may not be interpreted as a waiver of any other or subsequent breach.

#### **11.6. Integration**

This agreement and any exhibits or attachments to it are the entire agreement between the parties concerning the franchise it grants. All prior agreements and representations and all contemporaneous representations, except for the representations in the disclosure document, are superseded by this agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

#### **11.7. Dispute Resolution**

##### **11.7.1. Agreement to Attempt Amicable Settlement**

The parties have reached this agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation, mediation or arbitration. They agree that, if any dispute arises between them, before beginning any legal action, mediation or arbitration against the other, they will first attempt to negotiate a settlement. If the dispute concerns Territorial rights, they must bring the dispute before and be bound by the decision of our appointed third-party ombudsman. If either party files a mediation proceeding, you must participate in the mediation. Good faith participation in these procedures to the greatest extent reasonably possible is a precondition to maintaining any legal action or arbitration.

##### **11.7.2. Initiation of Procedures**

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has ten (10) days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party's behalf. These people are called the "Authorized People."

##### **11.7.3. Direct Negotiations**

The Authorized People may investigate the dispute as they consider appropriate,

but agree to meet in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the Initiating Party's written notice to discuss resolution of the dispute. The Authorized People may meet at any times and places and as often as they agree.

#### 11.7.4. Mediation

If the dispute has not been resolved within 30 days after the initial meeting, you must try for a period of 60 days to mediate the dispute before you may file any claim against us. Mediation will be conducted by and under the rules of the American Arbitration Association (AAA) in Franklin County, Ohio, unless the parties agree otherwise in writing.

#### 11.7.5. Arbitration; Carve Out for Injunctions; Jury Waiver

Any Claims, including any dispute over the arbitrability of this agreement, must be determined by binding arbitration before a single arbitrator in Franklin County, Ohio, by the AAA under its rules for commercial arbitration, as varied by the express provisions of this clause. The arbitrator will have exclusive jurisdiction to determine the arbitrability of any matter. In arbitration, the parties agree that each side may, in addition to such discovery as the rules of the AAA or the arbitrators allow, take one deposition of up to four (4) hours by each party.

This arbitration clause does not deprive us of our right to file an action in court to seek preliminary or permanent injunctive relief and bring other related claims in the same case, and you agree to waive the requirement that we post bond on any injunction so obtained. In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

#### 11.8. Individual Dispute Resolution

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

#### 11.9. Limitation of Actions and Punitive Damages Waiver

You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

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

#### 11.10. Attorney Fees

If we are the substantially prevailing party as to any Claims, we are entitled to recover our costs and attorney fees incurred in the proceeding.

#### 11.11. Severability

Each provision of this agreement is severable. If any of its provisions is determined to be invalid or in conflict with any existing or future law or regulation, that provision will

not impair the operation of the remaining provisions of this agreement. The invalid provisions will be considered not to be a part of this agreement. However, if we decide that the finding of illegality adversely affects the basic consideration for our performance under this agreement, we may, at our option, terminate it.

**11.12. Approval and Guaranties**

Each of your owners with a 20% or greater interest in you must approve this agreement, permit You to give HFN the financial information we require, and agree to the restrictions placed on them, and, limitations on their rights to compete in the form of Attachment 3 to this agreement, and sign separately written guaranties of your payments and performance in the form of Attachment 5 to this agreement. You represent that all your owners are listed in Attachment 6 to this agreement.

**11.13. Acceptance by HFN**

This agreement will not be binding on us unless and until it has been signed by our CEO.

**FRANCHISOR**  
HOMMATI FRANCHISE NETWORK, INC.

Date: \_\_\_\_\_

By: \_\_\_\_\_

Jerry Lee Clum, Jr.  
CEO, President, Founder and Director

**FRANCHISEE**

By: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

By: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

# STATE SPECIFIC ADDENDUM TO HOMMATI ® FRANCHISE AGREEMENT

## 1. INTRODUCTION

This Addendum (Addendum) is effective on the same date as the franchise agreement (Agreement) to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

## 2. AGREEMENT

The parties agree as follows:

### **2.1. California**

The following provisions apply to you if you are a resident of or your franchise is located in California.

Sections 10.2.1 and 10.2.2 are deleted and in their place are substituted the following:

**10.2.1. Termination by HFN Without Right to Cure.** We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct, which reflects materially, and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all

health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 10.2.2 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct, which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

**10.2.2. Termination by HFN with Opportunity to Cure.** We may terminate this Agreement, after sending you notice and a 60-day opportunity to cure, for any other breach of this Agreement.

The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.

## **2.2. Hawaii**

The following provision applies to you if you are a resident of the State of Hawaii or your franchise territory is located in Hawaii:

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.

### **2.3. Illinois**

The following provision applies to you if your State is Illinois:

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 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 of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

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

See the last page of the **STATE SPECIFIC ADDENDUM TO THE HOMMATI FRANCHISE AGREEMENT** for Signature block for execution simultaneous to the Franchise Agreement.

### **2.4. Maryland**

The following provisions apply to you if you live in Maryland or your Program will be located in Maryland:

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

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

4. 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.

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

6. The franchise agreement is modified to also provide, "Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Commissioner."

