

**INTERO FRANCHISE SERVICES, INC.**

a California corporation
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www.intero.com/franchise

We offer franchises for the operation of residential real estate brokerages using the name Interio Real Estate Services® or Interio Resorts®, depending on the brokerage's location and target market. The franchise is operated from an office under a valid real estate broker's license.

The total investment necessary to begin operation of an Interio franchise ranges from \$210,200 to \$855,400. This includes \$25,000 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 payment to, the franchisor or any 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 Franchise Administration, 10080 N. Wolfe Road, Suite SW3, Cupertino, California 95014 and (408) 342-3000.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

| Issuance Date: ~~April~~ May 16, 2024.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Intero business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Intero franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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 F.

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 be highlighted:

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

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4.2. 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.

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

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

To simplify the language in this disclosure document, “Intero”, “IFS”, “we”, “us”, or “our” means the franchisor, Interio Franchise Services, Inc., a California corporation. These shorthand terms do not include our directors, officers, employees, or representatives. We will refer to the person or entity that is considering the purchase of the franchise as “you”. If you are a corporation, limited liability company or other legal entity, your owners must sign the Guaranty and Assumption of Franchisee’s Obligations that is attached to the Franchise Agreement (Exhibit II), which means that all provisions of the Franchise Agreement will also apply to your owners.

Our principal business address is 10080 N. Wolfe Road, Suite SW3, Cupertino, California 95014. Our agents for service of process are listed on Exhibit F of this disclosure document.

The Franchise

We franchise the right to use the *Intero* name and System in the operation of residential real estate brokerage offices (each, an “Intero Office”). Interio Offices employ and contract with real estate brokers and agents for the purpose of representing buyers and sellers of residential real estate. You will operate a single Interio Office which will involve office management, recruitment and retention of staff, brokers and agents, and general business and brokerage management. Upon application, you may be granted the right to open additional Interio Offices at a reduced initial franchise fee under separate Franchise Agreements.

We do not grant protected areas to franchisees as a general practice and we never grant exclusive territories. In rare circumstances we grant protected areas through a separate written agreement that modifies the Franchise Agreement. Where granted, protected area rights only prohibit us from franchising additional Interio Offices within the protected area using the “Intero” name and related service marks. All other rights are reserved by us and our affiliates. To maintain a protected area franchisees must meet or exceed mutually established performance guidelines.

Interio Offices are distinguished by our distinctive business format, proprietary techniques, systems, methods, procedures, software, designs, layouts, advertising, promotions, marketing, technology, communications procedures and operational standards and specifications (the “System”).

We conduct business under the name *Intero Real Estate Services*®, *Intero Luxury International*®, and *Intero Prestigio*®. You will be granted the right to operate as *Intero Real Estate Services*®; in rare circumstances we may grant you the right to operate using other listed trade names including *Intero Resorts*®. The Interio Resorts trade name is predominantly reserved for destination resort locations. Regardless of the name you are authorized to use primarily in association with your Interio Office, we may also authorize you to use *Intero Prestigio*® and *Intero Luxury International*® in marketing certain high-end residential real estate inventory, in accordance with our guidelines for your market.

We began offering franchises to operate Intero Offices in 2005 and, through a separate disclosure document, we offered master franchises to sub-franchise Intero Offices from 2011 to 2014. We have one master franchisee operating in Houston, Texas. We also have had one area representative operating in Northern California since 2011. If your Intero Office is located within the area representative's territory, our obligations to you under your Franchise Agreement may be performed by the area representative.

Our Parents, Predecessors and Affiliates

Intero Real Estate Services, Inc. ("IRES") is our predecessor and affiliate. Its principal business address is 10080 N. Wolfe Road, Cupertino, California 95014. Since June 2002, IRES has operated Intero Offices in Northern California. IRES may continue to own, operate and open new Intero Offices. IRES currently provides technology services to our franchisees. IRES does not currently, nor did it previously, offer franchises in this or any other line of business.

In May 2014, the stock of IFS was sold to HomeServices of California, Inc. ("HSOC") and HSOC became our parent. The principal business address for HSOC is 333 South Seventh Street, 27th Floor, Minneapolis, Minnesota 55402. HSOC is a wholly owned subsidiary of HomeServices of America, Inc. ("HSOA"), which is a subsidiary of Berkshire Hathaway Energy Company ("BHEC"). The principal business address of HSOA is 333 South Seventh Street, 27th Floor, Minneapolis, Minnesota 55402. The principal business address of BHEC is 666 Grand Avenue, Suite 500, Des Moines, Iowa 50309. Neither HSOC, HSOA nor BHEC offers or previously offered franchises in this or any other line of business.

We are affiliated with several other franchise programs that are required to be disclosed in this Item. Our affiliate BHH Affiliates, LLC ("BHH") has operated the "Berkshire Hathaway HomeServices" residential real estate brokerage franchise system since March 2013. Its principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612. It has never offered franchises in any other line of business.

Our affiliate BRER Affiliates LLC (formerly known as Prudential Real Estate Affiliates, Inc.) ("PREA"), has operated the "Prudential Real Estate" franchise system since February 2004. The principal business address of PREA is 3333 Michaelson Drive, Suite 1000, Irvine, California 92612. PREA has never offered franchises in any other line of business.

Our affiliate Real Living Real Estate, LLC ("RLRE") has operated the "Real Living Real Estate" real estate brokerage franchise system since November 2009. From March 2000 until November 2009, RLRE offered franchises to operate under the name GMAC Real Estate. RLRE previously operated real estate brokerage businesses in select markets, but it stopped doing so as of December 31, 2009. RLRE has never offered franchises in any other line of business. Its principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612.

Our affiliate Reece & Nichols Alliance, Inc. ("RNA") is the real estate brokerage franchising subsidiary operation of Reece & Nichols Realtors, Inc. and offers franchises in the

States of Kansas and Missouri. RNA began offering franchises in 2001. RNA has never offered franchises in any other line of business. Its principal business address is 11601 Granada Lane, Leawood, Kansas 66211.

Our affiliate Roy H. Long Realty Company, Inc. (“LRC”) has operated the “Long Realty” real estate brokerage franchise system since 1997. LRC has never offered franchises in any other line of business. Its principal business address is 900 E. River Road, Suite 100, Tucson, Arizona 85718.

Our affiliate Iowa Realty Co., Inc. (“IRC”) has operated the “Iowa Realty” real estate brokerage franchise system since August 1972. IRC does not currently offer, nor did it previously offer, franchises in any other line of business. Its principal business address is 3501 Westown Parkway, West Des Moines, Iowa 50266.

We are related through common ownership at HSOA to several other real estate brokerage systems in the United States. A current list of these other related systems can be found by visiting HSOA’s website at <https://www.homeservices.com/brokerage>.

Real Estate Brokerage Industry Laws and Regulations

Each of the states in which we grant franchises for Intero Offices has laws and regulations governing the real estate industry. You are required to comply with all applicable laws and regulations. Generally, an individual must be licensed by a state as a real estate broker before that person may provide real estate brokerage services in that state. You should consult with the appropriate state licensing authority before buying a franchise.