## **2.5. Minnesota**

The following provisions apply to you if your State is Minnesota:

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to as sent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Section 6.15 of the Franchise Agreement is amended to limit the Declined Payment Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

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.

## **2.6. New York**

The following provisions apply to you if your State is New York:

### **Special Release of Claims**

The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. The release does not apply to claims arising under Article 33 of the General Business Law of the State of New York.

### **No Waiver of Rights**

Section 11 of the Franchise Agreement is amended to also state: "The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee or upon the area developer by article 33 of the General Business law of the state of New York."

## **2.7. North Dakota**

The following provisions apply to you if your State is North Dakota:

### Special Release of Claims

The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. The release does not apply to any claim arising under the North Dakota Franchise Investment Law.

### Damages for Early Termination

The Agreement provides that if the Agreement is terminated because of your material default or repudiation of the Agreement, we have the right to recover damages as compensation for lost future profits. This requirement is deleted from the Agreement.

### Arbitration Venue

The Agreement provides that disputes will be arbitrated in Ohio. This requirement is deleted from the Agreement.

### Limitation of Actions

The Agreement says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one (1) year after the party knows or should know the facts on which the arbitration is based. Any claims arising under the North Dakota Franchise Investment Law may be brought within the period provided by North Dakota law.

### Covenant Not to Compete

The Agreement says that you may not, during the term of the Agreement and for one year after its Termination, operate or own a beneficial interest in any company that is competitive with any Program and that is located within franchisee's Territory or any other Territory in the system. North Dakota Century Code § 9-06-08 limits our ability to restrict your activity after the Agreement has ended.

### Choice of Law, Jurisdiction and Venue, Jury Waiver, and Punitive Damages

The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted.

### Choice of Law

North Dakota law governs any cause of action arising out of the franchise agreement.

### Costs and Expenses

Any requirement in the Franchise Agreement that requires you to pay all costs and

expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## **2.8. Rhode Island**

The following provisions apply to you if your State is Rhode Island:

a. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

b. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

c. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

d. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

## **2.9. Washington Addendum to the Franchise Agreement, Franchisee Closing Questionnaire, and related agreements.**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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.

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

The undersigned does hereby acknowledge receipt of this addendum.

## **2.10. Wisconsin**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of

such conflict.

2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

### 3. INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

FRANCHISOR  
Hommati Franchise Network, Inc.

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Jerry Lee Clum, Jr.  
CEO, President, Founder and Director

FRANCHISEE

By: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Printed Name \_\_\_\_\_

By: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Printed Name \_\_\_\_\_

## **ATTACHMENT 1 SPECIAL RELEASE OF CLAIMS**

This Special Release of Claims is signed on \_\_\_\_\_ [date], at Westerville, Ohio, by \_\_\_\_\_ [name of releaser], referred to in this Special Release as "Releasor," in favor of Hommati Franchise Network, Inc., referred to in this Special Release as "Releasee."

### **RECITALS**

This Special Release is made and delivered with reference to the following facts:

A. Releasee and Releasor are parties to a HOMMATI ® franchise agreement  
Dated \_\_\_\_\_ [dated] ("Franchise Agreement").

B. Releasor would like to transfer the Franchise Agreement and the franchised Program operated under it to a transferee described in the accompanying documents.

C. Releasor would like to assign the Franchise Agreement and the franchised Program operated under it to an entity owned by the Releasor and described in the accompanying documents.

D. Releasor would like to transfer their territory to a different territory.

–OR–

E. Releasor would like to renew the Franchise Agreement.

F. Releasee is willing to consent to Releasor's request on condition that Releasor meets the conditions for consent stated in the Franchise Agreement. One of these conditions is that Releasor must sign a special release of claims in favor of Releasee.

G. For the above-described consideration, the value and adequacy of which Releasor acknowledges, Releasor signs and delivers this Special Release.

### **RELEASE**

1. Releasor, on behalf of Releasor and Releasor's Related Parties, as the term "Related Parties" is defined in the Franchise Agreement, now and forever releases and discharges Hommati Franchise Network, Inc. and its successors, attorneys, insurers, brokers, principals, officers, directors, shareholders, partners, agents, employees, and contractors, from any and all claims, demands, losses, expenses, damages, liabilities, actions, and causes of action of any nature, except non-waivable statutory claims or claims arising from representations in a disclosure document we gave you, that in any manner arise from or relate to the franchise relationship described above.

2. This Special Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action, except non-waivable statutory claims or claims arising from the representations in the disclosure document you received, that the parties do not presently anticipate, know, or suspect to exist, but that may develop, accrue, or be

discovered in the future. RELEASOR EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of signing the release, which if known by him must have materially affected his settlement with the debtor." Releasor represents and warrants that Releasor has considered the possibility that claims, liabilities, injuries, damages, and causes of action that Releasor does not presently know or suspect to exist in Releasor's favor may develop, accrue, or be discovered in the future, and that Releasor voluntarily assumes that risk as part of the consideration received for this Special Release.

3. Releasor covenants and agrees that Releasor will not make, assert, or maintain any claim, demand, action, or cause of action that is discharged by this Special Release against any Releasee named or described in this Special Release. Releasor agrees to indemnify, defend, and hold each Releasee named or described in this Special Release, and their successors in interest, harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorney fees, resulting from a breach of the covenant contained in this paragraph.

4. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act.

5. Releasor agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Franchise Agreement described above.

I, the undersigned, have read this Special Release and understand all of its terms. I sign it voluntarily and with full knowledge of its significance.

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Signature of Releasor]*

\_\_\_\_\_  
*[Print name of Releasor]*

**ATTACHMENT 2**  
**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT**  
**(DIRECT DEBIT)**

The undersigned depositor (Depositor) authorizes Hommati Franchise Network, Inc. (HFN) to request debit entries and/or credit correction entries to the Depositor's checking and savings account(s) indicated below and the depository (Bank) to debit the account according to HFN's instructions.

\_\_\_\_\_  
Bank

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Street Address, City, State, Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authorization is to remain in full force and effect until the Bank has received joint written notification from HFN and Depositor of the Depositor's termination of the authorization in a time and manner that will give the Bank a reasonable opportunity to act on it. In spite of this, the Bank will give HFN and Depositor thirty (30) days' prior written notice of the termination of this authorization. If an incorrect debit entry is made to Depositor's account, Depositor will have the right to have the amount of the entry credited to the account by Depository, if within fifteen (15) calendar days following the date on which the Bank sent to Depositor a statement of account or a written notice pertaining to the entry or forty-five (45) days after posting, whichever occurs first, Depositor has sent the Bank a written notice identifying the entry, stating that the entry was in error, and requesting the Bank to credit the amount to the account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

\_\_\_\_\_  
Depositor

\_\_\_\_\_  
By

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

# **ATTACHMENT 3 NONDISCLOSURE AND NONCOMPETITION AGREEMENT**

Confidant is about to undergo training by Hommati Franchise Network, Inc. (HFN) or one of its franchisees. During this process, Confidant will learn a great deal about the HOMMATI® System and Network, including information about its franchisees' business affairs, finances, management, marketing programs, philosophy, Clients, and methods of doing business. Confidant will have access to confidential information developed and maintained at substantial cost by HFN. This information is proprietary to HFN. Its use by third parties could cause substantial and irreparable damage to the HFN.

Therefore, in return for either (a) his or her training by HFN to operate a Program or (b) his or her employment by HFN or by one of its franchisees, the undersigned (Confidant) agrees as follows:

## **1. Nondisclosure of Trade Secrets and Confidential Information**

Confidant agrees, during the term of the Franchise Agreement and following termination, expiration, or assignment of the Agreement, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of HFN to any other person or company unless authorized in writing by HFN. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of others, whether or not the Trade Secret or Confidential Information has been conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to HFN, including all ideas made or conceived by Confidant.

## **2. Definition of Trade Secrets and Confidential Information**

For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, sales and marketing information, pricing information, proprietary software, internal business forms, orders, member accounts, Operations Manuals and instructional materials describing our methods of operation, including our Operations Manuals, audiotapes and video tapes, digital videos, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by HFN, and any other information or property of any kind of HFN that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this agreement are the sole property of HFN.

### **3. Return of Proprietary Materials**

On termination or expiration of franchise ownership or employment by HFN or a HOMMATI® franchisee, Confidant must surrender to HFN all materials considered proprietary by HFN, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of HFN. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain the sole property of HFN.

### **4. Noncompetition**

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to HFN, Confidant will not, during the employment relationship between Confidant and HFN or the franchisee that employs him or her, or during the term of this Franchise Agreement and the ownership interest of Confidant in an HOMMATI® franchise, directly or indirectly, offer or engage, as an owner, operator, employee, or independent contractor, in providing services such as 3D Tours, walkthrough tours, video tours, aerial video or stills, interior video, 2D or HDR photography, virtual enhancements, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, real estate website or any other services we may offer from time to time to anyone in the United States, except as authorized through this Franchise Agreement. Additionally, you must not, during the term of this agreement, operate or own a beneficial interest in any website or mobile app that displays any form of real estate Listings or other products and services to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement.

Confidant agrees that Confidant will not, until the expiration of one (1) year after the termination of the employment relationship between Confidant and HFN or the franchisee that employs him or her, or termination of the ownership interest of Confidant in an HOMMATI® franchise, directly or indirectly, in the HFN franchise territory where Confidant previously did business, or within a 25 miles of the boundaries of your Territory or another Hommati franchised territory offer or engage, as an owner, operator, employee, or independent contractor, in providing services such as 3D Tours, walkthrough tours, video tours, aerial video or stills, interior video, 2D or HDR photography, virtual enhancements, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, real estate website or any other services we may offer from time to time to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement.

Confidant agrees that Confidant will not, until the expiration of one (1) year after the termination of the employment relationship between Confidant and HFN or the franchisee that employs him or her, or termination of the ownership interest of Confidant in an HOMMATI® franchise, directly or indirectly, in the HFN franchise territory where Confidant previously did

business, or within a 25 miles of the boundaries of your Territory or another Hommati franchised territory solicit the patronage of any customer serviced by a HOMMATI franchisee for the purpose of offering 3D Tours, walkthrough tours, video tours, aerial video or stills, interior video, 2D or HDR photography, virtual enhancements, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, real estate website or any other services we may offer from time to time to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement.