There will also be other laws and regulations that may impact the manner in which you do business, including how you represent your clients and customers, the provisions of the agreements and disclosures you use with your clients and customers, your real estate license, your relationship with your sales associates, how you do your accounting and handle your revenues, how you advertise and how you hold yourself and your sales associates out to the public. In addition, you are responsible for complying with all applicable employment, worker’s compensation, insurance, corporate, taxation, licensing and similar laws and regulations that may affect your Intero Office. You must also comply with the National Association of REALTORS® Code of Ethics, any separate Code of Ethics we may develop, and the federal Real Estate Settlement Procedures Act of 1974 (commonly known as RESPA) and the Fair Housing Act.

You should consult with your own advisors to learn more about specific state and federal laws applicable to your Intero Office. You will be required to comply with all applicable laws at your own expense.

Competition

The residential real estate brokerage industry is mature and highly competitive. Your competition will include other independent, franchised, and affiliated real estate brokerage offices. The market for residential real estate brokerage services is most developed in more densely populated areas. In resort areas, the market for residential real estate may be seasonal.

ITEM 2

BUSINESS EXPERIENCE

Brian Crane, Chief Executive Officer: Brian Crane has been our Chief Executive Officer since April 2019. Before that he was Vice President and Sales Manager of Los Gatos, CA operations for IRES from April 2004 to April 2019. He is located in our Cupertino offices.

Stuart Blomgren, Chief Financial Officer: Stuart Blomgren has served as the Chief Financial Officer of IRES since 2002 and IFS since its formation in 2004. He is located in our Cupertino offices.

Alexander E. Seavall, Vice President, Finance: Alexander E. Seavall has served as the Vice President of Finance of IRES since April of 2023. He has been the Chief Financial Officer of HomeServices of America since June of 2019 and is located in Minneapolis, Minnesota.

Dana D. Strandmo, Secretary: Dana D. Strandmo has served as the Secretary of IRES since December of 2023. He is currently the Chief Legal Officer of HomeServices of America and has also been the Chief Administrative Officer of HomeServices of America since April of 2015. His was previously General Counsel, Senior Vice President and Secretary of HomeServices of America from 2003 to 2015. He is located in Minneapolis, Minnesota.

Christopher Moles, General Counsel and Assistant Secretary: Christopher Moles has served as General Counsel and Assistant Secretary of IFS since May 2014. In 2019, he assumed management of the San Jose, Silver Creek Intero office and in February 2021, he became Managing Director of Intero's Commercial division. He is located in San Jose - Silver Creek offices.

ITEM 3

LITIGATION

Kaizen Development, Inc. v. HomeServices of America, Inc., et al., in the Superior Court of the State of California in and for the County of Santa Clara, Case No. 21CV391321, dated November 19, 2021. On November 19, 2021, plaintiff Kaizen Development, Inc. ("KDI") filed its complaint against defendants HomeServices of America, Inc., HomeServices of California, Inc., Intero Real Estate Services, Inc., Intero Franchise Services, Inc., HSF Affiliates, LLC, BHH Affiliates, LLC, Eugene Blefari (together, the "Defendants"). KDI asserted claims for breach of contract, inducing breach of contract, intentional interference with contractual relations, intentional interference with prospective economic relations, negligent interference with prospective economic relations, declaratory relief, constructive trust and accounting. KDI's claims

relate to rights it alleges it has under its Territory Services Agreement (“TSA”) with Intero Franchise Services, Inc. (“IFS”), in 2011. Namely, KDI claims that under the TSA, it is entitled to solicit, provide services to, and receive a share of royalties from, all franchisees of all real estate brands affiliated with IFA in the area covered by the TSA. KDI also claims that IFS told KDI that, following the acquisition of Intero by affiliates of HomeServices of America, Inc. (“HSA”), IFS could no longer offer Intero franchises due to restrictions contained in other agreements to which HSA was bound. The Defendants deny all of KDI’s allegations and have filed a demurrer to, and a motion to strike portions of, KDI’s complaint. The Defendants intend to vigorously defend all claims.

HomeServices of America, Inc., the parent company of Intero Franchise Services, Inc., is one of the defendants in several putative class action matters challenging the long-standing practice of the United States residential real estate brokerage industry of requiring selling brokers to make a uniform offer of compensation to any broker representing a buyer for a listed residential property, as are several other real estate brokerages that are affiliates of HomeServices, Inc., described in Item 1. **Intero Franchise Services, Inc. itself is not named in any of the litigation set forth below.**

1. Christopher Moehrl, Michael Cole, Steve Darnell, Jack Ramey, Daniel Umpa, and Jane Ruh, on behalf of themselves and others similarly situated v. The National Association of Realtors, Realty Holdings Corp., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, The Long & Foster Companies, Inc., Re/Max LLC, and Keller Williams Realty, Inc., (Case No. 1:19-cv-01610, United States District Court for the Northern District of Illinois)

On March 6, 2019, plaintiff Christopher Moehrl filed a putative class action against the National Association of REALTORS® (“NAR”) and other named defendants, in the United States District Court for the Northern District of Illinois. On June 14, 2019, an amended class action complaint was filed (the “Amended Moehrl Complaint”). The Amended Moehrl Complaint named additional plaintiffs, added to, amended and supplemented the facts and allegations set forth in the original complaint, and included BHHS and its parent company, HSF Affiliates LLC, as additional defendants. The Moehrl plaintiffs, who are individuals who previously engaged in the sale of residential real estate, claim on behalf of sellers of residential real estate in multiple geographic locations that the defendants have engaged in a continuing conspiracy to unreasonably restrain trade and commerce in violation of Section 1 of the Sherman Act, and that these actions artificially inflated the amount of commissions paid to brokers and agents representing buyers of residential real estate. The plaintiffs allege that NAR established mandatory anticompetitive policies for multiple listing services and their respective member brokers by requiring listing brokers to offer a commission to buyer brokers pursuant to NAR’s “Buyer Broker Commission Rule”. Plaintiffs further allege that the defendant franchisors, including BHHS, aided in these anticompetitive practices by requiring their respective franchisees to comply with NAR’s policies and Code of Ethics. Plaintiffs seek a determination that the defendants have engaged in illegal conduct, as well as a permanent injunction enjoining the defendants from requiring listing brokers to pay a commission to buyer brokers or to otherwise restrict competition among buyer brokers, and an award of damages and/or restitution, attorneys’ fees and costs of suit. Fact discovery is substantially complete, pending resolution of specific outstanding issues by the court. On March

29, 2023, the court granted the plaintiffs' motion for class certification and appointment of class counsel. On April 7, 2023, BHHS, along with its direct and indirect parent company and certain other defendants, filed motions to compel arbitration with respect to those members of the plaintiff class who executed arbitration agreements in connection with the listing and sale of their properties. On April 12, 2023, BHHS and the other defendants filed a petition for permission to appeal the court's certification decision. On December 19, 2023, the HomeServices defendants (including BHHS and HSF Affiliates LLC) filed a Motion for Summary Judgment which is currently pending a decision by Judge Wood. If the Motion for Summary Judgment is not granted, trial is expected to be scheduled in January 2025. In September 2023, defendants Realogy Holdings Corp. (now known as Anywhere Real Estate, Inc.) and RE/Max LLC entered into settlement agreements with the plaintiffs, and in February 2024, defendant Keller Williams, Inc. entered into its own settlement agreement with the plaintiffs. The National Association of REALTORS® entered its own settlement agreement in March 2024. No liability was admitted by any of the settling defendants, but each has agreed to pay money damages and to change certain business practices if the settlement agreements are approved.