### **5. Saving Provision**

Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraphs are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and HFN. However, Confidant and HFN are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and HFN agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with HFN to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

With respect to the post-termination portion of the covenant not to compete in Section 4 above, as to a Confidant who lives in Washington state and where the Confidant's non-compete applies with respect to an employment or other situation covered by 2019 Washington HB 1450, the post-termination covenant not to compete will only apply if Confidant's annual earnings exceed the inflation adjusted dollar thresholds stated in 2019 Washington HB 1450 in the year prior to the time the post-termination covenant not to compete will take effect.

### **6. Irreparable Harm to HFN**

Confidant understands and agrees that HFN will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with HFN. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of HFN for Confidant to enter into this agreement. If there is a breach of this agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

### **7. Binding Effect**

This Agreement will bind Confidant's heirs, executors, successors, and assignees as though originally signed by them.

### **8. Applicable Law**

The validity of this agreement will be governed by the laws of the State where

Confidant lives, unless Confidant lives in California, then Ohio law will apply. If any provision of this agreement is void or unenforceable in the applicable State, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT

*Date:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

*Print Name:* \_\_\_\_\_

CONFIDANT

*Date:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

*Print Name:* \_\_\_\_\_

**ATTACHMENT 4**  
**ASSIGNMENT OF TELEPHONE NUMBERS, EMAIL ADDRESSES AND**  
**WEB ADDRESSES AND SPECIAL POWER OF ATTORNEY**

1. \_\_\_\_\_ [name]  
("Franchisee"), to induce Hommati Franchise Network, Inc. ("HFN") to grant Franchisee a franchise, assigns to HFN all telephone numbers, email addresses, web addresses and listings (collectively "Addresses") that Franchisee advertises, publicizes, or otherwise makes known to members or the public in the operation of a HOMMATI® Program, both now and in the future, in the city, county and state where the Program is operated.

2. This assignment will automatically become effective immediately upon Termination (meaning "termination, expiration, or nonrenewal") of Franchisee's HOMMATI® franchise. When the franchise is terminated, Franchisee agrees to do whatever is necessary to cause the companies providing service to the Program to promptly transfer its Addresses to HFN or its designee.

3. Franchisee agrees to pay these service providers, on or before the date when the franchise is Terminated, all amounts Franchisee owes it in connection with the Addresses, including payment for any advertisements or listings in a classified directory or directories. Franchisee further agrees to indemnify HFN for any money HFN must pay the service providers before the service providers will carry out this agreement.

4. Franchisee appoints HFN as attorney-in-fact to sign any documents and do any things necessary to carry out this agreement if Franchisee fails to sign or do them within three (3) business days after Termination of the Franchise Agreement. Franchisee further agrees to indemnify HFN for any expenses, including legal fees, that HFN incurs which would not have been incurred if Franchisee had performed as promised under this agreement.

*Sign here if Franchisee is an individual:*

FRANCHISEE

*Date:* \_\_\_\_\_ *Signature:* \_\_\_\_\_

*Print Name:* \_\_\_\_\_

*Date:* \_\_\_\_\_ *Signature:* \_\_\_\_\_

*Print Name:* \_\_\_\_\_

## **ATTACHMENT 5 PERSONAL GUARANTY AND SUBORDINATION AGREEMENT**

To induce Hommati Franchise Network, Inc. (Franchisor) to enter into or permit assignment of a HOMMATI® franchise agreement (Franchise Agreement)

[Franchisee's full legal name] \_\_\_\_\_ (Franchisee) signed on the same date as the date of this Guaranty, the undersigned unconditionally, jointly and severally, personally guaranty to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly.

The undersigned expressly waive notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization, or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Personal Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

The undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

The undersigned further agrees that as long as the Franchisee owes any

money to Franchisor (other than fees that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

In connection with any litigation or arbitration to determine the undersigned's liability under this Personal Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

If more than one individual signs this Personal Guaranty or if more than one Personal Guaranty has been signed, each person signing a Personal Guaranty will be jointly and severally liable for the obligations created in it.

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, the undersigned signed this guaranty on \_\_\_\_\_ [date].

*Signature:* \_\_\_\_\_

*Print Name:* \_\_\_\_\_

*Signature:* \_\_\_\_\_

*Print Name:* \_\_\_\_\_



**ATTACHMENT 7  
TERRITORY**

Your territory includes the county or counties of:

In the state of:

## EXHIBIT D-1 CURRENT FRANCHISEES

The following is a list of the names, addresses, and telephone numbers of all current franchisees as of our last fiscal year end.