2. Scott and Rhonda Burnett, Ryan Hendrickson, Jerod Breit, Scott Trupiano, and Jeremy Keel, on behalf of themselves and all others similarly situated v. The National Association of Realtors, Realogy Holdings Corp., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates LLC, the Long & Foster Companies, Inc., RE/Max LLC, and Keller Williams Realty, Inc. (Case No. 4:19-cv-00332, United States District Court for the Western District of Missouri).

On April 29, 2019, plaintiffs Joshua Sitzler, Amy Winger, Scott and Rhonda Burnett, and Ryan Hendrickson a putative class action against the following defendants: National Association of REALTORS®, HomeServices of America, Inc., RE/MAX Holdings, Inc. and Keller Williams, Inc. On June 21, 2019, the plaintiffs filed their First Amended Class Action Complaint, amending their April 29 complaint in order to name additional plaintiffs and defendants (including BHHS and HSF Affiliates LLC), and to amend the facts and allegations set forth in the original complaint. Joshua Sitzler and Amy Winger later removed themselves as class representatives pursuant to the Second Amended Class Action Complaint filed on June 30, 2021. A Third Amended Class Action Complaint was filed on May 6, 2022. The claims made and relief sought by the plaintiffs are virtually identical to the Amended Moehrl Complaint except that (i) the lawsuit only purports to cover transactions listed using any one of four Multiple Listing Services operating in the state of Missouri, whereas the Moehrl action is a putative nationwide class action complaint, and (ii) the plaintiffs allege that the defendants have violated the Missouri Merchandising Practices Act. The plaintiffs' motion for class certification was granted on April 22, 2022. Motions for summary judgment made by BHHS, its direct and indirect parent companies, and the other defendants were denied by the court on December 16, 2022. BHHS and its direct and indirect parent companies have appealed the court's denial of their motion to require arbitration with respect to those members of the plaintiff class who executed arbitration agreements in connection with the listing and sale of their properties. In September 2023, defendants Realogy Holdings Corp. (now known as Anywhere Real Estate, Inc.) and RE/Max LLC entered into settlement agreements with the plaintiffs in which no liability was admitted, but each agreed to pay money damages and to change certain business practices. On October 31, 2023, a jury found that the remaining defendants, including BHH Affiliates, LLC, HSF Affiliates LLC, and HomeServices of America, Inc., engaged

in a conspiracy to follow and enforce the Cooperative Compensation Rule enacted by the National Association of REALTORS®, and that this activity had the purpose or effect of raising, inflating or stabilizing broker commission rates, thereby causing the commissions paid by home sellers in the state of Missouri to be more than they would have been otherwise during the period from April 29, 2015, through June 30, 2022, and awarded damages in the amount of \$1.8 billion, which will be trebled by law automatically to \$5.4 billion. Subsequently, co-defendants Keller Williams, Inc. and National Association of REALTORS® each entered into settlement agreements with the plaintiffs. If approved, the settlement agreements will require the settling defendants to pay money damages and change certain business practices. BHH Affiliates, LLC, HSF Affiliates LLC, and HomeServices of America, Inc. are the only defendants remaining who have not settled. The remaining defendants are currently engaged in post-trial motion practice, having submitted motions for a new trial and for judgment as a matter of law, among other motions. If satisfactory post-trial relief is not granted as a result of these motions, BHHS, HSF Affiliates LLC and HomeServices of America, Inc. have stated that they intend to appeal the verdict.

3. Jennifer Nosalek, Randy Hirschorn, and Tracey Hirschorn, on behalf of themselves and all others similarly situated vs. MLS Property Information Network, Inc., et al. (Case No. 1:20-CV-12244, United States District Court for the District of Massachusetts).

On December 18, 2020, plaintiffs Gary Bauman, Mary Jane Bauman, and Jennifer Nosalek filed a putative class action against the following defendants: MLS Property Information Network, Inc., Realty Holdings Corp., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates LLC, RE/MAX LLC, and Keller Williams Realty, Inc. Gary and Mary Jane Bauman later removed themselves as class representatives, and plaintiffs Nosalek, and Randy and Tracey Hirschorn filed a Class Action Amended Complaint on March 1, 2022 (the “Amended Nosalek Complaint”). The allegations in this lawsuit are made on behalf of home sellers of residences located in Massachusetts, but are otherwise virtually identical to those made in the Moehrl and Burnett lawsuits described above; namely, that a requirement to offer and share commissions between listing and buyer brokers inflates home seller costs and is a conspiracy in restraint of trade in violation of the Sherman Antitrust Act, as well as state antitrust laws. Rather than NAR, however, the plaintiffs named the regional Multiple Listing Service (MLS) for Massachusetts, Rhode Island and New Hampshire as the defendant through which the alleged conspiracy to inflate commissions via MLS rules was perpetrated. A Second Amended Complaint was filed on January 9, 2023, to which BHHS and HSF Affiliates LLC filed their answer on January 23, 2023. The Second Amended Complaint added additional defendants that were affiliated with Realty (now known as Anywhere Real Estate Inc.) including the following franchisors: Century 21 Real Estate LLC; Coldwell Banker Real Estate LLC; Sotheby’s International Realty Affiliates LLC; Better Homes and Gardens Real Estate LLC; and ERA Franchise Systems LLC; as well as the following entities affiliated with Re/Max: P&S Holdings, Integra Enterprises, RE/MAX New England, and RE/MAX Integrated. MLS Property Information Network, Inc. has entered into a settlement agreement which, if approved, would provide for payment of money damages and changes in business practices; the Department of Justice has objected to certain terms of the settlement. Under a previous scheduling order, plaintiffs’ motion for class certification was due in February 2024, defendants’ response was due in August 2024, and discovery was scheduled to close in November 2024. On February 14, 2024, Judge Saris issued an administrative order staying the proceedings

of the course temporarily; as a result, the deadlines referenced in the preceding sentence are expected to be extended. No trial date has been set.

4. Batton vs. The National Association of REALTORS®, et al. (Case No. 1:21-CV-00430, United States District Court for the Northern District of Illinois, Eastern Division).

This case was originally styled as Leeder vs. The National Association of REALTORS®, et al. On January 25, 2021, plaintiff Judah Leeder filed a putative class action against the following defendants: The National Association of REALTORS®, Realogy Holdings Corp., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates LLC, The Long & Foster Companies, Inc., RE/MAX LLC, and Keller Williams Realty, Inc. Mr. Leeder is an individual who purchased a home located in the State of New Jersey in October 2020. Many of the factual allegations in the Leeder complaint are taken word-for-word from those detailed in originally in the Moehrl lawsuit described above; namely, that a requirement to offer and share commissions between listing and buyer brokers pursuant to the “Buyer Broker Commission Rule” promulgated by NAR is a conspiracy in restraint of trade in violation of the Sherman Antitrust Act. The Leeder lawsuit is different from the other lawsuits referenced above in that (i) the complaint incorporates fact allegations from a Department of Justice complaint and proposed settlement with NAR that was filed in late 2020; (ii) the plaintiffs seek class action status on behalf of purchasers of residential real estate, rather than sellers; and (iii) Mr. Leeder alleged that all of the defendants have been unjustly enriched by these allegedly illegal practices. The defendants filed a joint motion to dismiss the Leeder lawsuit on April 20, 2021. Thereafter, plaintiffs sought to transfer the case to Judge Andrea R. Wood, who is presiding over the Moehrl case described above. On February 28, 2022, Judge Wood accepted the request to transfer the case, and the case was reassigned effective March 1, 2022. Judge Wood granted the defendants’ motion to dismiss with leave to amend on May 2, 2022. An Amended Class Action Complaint was thereafter timely filed on July 6, 2022; among other things, the Amended Class Action Complaint removed Mr. Leeder as a plaintiff to the action and substituted several new plaintiffs (Mya Batton, Aaron Bolton, Michael Brace, Do Yeon Kim, Anna James, James Mullis, Theodore Bisbicos, and Daniel Parsons) who were purchasers of properties using a buyer-agent representative in the states of Tennessee, Florida, Kansas, Florida, North Carolina, Massachusetts, Massachusetts, and New Mexico respectively. The amended lawsuit dropped its claim for damages under the federal antitrust laws and instead now seeks damages from defendants for alleged violations of numerous state antitrust statutes and consumer protection laws; otherwise, it makes substantially the same allegations as set forth in Mr. Leeder’s original complaint. On September 7, 2022, the defendants filed their motions to dismiss the Amended Class Action Complaint for failure to state a claim; the defendants affiliated with HomeServices of America (including BHHS) filed an additional motion to dismiss for lack of personal jurisdiction. On February 20, 2024, the HomeServices defendants’ motion to dismiss for lack of personal jurisdiction was granted without prejudice.

5. In addition to the cases listed above, BHHS and/or its parent company, HSF Affiliates, LLC, and/or HomeServices of America, Inc. have been named as defendants in several additional putative class action lawsuits, filed in recent months, which are based on alleged violations of federal and/or state antitrust claims similar to those set forth in paragraphs 1 through 3 above in this Item 3. These matters are all in very preliminary phases of litigation. BHHS, HSF Affiliates

LLC and HomeServices of America Inc. intend to defend these actions vigorously.

a. Angela Boykin vs. National Association of REALTORS, et al., including BHH Affiliates, LLC (Case No. 2:24-cv-00105, United States District Court for the District of Nevada), filed February 16, 2024.

b. Gael Fierro et al. vs. National Association of REALTORS, et al., including BHH Affiliates, LLC and Berkshire Hathaway Inc. (Case No. 2:24-cv-00449, United States District Court for the Central District of California), filed January 17, 2024.

c. Dalton K. Jensen vs. National Association of REALTORS, et al., including BHH Affiliates, LLC, HSF Affiliates LLC and HomeServices of America, Inc. (Case No. 2:24-cv-00109, United States District Court for the District of Utah), filed February 9, 2024.

d. Daniel Umpa vs. National Association of REALTORS, et al., including BHH Affiliates, LLC, HSF Affiliates LLC and HomeServices of America, Inc. (Case No. 4:23-cv-00945, United States District Court for the Western District of Missouri), filed December 27, 2023.

e. Burton vs. Bluefield Realty Group, LLC et al., including BHH Affiliates, LLC, HSF Affiliates LLC, and HomeServices of America, Inc. (Case No. 7:24-CV-1800, United States District Court for the District of South Carolina), filed April 11, 2024.

Other than as described above, no litigation is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

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

ITEM 5 **INITIAL FEES**

Franchisees pay an initial franchise fee of \$25,000 in a lump sum when the Franchise Agreement is signed for their first Intero Office. All initial franchise fees are uniform and nonrefundable.

Additional Intero Offices may be opened under separate Franchise Agreements, each at a reduced initial franchise fee of \$5,000 that is due in a lump sum when each separate Franchise Agreement is signed. The initial franchise fee for each additional Intero Office is also uniform and nonrefundable.

In certain circumstances, we offer financing of initial franchise fees for new franchisees, as described in Item 10 of this disclosure document.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Continuing Royalty	5% of Gross Revenue or \$500, whichever is greater Or 6% of Gross Revenue or \$500, whichever is greater.	Monthly, on the 10 th day of each month	Continuing Royalty fees are paid in arrears, based on the immediately preceding month's Gross Revenue. You may elect to pay the higher Continuing Royalty as consideration for receiving certain technology and software services from or through us or IRES. <u>The minimum monthly continuing royalty payment is not intended to be a financial performance representation</u>
Referrals	30% to 45% of Gross Revenues.	Upon close of escrow of each inbound referral	A portion of this fee is paid to the referral network and/or the referring agent/broker.
Technology	\$90 - \$180 per user per month.	Monthly, on the 10 th day of each month	We may offer certain technology products in exchange for a flat monthly fee, which must be paid by electronic funds transfer. These products do not include access to your local multiple listing service.
Optional Training Program	We do not currently charge for optional training but reserve the right to do so.	As incurred	We may charge you fees for optional training courses.
Annual Convention Registration Fee	\$350 to \$599 per attendee.	As incurred	If we have an annual convention, attendance is recommended, but not required.
Service Fee	Varies according to services provided.	As incurred	We reserve the right to impose service fees with respect to certain products and services provided by us to you.
Relocation Services Fee	30% to 45% of Gross Revenue from incoming relocation service transactions.	Payable at the close of escrow for each referral	Payable on any incoming relocation service transaction provided to you. No fee is payable on any outgoing relocation service transaction provided by you.
Costs and Attorneys' Fees	Varies depending on circumstances.	As incurred	None.

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Type of Fee	Amount	Due Date	Remarks
Indemnification	Varies depending on nature of the claim against us.	As incurred	You must reimburse us if we are held liable for claims resulting from or related to your Intero Office.
Insurance Premiums	Varies depending on your location and insurer.	As incurred	See Item 7 for more information.
Insufficient Funds Fee	\$25 per occurrence.	As incurred	Payable for any collections returned for insufficient fees.
Late Fees	\$250 plus 18% per annum or the highest interest rate allowable by law, whichever is less.	As incurred	Payable for any late payments or late reporting.
Audit Fee	Varies depending on circumstances.	As incurred	If you understate Gross Revenues by more than 3% then you must reimburse us for the cost of our inspection and audit, as applicable.
Renewal Fee	\$1,000.	Upon signing new Franchise Agreement	None.
Relocation Fee	Will vary depending on circumstances.	As incurred	Payable upon your relocation of your Intero Office.
Transfer Fee	\$5,000.	When approval for the transfer of your franchise is requested	None.
Termination Fee	Equal to sum of all Continuing Royalties paid for previous 12 months.	Upon termination of the Franchise Agreement	Payable to us upon our termination of the Franchise Agreement.