### Operational Outlets (as of 11/30/2024):

Stechauner, Bernhard	Anchorage	AK	stechauer@hommati.com	(907) 290-3050
Hood, Trenton	Hoover	AL	trentonhood@hommati.com	(205) 661-8111
Meyer, Jacob & Stephanie	Leeds	AL	meyer@hommati.com	(205) 340-8977
Babic, Kirk	Mesa	AZ	kbabic@hommati.com	(715) 718-1423
Abbott, Cary	Peoria	AZ	abbott@hommati.com	(620) 466-6284
Kovic, Vincent	Queen Creek	AZ	vincekovic@hommati.com	(602) 935-9957
Andruskiewicz, Ray Andy	Apple Valley	CA	andya2z@hommati.com	(909) 285-2221
Santos, Paul/Leader, Marc	Bellflower	CA	paulsantos@hommati.com	(833) 399-7774
Baltodano, Napoleon	Foster City	CA	baltodano@hommati.com	(650) 740-3339
Laine, Kendall	Huntington Beach	CA	laine@hommati.com	(929) 466-6284
Lee, Tim	Lake Arrowhead	CA	tglee@hommati.com	(909) 547-9009
Copeland, Don	Lake Elsinore	CA	doncopeland@hommati.com	(909) 222-5210
Zamora, Anthony	Oakland	CA	azamora@hommati.com	(415) 889-8690
Petsche, Tim	Oceanside	CA	timpetsche@hommati.com	(760) 273-5505
Baccai, Greg	Santa Rosa	CA	gregbaccai@hommati.com	(707) 408-8188
Blaylock, Billy/Fletcher, Jeff	Spring Valley	CA	billyandjeff@hommati.com	(619) 900-4592
Balandran, Michele	Valencia	CA	micheleandchris@hommati.com	(323) 379-5030
Cary, Nick	Vallejo	CA	nickcary@hommati.com	(707) 654-5896
Copeland, Charles	Yucaipa	CA	chuckcopeland@hommati.com	(909) 797-1226
Helm, Wayne	Colorado Springs	CO	waynehelm@hommati.com	(719) 357-5273
Varner, Chris	Eaton	CO	varner@hommati.com	(970) 534-3150
Swope, Robert & Julia	Fort Lupton	CO	robertswope@hommati.com	(719) 434-0372
Muldoon, TJ	Sandy Hook	CT	tj@hommati.com	(203) 303-7850
Sifnugel, Jose	Boca Raton	FL	josesifnugel@hommati.com	(560) 443-3200
Bernard II, Neftalí	Boynton Beach	FL	marilyn@hommati.com	(561) 821-4540
Hill, Chris	Crawfordville	FL	chrishill@hommati.com	(850) 604-0450
Meintassis, Kara	Jacksonville	FL	kmeint@hommati.com	(904) 727-0567
Giffing, Randy & Nick	Land O'Lakes	FL	giffing@hommati.com	(813) 495-5417
Bolivar, Omar	Miami	FL	obolivar@hommati.com	(786) 206-5080
Phelps, Joel	Naples	FL	joelphelps@hommati.com	(727) 351-3500
Feeney, Jim	New Port Richey	FL	jimfeeney@hommati.com	(516) 263-6436
Schulman, Justin	Odessa	FL	jschulman@hommati.com	(813) 812-4888
Becht, Susan	Rockledge	FL	susanbecht@hommati.com	(321) 703-2255
Clum, Trey	Tampa	FL	treyclum@hommati.com	(813) 444-9744

James, Anthony	Locust Grove	GA	anthonyjames@hommati.com	(678)-829-9200
Graham, Al	Peachtree City	GA	algraham@hommati.com	(478) 306-6011
Hewitt, Evon	Rex	GA	ehewitt@hommati.com	(404) 997-3477
Landers, Rob	Savannah	GA	roblanders@hommati.com	(912) 244-3200
Shin, Sam	Honolulu	HI	samshin@hommati.com	(808) 450-3331
Wolford, Brian	Meridian	ID	bwolford@hommati.com	(208) 987-1087
Davis, Amy	Arlington Heights	IL	amydavis@hommati.com	(224) 800-1675
Gillie, Ken	Bartlett	IL	gillie@hommati.com	(847) 400-9585
Bernardini, Abe	Belleville	IL	abernardini@hommati.com	(618) 589-8222
Marchi, Judy & Paul	Palatine	IL	marchi@hommati.com	(847) 250-0222
Dishon, Carol & Gunnar	Frankfort	IN	dishon@hommati.com	(765) 409-4435
Brough, Brian	McCordsville	IN	brough@hommati.com	(317) 620-6022
Eick, Randy	Noblesville	IN	randyeick@hommati.com	(866) 772-5110
Eenigenburg, Gabriel & David	Schererville	IN	eburg@hommati.com	(219) 777-2230
Coleman, Jared	Manhattan	KS	jaredcoleman@hommati.com	(785) 312-3230
Hellebusch, Brian	Overland Park	KS	brianhellebusch@hommati.com	(913) 755-9222
Cole, Carlton & Morgan	Fisherville	KY	carlcole@hommati.com	(502) 735-0099
Ward, LaTasha	Bowie	MD	ward@hommati.com	301-355-0120
Mezgebo, Resom	Germantown	MD	mezgebo@hommati.com	(240) 467-0453
Elie, Thomas	Olney	MD	thomaselie@hommati.com	(240) 630-0455
Connors, Andy	Gray	ME	connors@hommati.com	(207) 618-7300
Bugg, Lisa & Phil	Chesterfield	MI	lbugg@hommati.com	(586) 722-1554
Molzon, Greg	Grand Blanc	MI	molzon@hommati.com	(810) 584-0400
Alzught, Zak	Livonia	MI	zakalzught@hommati.com	(586) 244-3000
Gutowsky, Dan & Joanne	Novi	MI	dangutowsky@hommati.com	(248) 537-2535
Farina, Carmelo	Sterling Heights	MI	cfarina@hommati.com	(248) 230-9515
Pecore, Chris	Apple Valley	MN	chrispecore@hommati.com	(651) 369-9222
Rodelius, Erick	Glencoe	MN	rodelius@hommati.com	(952) 767-5301
Kothenbeutel, Ashley & Jason	Oronoco	MN	ashleyk@hommati.com	(507) 403-7540
Guerrein, Paul	Dardenne Prairie	MO	paulguerrein@hommati.com	(314) 782-2478
Regan, Bill	Greenwood	MO	billregan@hommati.com	(816) 509-1600
Larson, Alex	Kansas City	MO	larson@hommati.com	(816) 849-3114
Clark, Lance	St. Charles	MO	lanceclark@hommati.com	(314) 602-9541
Hough, Dan	St. Charles	MO	danhough@hommti.com	(314) 561-0200
Engman, John	St. Louis	MO	johnengman@hommati.com	(314) 863-7610
Swearingen, Andrew	Springfield	MO	andyswearingen@hommati.com	(417) 249-1234
Strag, Ron & Flor	Charlotte	NC	ronstrag@hommati.com	(980) 244-3200
Childress, Grant	Midland	NC	grantchildress@hommati.com	(704) 236-0147
Small, Tobby	Mint Hill	NC	tobbysmall@hommati.com	(980) 890-7888
Ringer, Eric	Mocksville	NC	ericringer@hommati.com	(336) 890-8999
Fortner, Vince	Raeford	NC	vincefortner@hommati.com	(910) 776-3112
Anderson, Stephen	Raleigh	NC	anderson@hommati.com	(919) 438-1234