NOTES:

All fees in the table above are for a single Intero Office, are imposed by and payable to IFS and are non-refundable. As of the issuance date of this disclosure document, we impose fees uniformly. You must use the payment methods we designate. You must furnish us and your bank with any necessary authorizations to make payment by the methods we require.

The term “Gross Revenue” means all revenues you directly or indirectly receive or that are receivable from your Intero Office, transactions for which you must have a real estate or auctioneer’s license (including title or escrow services) or that involve the sale or provision of

products or services that we develop or make available to you directly or through a third-party, and any transaction in which the System or our trademarks or trade names are used by you.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$25,000 or \$5,000 (See Item 5)	Lump Sum	Upon signing the Franchise Agreement	IFS
Real Property, whether Purchased or Leased (Note 1)	\$25,000 - \$250,000	Varies	Before Opening	Seller or landlord, and contractors
Furniture, Fixtures & Equipment (Note 2)	\$50,000 - \$200,000	Varies	Before Opening	Contractors and/or Suppliers
Signage (Note 3)	\$5,000 - \$30,000	Varies	Before Opening	Suppliers
Technology (Note 4)	\$10,000 - \$50,000	Varies	Before Opening	Suppliers
Inventory (Note 5)	\$10,000 - \$20,000	Varies	Before Opening	Suppliers
Insurance (Note 6)	\$25,000 - \$100,000	Varies	Before Opening	Suppliers
Advertising and Marketing (Note 7)	\$5,200 - \$30,400	Varies	As Incurred	Suppliers
Additional Funds - 3 Months	\$75,000 - \$150,000	As Incurred	As Incurred	Third Parties
TOTAL	\$210,200 - \$855,400			

We based these estimates on the establishment of one new Intero Office suitable for 20 sales professionals and staff. Intero Offices can vary greatly in size, style and type.

The estimates provided above represent the expenses you will incur before opening your Intero Office, except for the additional funds estimate which includes additional expenses you may incur from the date we and you sign the Franchise Agreement through the first 3 months of operating your Intero Office.

Your actual expenses will depend on a variety of factors including your prior experience, the size and quality of the office space you select and the market in which it will be located, your business acumen, competition, and other factors. You should review the figures in the above table carefully with a business advisor before making any decision to purchase the franchise.

All payments listed that are made to us are nonrefundable. Unless you make a different arrangement, you should assume that payments that are required to be made to other parties listed in the table above are also nonrefundable. Except as described in Item 10 of this disclosure document, we do not finance any part of your initial investment.

Notes:

1. You must obtain office space that meets our standards and specifications. The estimates in the above table reflect lease payments and the build-out of space of this size but your actual costs may vary. The low-range estimate assumes that you obtain a tenant improvement allowance from your landlord. Your costs to improve your Intero Office will depend in part on whether your space is completely constructed or is the remodel of an existing space, the square footage of your space and market rates in your area. We are not able to estimate the cost of purchasing real estate for your Intero Office because this amount will depend largely on location and size.
2. This includes telephone system, copy machine, fax machine and office furniture.
3. The exterior and interior signs are purchased from a third-party supplier approved by us. Costs will vary depending on the size and type of signs purchased.
4. The technology systems, including hardware and software, are purchased from third party suppliers approved by us. We may require or recommend that you purchase certain technology products. We reserve the right to license to you our own proprietary software for a fee if we develop it and make it available to our franchisees.
5. This includes stationery, business cards, marketing and advertising materials, yard signs and certain other items specified in our Operations Manual. These purchases must be made from approved third party suppliers.
6. You must, at your expense, obtain and keep in full force, certain insurance coverage. Present requirements are: commercial general liability of at least \$1,000,000 combined single limit bodily injury and property damage liability; automobile liability and physical damage insurance (if your company has company cars) of at least \$1,000,000 combined single limit bodily injury and property damage liability and comprehensive and collision coverage with deductibles reasonably satisfactory to IFS; worker's compensation and employer's liability insurance, if required by your state law, with employer's liability with at least a \$100,000 limit per employee; and real estate agent's errors and omissions insurance of at least \$1,000,000. Larger companies should obtain increased coverage consistent with other companies of similar size in the industry in their geographic area. Very large companies should obtain commercial general liability, combined single limit bodily injury and property damage liability; automobile liability and physical damage insurance, and errors and omissions insurance coverage of at least \$5,000,000 in each case. Insurance requirements may change at any time.
7. This is our estimate for your initial promotional and marketing campaigns including obtaining an artist's rendering of your Intero Office for our website if we require one.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase certain products and supplies only from suppliers that we approve. Our approved supplier program has been established to provide a reliable source of products and services to our franchisees.

Before your Intero Office opens for business you must purchase technology systems, stationery, business cards, marketing and advertising materials, yard signs and certain other items approved by us from third party suppliers. We reserve the right to change our requirements at any time. We also reserve the right to develop our own propriety technology solutions and license them to you for a fee. We believe that some technology components are critical to the operation of the System and accordingly, we may recommend that you license additional technology from specific vendors from time to time.

You may offer relocation services through your Intero Office, either independently, through a network of your choice or through a network in which we are a member. In connection with these services, you may be required to sign additional agreements and pay additional fees and royalties, according to your agreements with the relocation service provider.

We will give you a list of our approved suppliers, the standards and specifications for supplies to be used and our criteria for approving a supplier that is not already approved by us. We reserve the right to modify our standards and specifications from time to time and, upon reasonable notice to you, revoke approval of any previously approved supplier if the supplier no longer meets our standards, breaches any agreement with us or if the products or services offered are no longer competitive in price or quality.

If you request approval of a new supplier we will notify you within 30 days of our approval or disapproval. Your request must include sufficient specifications, photographs, drawings and other information and samples to enable us to determine whether supplier meets our specifications. Your request must also provide confirmation that the supplier is financially sound and carries adequate liability insurance. You must reimburse us for the actual cost of any testing and the reasonable cost of investigation to determine whether a supplier meets our specifications. We will not unreasonably withhold approval.

We may limit the number of approved suppliers to obtain volume discounts and to assure consistent quality and adequate supplies for the System. The approved supplier program does not provide you with any special benefits.

We estimate that during the establishment and operation of your Intero Office your required purchases and leases of goods and services will constitute between 1% and 40% of your total purchases of goods and services in establishing and operating your Intero Office.

We do not provide material benefits, such as renewal or granting additional franchises, to franchisees based on use of designated or approved sources or suppliers. We reserve the right to

sell items, products, equipment, supplies and services to franchisees and to derive revenue from such sales. We also reserve the right to receive rebates or other fees from approved suppliers who participate in our approved supplier program. Neither we nor our affiliates received any revenue from selling required products or services to Intero franchisees during 2021.

In addition to our approved supplier program, we have a “Preferred Alliance” program. This program offers ancillary services, directly or indirectly through related or other companies, to assist you in enhancing your business. The program may include certain loan brokerage, escrow services, title searches, insurance, information technology solutions, consumer products and services and other products and services that are related to a residential real estate brokerage business. These services may not be available in all markets, and we reserve the right to add, change or discontinue any Preferred Alliance with any vendor at any time. We may receive access fees and rebates from suppliers participating in the Preferred Alliance program.