Tyler, David	Gilford	NH	davidtyler@hommati.com	(603) 520-0358
Sakthivelu, Ponnarasi	Manalapan	NJ	ponygaya@hommati.com	(732) 331-2117
Benvenuto, Michael	North Haledon	NJ	benvenuto@hommati.com	(201) 215-3995
Sofield, Anne & Kevin	Scotch Plains	NJ	sofield@hommati.com	(201) 693-4878
Arnone, Scott	Sea Girt	NJ	scottarnone@hommati.com	(732) 482-1123
Wallace, Tim	Williamstown	NJ	timwallace@hommati.com	(856) 885-9025
Dominique, Evens	Deer Park	NY	edominique@hommati.com	(631) 760-7849
Bonifazio, Joseph	East Northport	NY	jmbonifazio@hommati.com	(631) 463-0063
Facteau, Kevin/Hurley, Jim	Mechanicville	NY	kevinfacteau@hommati.com	(518) 217-5777
Franzo, Alyssa	New York	NY	afranzo@hommati.com	(347) 983-1664
Bracken, Jeff	Chagrin Falls	OH	jeffbracken@hommati.com	(440) 290-6117
Mosley, Stacie	Columbus	OH	staciepierce@hommati.com	(614) 397-9032
Cochran, Chip	Loveland	OH	chipcochran@hommati.com	(513) 783-2700
Clark, Dan & Denise	Sand Springs	OK	clark@hommati.com	(918) 503-1760
Shiple, Marck	Eugene	OR	marckshiple@hommati.com	(541) 603-9955
Barnett, Chris	Grants Pass	OR	chrisbarnett@hommati.com	(541) 299-9696
Delaney, William & Robin	Sisters	OR	delaney@hommati.com	(541) 524-4000
Keller, Kevin	Beaver	PA	keller@hommati.com	(724) 910-8463
Gage, Michael	Landisville	PA	mikegage@hommati.com	(717) 323-2580
Abdelehad, Samer	McMurray	PA	samer@hommati.com	(412) 779-6222
Casal, David	South Abington Twp	PA	davidcasal@hommati.com	(570) 979-1188
Marguenski, Milena	Mt. Pleasant	SC	marguenski@hommati.com	(843) 823-4666
Bowen, Scott	Pickens	SC	scottbowen@hommati.com	(864) 779-4055
Shuff, Taylor	Columbia	TN	shuff@hommati.com	(615) 442-8101
Lane, Jonathan/Serfass, Mike	Knoxville	TN	jonathanlane@hommati.com	(865) 328-0431
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**Franchise Agreement Signed, But Outlet Not Yet Open (As of 11/30/2024)**

Citriniti, Joseph	Campos	PR	Citriniti@hommati.com	(939) 600-0030
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## EXHIBIT D-2

The following is a list of the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of each franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within ten weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Randy Smith  
Loxley, AL  
(251) 716-6169  
Non-renewal 12/27/23