As of the issuance date of this disclosure document, no Affiliate of IFS is an approved supplier of any goods or services that franchisees are required to purchase and no officer of IFS owns an interest in any required, recommended or approved supplier.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition/lease	Sections 2.4, 6.7 and 6.9	Items 8 and 11
b. Pre-opening purchases/leases	Article 6	Items 5, 6, 7 and 8
c. Site development and other pre-opening requirements	Article 6	Items 7, 8 and 11
d. Initial and ongoing training	Sections 5.6 and 5.7	Item 11
e. Opening	Articles 5 and 6	Item 11
f. Fees	Articles 5, 6, 7, 8, 9, 12, and 13	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Articles 5 and 6	Items 11 and 14
h. Trademarks and proprietary information	Article 10	Items 13 and 14
i. Restrictions on products/services offered	Sections 6.2, 6.3 and 6.4	Item 16
j. Warranty and customer service requirements	Section 6.16	Item 16
k. On-going product/service purchases	Article 6	Item 8
l. Maintenance, appearance and remodeling requirements	Articles 6 and 12	Item 8
m. Insurance	Section 6.13	Item 7
n. Advertising	Section 7.2	Items 5, 6, 7 and 11
o. Indemnification	Section 9.2	Item 6
p. Owner's participation/management/ staffing	Section 6.5	Items 11 and 15
q. Records and reports	Article 7	Item 8
r. Inspections/audits	Article 7	Item 6
s. Transfer	Article 11	Item 17
t. Renewal	Article 12	Item 17
u. Post-termination obligations	Article 14	Item 17
v. Non-competition covenants	Section 15.2	Item 17
w. Dispute resolution	Article 18	Item 17

**ITEM 10
FINANCING**

SUMMARY OF FINANCING OFFERED

Item financed	Source of financing	Down payment	Amount financed	Term (yrs)	Interest rate	Monthly payment	Prepay penalty	Security required	Liability upon default	Loss of legal right on default
Initial Franchise Fee	Promissory Note	Varies	(See Note 1)	1 to 60 months (See Note 2)	3% to 7.5% (See Note 3)	Equal monthly installments (See Note 4)	(See Note 5)	(See Note 6)	(See Note 7)	None

Notes:

1. IFS may allow you to defer payment of all or a portion of the initial franchise fee described in Item 5 of this disclosure document in connection with your first Intero Office.
2. Terms may range from 1 to 60 months.
3. The financed portion of the initial franchise fee will bear interest at an annual rate ranging from three percent (3%) (APR of 3%) to seven point five percent (7.5%) (APR of 7.5%) and will be payable under the terms of a promissory note evidencing the debt. A sample form of promissory note is attached as Exhibit G to this disclosure document.
4. Notes are usually self-amortizing and payable in equal monthly installments, depending upon market rates and conditions. We may have the right to offset amounts due to you under the Incentive Bonus Program with amounts due under the note.
5. Promissory notes will not impose prepayment penalties but will provide for acceleration of payment of principal and accrued interest if a default occurs, either under the promissory note or if you default under the Franchise Agreement.
6. IFS may also require that any note be secured by real or personal property.
7. All promissory notes will provide that a failure to make payments under the promissory note will also cause you to be in default of the Franchise Agreement. Your principals will be required to personally guarantee the promissory note and you must waive presentment, demand and protest. Repayment arrangements may include payment to IFS of an override above Continuing Royalties, which is then used to pay interest and principal. IFS does not intend to assign or discount to any third party any note, contract or other instrument executed by its franchisees, but IFS reserves all rights to do so. Default interest is equal to the lesser of 18% or the highest rate allowed by applicable law.

Other than as described above, we do not offer direct or indirect financing. We do not guarantee your note, lease, or other obligation.

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

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

Pre-Opening Assistance

Before you open your Intero Office, we will:

- (1) Designate the brand under which you will operate your Intero Office. (Section 2.5 of Franchise Agreement).
- (2) Before you sign the Franchise Agreement, provide you with our criteria for approving a site and approve the site for your Intero Office. Once you have selected a site, you must submit information to us regarding the location. We consider the following factors when reviewing a proposed site: (i) residential population, (ii) income levels, (iii) demographics, (iv) competition, (v) visibility, (vi) proximity to other Intero Offices, (vii) accessibility, (viii) traffic, (ix) size, (x) condition and character, (xi) parking, and (xii) available signage. Our approval of a site does not guarantee success or profitability. We will not sign a Franchise Agreement with you unless and until we have approved your site. Because of this, there is no contractual limit on the time we may have to approve or disapprove your proposed site. We will not own the site or lease it to you. (Sections 2.4 and 6.9 of Franchise Agreement).
- (3) Furnish you with our standards and specifications for interior and exterior design, layout, floor plan, signage, color and decor. You are responsible for all costs related to architectural designs, construction, remodeling, decoration, conforming the site to local ordinances and building codes, and obtaining any required permits. (Sections 6.6 and 6.9 of Franchise Agreement).
- (4) Provide you with information and advice about approved suppliers of technology, supplies, equipment and materials to be used in your Intero Office. (Section 6.10 of Franchise Agreement).
- (5) Loan you one copy of our confidential and proprietary Operations Manual, covering the specifications, standards and operating procedures that we require and information about your obligations. The table of contents of our Operations Manual is attached to this disclosure document as Exhibit E. We reserve the right to modify the Operations Manual from time to time. We will notify you in writing if there are any changes to the Operations Manual so that you can comply with and adopt the changes. You will have to pay for all costs associated with implementation of the changes. (Section 5.4 of Franchise Agreement).

Schedule for Opening

We estimate the typical length of time between the date you sign the Franchise Agreement and the date your Intero Office opens will be approximately 60 to 90 days. The factors which may affect this include, for example, your ability to locate a site, secure financing (if necessary), obtain a lease, secure governmental permits, licenses and approvals, improve the site, obtain necessary equipment, products and supplies, and recruit and hire personnel. Your Intero Office must be open for business within 90 days after the effective date of the Franchise Agreement (Sections 6.6 and 6.9 of Franchise Agreement).

Continuing Assistance

During the operation of your Intero Office, we will:

- (1) Make available our advertising and promotional materials and designs, although the costs of reproduction, reprinting and placement is your responsibility. (Sections 5.3 and 7.2 of Franchise Agreement).
- (2) Make our employees or designated agents available to you for advice and assistance regarding operations, at such times and with such frequency as we determine in our discretion. (Section 5.7 of Franchise Agreement).
- (3) Give you access to our Preferred Alliance program which is designed to offer ancillary services, directly or indirectly through related or other companies to assist you in enhancing your business. The program may include certain loan brokerage, escrow services, title searches, insurance, information technology solutions, consumer products and services, and other products and services that are related to a residential real estate brokerage business. These services may not be available in all markets, and we reserve the right to add, change or discontinue any Preferred Alliance with any vendor at any time.

Advertising and Marketing

We are not required to conduct any advertising or marketing or spend any amount on advertising or marketing for the System or in the area in which your Intero Office is located. We permit franchisees to use their own advertising and marketing materials according to our standards and subject to our review and approval. There is no advertising council composed of franchisees but we reserve the right to create one in the future. Franchisees are not required to participate in local or regional advertising cooperatives but may form them if they desire to. Franchisees are not required to participate in any advertising or marketing funds.

Incentive Bonus Program

We offer franchisees the opportunity to participate in our incentive bonus program (“Incentive Bonus Program”) to qualify for an annual cash bonus (“Incentive Bonus”). The Incentive Bonus Program currently provides for an Incentive Bonus of up to 2% of your Gross Revenue for the previous calendar year, subject to certain terms and conditions described in the Operations Manual and pursuant a schedule of eligibility that is set by us and that may change from year to year in our discretion. Year to year adjustments to the schedule will not exceed 20% (on a non-cumulative basis) of the figures then in effect for the Incentive Bonus Program. Adjustments will be made, if at all, on or before March 15th and will be effective for the Incentive Bonus payable for such year. (Section 8.4 of Franchise Agreement).

If you own more than one Intero Office, then each Intero Office’s Gross Revenue will be combined when we compute your Incentive Bonus under the Incentive Bonus Program. Eligibility for the Incentive Bonus Program includes being in good standing and compliance with your Franchise Agreement and having a minimum of 15 months remaining on the term of your Franchise Agreement. If you are eligible to receive an Incentive Bonus, then we will pay it to you by April 15th of the year following the year used to calculate the amount of the Incentive Bonus. If the Franchise Agreement will expire during the 15 months following the next due payment of the Incentive Bonus, then you will not be eligible to receive an Incentive Bonus for the previous year.

Computer Systems.

You must obtain and use the computer-based, web-based, application-based and/or other technological systems and services that Franchisor periodically specifies, including hardware components, software, dedicated communication and power systems, printers, payment devices, and other computer-related accessories and peripheral equipment (the “Computer System”) set forth in the Operations Manual. We expressly reserve the right to modify specifications for and components of and/or the technologies and functions for, the Computer System, and these modifications and/or other technological developments or events, may require you to purchase, lease and/or license new or modified computer hardware, software and other components and technologies and to obtain service and support for the Computer System. You must incur the costs of obtaining and updating the Computer System (and additions and modifications) and required service or support. Within sixty days after we deliver notice to you, you must obtain the Computer System components that we designate and ensure that your Computer System, as modified, is functioning properly. We reserve the right to independently access your Computer System remotely. We have no contractual limitation on our right to obtain information from your Computer System.

As of the issuance date of this disclosure document, you must obtain and use at a minimum, one desktop computer, Microsoft Office Professional, a Broker management software, the designated transaction reporting system and a high-speed Internet connection. We estimate the cost of purchasing or leasing the required computer systems including the licenses for the recommended software solutions to be between \$10,000 and \$50,000, depending on how big your

Intero Office is and how many users will have access to and use of the systems. Neither us nor any affiliates or third parties are required to provide you with any ongoing maintenance, repairs, upgrades or updates, except as otherwise set forth below. We estimate the annual cost of any optional or required maintenance, updating, upgrading or support contracts for the computer systems to be approximately \$100 per salesperson in your Interio Office.

If you elect to pay the higher Continuing Royalty (the greater of 6% of Gross Revenues or \$500 per month), then IFS (or its affiliate) will sub-license to you the AgentAchieve and Document Manager software solutions and a Microsoft Outlook web-hosted email solution for unlimited users affiliated with your Interio Office. IRES (on behalf of IFS) or its designee will also perform all ongoing maintenance, repairs, upgrades and updates for the services it provides.

Our Operations Manual contains a list of approved computer systems suppliers. In addition, we may make available optional software packages for use with your Interio Office.

Training.

We do not have an established training program. We may make training available to you and your personnel periodically and, in some cases, upon request from franchisees. Brian Crane, our CEO, manages the optional training programs. He has been with Interio since 2019 and has over 20 years of experience as a training leader. Some of our offerings may include sales techniques, motivational sessions, special interest programs and advanced training sessions. These offerings will be held at the times and at the locations we select. In addition, if you offer relocation services through a membership maintained by us you must complete to our satisfaction additional training with the relocation services provider. You will be responsible for all course fees, travel and living expenses incurred in connection with all optional training.

ITEM 12

TERRITORY

You may operate your Intero Office only at the specific location that we approve. Some of the factors we consider when approving a location include the demographics of the market surrounding the proposed location, the expected gross revenue, your reputation in the market, if it is established or not, your existing business in the market and whether having an office in the location will add value to the System.

We do not grant minimum territories as a general practice and 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 or our affiliates control.

We do not have a policy regarding the proximity between Intero Offices or between Intero Offices and other real estate brokerage franchise systems operated by our affiliates.

Many of our affiliates operate franchise systems offering real estate brokerage franchises under other names. Each of these affiliates has their own personnel and is operated separately. Their franchisees may operate in your area and may compete with you for business. A list of affiliated real estate brokerage systems is located at <https://www.homeservices.com/brokerage>.

We and our affiliates reserve all rights that we do not grant to you, including the unconditional right in all circumstances to own, operate, franchise, license, or in any other manner authorize the location and operation of, Intero Offices or other real estate brokerage businesses through any means available, and the right to solicit and accept business from clients and customers within and outside the area that your Intero Office is located and/or markets its services.

Without limitation, we also reserve the right for ourselves and our affiliates to use other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing sales, either under the “Intero” name or other names, to make sales anywhere, including within and immediately surrounding the location of your Intero Office and within the market your Intero Office targets its services. We do not have to pay any compensation to you for soliciting or accepting business from in and around your location or the market your Intero Office services.

Similarly, there are no restrictions on your ability, or any other franchisee’s ability to solicit or accept business from clients and customers within and outside the area that your Intero Office markets its services and, subject to our approval, you may use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing to make such sales.

If you desire to relocate your Intero Office, you must request our consent at least 30 days before the desired date of relocation. When we consider your request, the factors we will consider include the location of the proposed new site, the proximity of the new site to other existing Intero Offices, and whether you are in default of any of your obligations under your Franchise Agreement.

ITEM 13
TRADEMARKS

We will license you the right under the Franchise Agreement to develop and operate an Intero Office under the name “Intero Real Estate Services” or “Intero Resorts”, subject to compliance with our standards. During the term of the Franchise Agreement, you will be authorized to use the *Intero* name and other current and future service marks and trademarks that we designate for use in connection with the System, whether registered or unregistered (“Marks” or “Service Marks”). As of the issuance date of this disclosure document, we have obtained a registration of the following principal Marks on the Principal Register of the United States Patent and Trademark Office (“PTO”):

Mark	Registration Number	Registration Date
INTERO REAL ESTATE SERVICES (and design)	3,097,514	5/30/2006
INTERO REAL ESTATE SERVICES	3,024,787	12/6/2005

We have filed all required affidavits and there are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court regarding any of the Marks. We are not aware of any pending infringement, opposition, or cancellation proceedings and there is no pending material federal or state court litigation regarding our use or ownership rights in the Marks. There are also no agreements that significantly limit our rights to use or license the use of the Marks in a manner material to the franchise.