Elizabeth DePietro  
Ormond Beach, FL  
(386) 871-2424  
Non-renewal 10/24/24

Derek Felber  
Fargo, ND  
(701) 799-8063  
Non-renewal 9/13/24

Phillip Ellis  
Conway, AR  
(501) 391-7300  
Non-renewal 8/5/24

Sean DiMotta  
Jacksonville, FL  
(863) 944-9236  
Non-renewal 7/19/24

Phillip Lipscomb  
Canfield, OH  
(330) 770-4790  
Terminated on 7/30/24

Teddy Nicholson  
Santee, CA  
(619) 678-1122  
Sold on 9/12/24

Greg Waters  
Ft. Meade, FL  
(863) 271-5588  
Non-renewal 1/16/24

Nina Campbell  
Summerville, SC  
(843) 557-3344  
Non-renewal 1/30/24

Jakob Keller  
Peyton, CO  
(719) 722-2710  
Terminated on 5/22/24

Steve Severn  
Murrayville, GA  
(770) 740-5383  
Terminated on 3/4/24

Jonathan Duncan  
Brentwood, TN  
(615) 420-2299  
Non-renewal 8/5/24

Terry Antrum  
Vernon, CT  
(860) 559-1216  
Non-renewal 2/26/24

Rich Cummings  
Plainfield, IL  
(773) 531-7456  
Non-renewal 12/28/23

Hannah Tyner  
Collierville, TN  
(901) 221-7967  
Non-renewal 12/20/23

Casey Dylan  
West Hartford, CT  
(860) 531-3233  
Non-renewal 9/13/24

James Peterson, II  
Nixa, MO  
(417) 249-1234  
Sold on 4/15/24

Brian Martin  
Midland, TX  
(432) 242-6440  
Non-renewal 4/11/24

Daniel & Grace Allen  
Jacksonville, FL  
(904) 299-3500  
Non-renewal 8/9/24

Vincent LaStella  
Toms River, NJ  
(732) 640-8303  
Reacquired on 12/6/23

Daniel Wishard  
Honey Grove, TX  
(817) 993-9299  
Terminated on 12/12/23

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**EXHIBIT D-4  
HOMMATI® FRANCHISEE  
CLOSING QUESTIONNAIRE**

[Not to be used as to any franchise sale in or to residents of CA, HI, IL, IN, MD, MN, NY, ND, RI, SD, VA, WA, WI]

The Closing Questionnaire is not applicable to and shall not be used as to any franchise offer and/or sale involving any California resident and/or franchisee as the Closing Questionnaire violates California Corporations Code sections 31512 and 31512.1.

1.	Full legal name of franchisee (responsible party on the franchise agreement):	
2.	Address:	
3.	Have you received a franchise disclosure document? (Please check one)	
Yes	No	
4.	On what date was the disclosure document received, and by whom?	
Recipient:		
Date:		
5.	Below, please indicate the agreements you are going to sign in connection with the purchase of the franchise and the date when the signature-ready filled-in forms of these agreements were delivered to you:	
	<b>AGREEMENT</b>	<b>DATE</b>
	Franchise Agreement	
	Authorization Agreement for Prearranged Payment	
	Assignment of Telephone Numbers, Email Address and URL's and Special Power of Attorney	
	Nondisclosure and Noncompetition Agreement	
	Personal Guaranty and Subordination Agreement	
6	Name of franchise seller(s) handling this sale for HFN:	

7. Do you agree that no oral or written statements (other than statements in Item 19 of the disclosure document) were made to you by HFN, the seller(s) listed above, or any other representatives of HFN concerning the actual sales, profits or earnings of any franchised or company-owned Offices, or potential sales, profits or earnings that could be anticipated for your Office? (Please check one)		
Yes	No	If no, please explain in detail (attach additional sheet if necessary) whether and how these statements differed from the statements in Item 19 of the disclosure document.
8. Have you carefully reviewed the disclosure document, franchise agreement and the other agreements? (Please check one)		
Yes	No	If no, please explain:
9. Do you understand the disclosure document, the franchise agreement and the other agreements? (Please check one)		
Yes	No	If no, please explain:
10. Did you ask HFN any questions concerning the disclosure document, franchise agreement or other agreements that were not satisfactorily answered? (Please check one)		
Yes	No	If yes, please explain:
11. Did the seller(s) listed above, or any other employee or representative of HFN, make any statement to you that is inconsistent with the information described in the disclosure document? (Please check one)		
Yes	No	If yes, please explain:
12. Did you contact other franchisees of HFN to discuss your possible purchase of the franchise? (It is not a requirement that you had to, but please check one)		
Yes	No	

13. If your answer to question 14 was yes, please identify these franchisees (attach extra sheet if necessary):		
1)		2)
3)		4)
5)		6)
7)		8)
14. Did you employ an attorney to give advice to you concerning the purchase of this franchise? (It is not a requirement that you had to, but please check one)		
Yes	No	If yes, please insert the name, address, and telephone number of the attorney:
15. Did you consult with an accountant or other financial advisor in connection with the purchase of this franchise? (It is not a requirement that you had to, but please check one)		
Yes	No	If yes, please insert the name address and telephone number of the accountant or financial advisor:
Accountant or Other (please describe):		

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any 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 or the Washington Franchise Investment Protection Act.

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.

**California Notice:** Residents of California or persons purchasing a franchise territory located in California may not execute this Questionnaire. If any such person does accidentally execute this Questionnaire, the franchisor agrees not to use the Questionnaire in any manner.

**Hawaii Notice:** Residents of Hawaii or persons purchasing a franchise territory located in Hawaii may not execute this Questionnaire. If any such person does accidentally execute this Questionnaire, the franchisor agrees not to use the Questionnaire in any manner.

I UNDERSTAND THAT HFN IS ACTING IN RELIANCE ON THE TRUTHFULNESS AND COMPLETENESS OF MY RESPONSES TO THE QUESTIONS ABOVE IN GRANTING A FRANCHISE TO ME. I DECLARE UNDER PENALTY OF PERJURY THAT THE ABOVE IS TRUE AND CORRECT.

[Not to be signed as to any franchise sale in or to residents of CA, HI, IL, IN, MD, MN, NY, ND, RI, SD, VA, WA, WI]

FRANCHISE APPLICANT:

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Individually and on behalf of:

\_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Individually and on behalf of:

\_\_\_\_\_



# CONSENT TO ASSIGNMENT

Seller having met the conditions for transfer stated in the Franchise Agreement or our having waived them, we consent to the transfer described above.

FRANCHISOR

HOMMATI FRANCHISE NETWORK, INC.

Date: \_\_\_\_\_

By: \_\_\_\_\_

*Print Name:* Jerry Clum

*Print Title:* President and CEO

**EXHIBIT E**  
**STATE EFFECTIVE DATES**

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

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	December 26, 2024
Minnesota	Pending
New York	Pending
Virginia	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT F-1  
RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The franchisor is Hommati Franchise Network, Inc. ("Hommati"), located at 6264 South Sunbury Road, Suite 100, Westerville, Ohio 43081, Telephone (833) HOMMATI (833-466-6284).

If Hommati offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that Hommati gives you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Hommati gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing and delivery of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Hommati gives you this disclosure document at least 10 business days before the signing and delivery of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Hommati 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 state agency listed in Exhibit A-2.

Hommati authorizes the agents listed in Exhibit A-3 to this disclosure document to receive service of process for it in the particular state.

Issuance Date: January 10, 2025

The Franchise Sellers for this offering are:

Jerry L. Clum, 6264 South Sunbury Road, Suite 100, Westerville, OH 43081, (833) 466-6284  
Joseph Ciamacco, 6264 South Sunbury Road, Suite 100, Westerville, OH 43081, (833) 466-6284

On \_\_\_\_\_, I received a disclosure document dated January 10, 2025, that included the following exhibits:

- |   |  |
|---|--|
| A-1: Addendum: Specific State Disclosures   | 5. Personal Guaranty and Subordination Agreement |
| A-2: State Administrators   | 6. Your Owners                                   |
| A-3: Agents for Service of Process  | 7. Protected Territory                           |
| B: Financial Statements   |  |
| C: Franchise Agreement Attachments  |  |
| 1. Special Release of Claims  | D-1: Current Franchisees                         |
| 2. Authorization Agreement for Prearranged Payment  | D-2: Former Franchisees                          |
| 3. Nondisclosure and Noncompetition Agreement   | D-3: Table of Contents of Operations Manuals     |
| 4. Assignment of Telephone Numbers, Email Addresses and Web Address and Special Power of Attorney | D-4: Franchisee Closing Questionnaire            |
|   | D-5: Assignment of Franchise                     |
|   | E: State Effective Dates                         |
|   | F-1: Receipt (Your copy)                         |
|   | F-2: Receipt (Our copy)                          |

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name of Prospective Franchisee

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name of Prospective Franchisee

**(Your Copy)**

**EXHIBIT F-2  
RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The franchisor is Hommati Franchise Network, Inc. ("Hommati"), located at 6264 South Sunbury Road, Suite 100, Westerville, Ohio 43081, Telephone (833) HOMMATI (833-466-6284).

If Hommati offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that Hommati gives you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Hommati gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing and delivery of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Hommati gives you this disclosure document at least 10 business days before the signing and delivery of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Hommati 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 state agency listed in Exhibit A-2.

Hommati authorizes the agents listed in Exhibit A-3 to this disclosure document to receive service of process for it in the particular state.

Issuance Date: January 10, 2025

The Franchise Sellers for this offering are:

Jerry L. Clum, 6264 South Sunbury Road, Suite 100, Westerville, OH 43081, (833) 466-6284  
Joseph Ciamacco, 6264 South Sunbury Road, Suite 100, Westerville, OH 43081, (833) 466-6284

\_\_\_\_\_, \_\_\_\_\_; \_\_\_\_\_

On \_\_\_\_\_, I received a disclosure document dated January 10, 2025, that included the following exhibits:

- |   |  |
|---|--|
| A-1: Addendum: Specific State Disclosures   | 5. Personal Guaranty and Subordination Agreement |
| A-2: State Administrators   | 6. Your Owners                                   |
| A-3: Agents for Service of Process  | 7. Protected Territory                           |
| B: Financial Statements   |  |
| C: Franchise Agreement Attachments  |  |
| 1. Special Release of Claims  | D-1: Current Franchisees                         |
| 2. Authorization Agreement for Prearranged Payment  | D-2: Former Franchisees                          |
| 3. Nondisclosure and Noncompetition Agreement   | D-3: Table of Contents of Operations Manuals     |
| 4. Assignment of Telephone Numbers, Email Addresses and Web Address and Special Power of Attorney | D-4: Franchisee Closing Questionnaire            |
|   | D-5: Assignment of Franchise                     |
|   | E: State Effective Dates                         |
|   | F-1: Receipt (Your copy)                         |
|   | F-2: Receipt (Our copy)                          |

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name of Prospective Franchisee

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name of Prospective Franchisee