You must use “Intero Real Estate Services®” to identify your Intero Office. You must also identify yourself as the independent owner of the Intero Office in the manner as we may require. You may not use any of the Marks as part of any corporate or trade name, and you may not use any of the Marks to identify unauthorized services or products, in any other manner not expressly authorized in writing by us, or in connection with any activity other than the operation of your Intero Office in compliance with our guidelines or as otherwise authorized by us.

We reserve the right to change or modify the Marks or any other trademarks, service marks or commercial symbols that we obtain and let you use. If we do so, then you must comply with these changes at your expense. You must comply with our standards and specifications in connection with your use of the Marks.

You must notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to the Marks licensed to you under the Franchise Agreement. You may not communicate with any person other than us and our counsel regarding any such matter. We are not obligated to take any affirmative action when you notify us of these uses or claims. We have

the right to control any administrative proceedings or litigation involving the Marks and you agree to assist us in protecting the Marks.

We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are a party to any administrative or judicial proceeding involving any of the Marks, or if the proceeding is resolved unfavorably to you.

We are not aware of superior prior rights or infringing uses that could materially affect your use of the Marks.

Certain Intero Offices are owned and controlled by IRES. These Intero Offices may be licensed additional rights to identify themselves with phrases like “a HomeServices of America affiliate”, “a Berkshire Hathaway affiliate”, or similar. You will not be permitted to identify your Intero Office in this or any similar manner.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Except for common law copyrights on all proprietary advertisements, software, manuals and printed materials, we have no existing patent or copyrights and no pending patent applications or copyrights that are material to the franchise. We have not registered any of the common law copyrights and no agreements are currently in effect that significantly limit our rights to use or license the use of the common law copyrights in a manner material to the franchise.

You must operate the Intero Office according to the provisions of the Franchise Agreement and the Operations Manual. In addition to the Operations Manual, you may receive other manuals and marketing materials. If you discover any unauthorized use of manuals or any other materials, you should contact us and we will take such action as we consider appropriate. We are not obligated to defend you against claims arising from your use of the copyrighted materials. We are not aware of any existing infringing uses that could affect your use of the copyrighted materials.

We own certain Confidential Information relating to the INTERO System, the INTERO Marks, and your Intero Office. We, as we deem necessary, will disclose our Confidential Information to you solely for your use in operating your Intero Office and for no other purpose. The Confidential Information is proprietary and includes Franchisor's trade secrets. "Confidential Information" means confidential, proprietary and other information (whether or not marked "Confidential" or not) relating to us, our affiliates, the operation of your Intero Office, the INTERO Marks, and the INTERO System, including, without limitation, the Operations Manual, electronic communications identification numbers, procedures related to our proprietary communications and referral systems and all other methods, analyses, processes, financial data, budgets, data, techniques and information related to your Intero Office, whether furnished to us or any of our directors, employees, advisors, attorneys, accountants, consultants, subcontractors, representatives or lending institutions, and whether furnished before or after signing the Franchise Agreement, in any form or medium, including, without limitation, written, oral, electronic or otherwise, and including any documents, analyses or reports based upon or that include such information.

You and your owners must (a) maintain the confidentiality of the Confidential Information, including adopting and implementing the procedures that we prescribe periodically to prevent unauthorized use or disclosure of the Confidential Information, except to the extent necessary for your advisors and employees to perform their functions in the operation of your Intero Office; (b) not use the Confidential Information in any other business or capacity; and (c) not make unauthorized copies of any portion of the Confidential Information in written, electronic or other tangible form.

You must comply with the Identity Standards, other directions from us, prevailing industry standards (including payment card industry data security standards), all contracts to which you are a party or otherwise bound, and all applicable laws and regulations, as any of them may be modified periodically, regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Client Data on your Computer System or otherwise in your possession or control and, in any event, employ

reasonable means to safeguard the confidentiality and security of Client Data. “Client Data” means names, contact information, financial information, and other personal information of or relating to the clients and prospective clients. If there is a suspected or actual breach of security or unauthorized access involving your Client Data (a “Data Security Incident”), you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Client Data was compromised or disclosed. You must comply with our instructions in responding to any Data Security Incident. We have the right, but no obligation, to control the direction and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding at your expense.

We and our affiliates may, through the Computer System or otherwise, have access to Client Data. We and our affiliates may make any and all disclosures and use the Client Data in our and their business activities and in any manner that we or they deem necessary or appropriate. You must secure from your clients, prospective clients and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Client Data to us and our affiliates and for us and them to use that Client Data in the manner that the Franchise Agreement contemplates.

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

You not required to participate personally in the direct operation of the Intero Office but you must designate a responsible broker to hold all necessary real estate licenses and to supervise all real estate activities and transactions handled by the Intero Office (“Responsible Broker”). In addition, a resident manager must be designated to be always responsible for on-premises supervision of the Intero Office (“Resident Manager”). A Responsible Broker and a Resident Manager may be the same individual and they need not own any interest in the entity that owns and operates the Intero Office.

If you operate more than one Intero Office, then, in addition to a Responsible Broker and Resident Manager, you must appoint an office manager for each Intero Office (“Office Manager”). This may be the same person as the Responsible Broker and/or the Resident Manager. The Office Manager need not own any interest in the entity that owns and operates the Intero Office. We do not require the Responsible Broker, Resident Manager, or Officer Manager to complete an initial training program.

We recommend that you require your Responsible Broker and Resident Manager to sign a nondisclosure and non-competition agreement with you. Other than this recommendation, we make no recommendations and have no requirements regarding employment or other written agreements between you and your employees.

Each of your officers, directors, shareholders, partners, members and owners may be required to sign an agreement personally guaranteeing and agreeing to perform all of your obligations under the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only operate a residential real estate brokerage office and provide such services expressly approved by us in writing. Unless we agree otherwise in writing, you may only offer those services that we designate as set forth in the Franchise Agreement and the Operations Manual. You must comply with our standards and specifications. We have the right to change, modify or supplement the authorized services, and there are no limits on our right to do so.

You can only operate under a fictitious name which includes the words “Intero Real Estate Services” or “Intero Resorts” and which complies with the standards set forth in the Operations Manual. You are not restricted from obtaining any real estate listing, buyer or seller that you can lawfully procure. You must use the Marks exclusively, and the Marks must be used in all advertising, promotions, communication, and all other materials in any medium. We reserve the right to review and require changes to any advertising or other materials including the Marks, and there may be fees or charges associated with those changes.

You are required to meet certain quality service standards that we may periodically establish, and your customer service may be monitored through a client survey developed by us. We can terminate the Franchise Agreement if you do not meet these minimum quality service standards. We also may conduct investigations of customer complaints about your performance and require you to resolve all complaints to our satisfaction.

You may offer relocation services through your Intero Office. You may offer these relocation services independently or through a network of your choice. We may choose to offer you the opportunity to participate in a relocation network under a membership held in our name if you expressly agree to follow the procedures set forth in the Operations Manual and to refer all of your relocation service transactions to the network under our membership. Your offering of relocation services, whether independently, through a relocation network of your choice or through our membership in a relocation network may result in you paying additional fees and royalties, such as referral fees, to the applicable relocation network or referring broker.

If we permit you to conduct activities that do not involve residential real estate brokerage services, then such activities must be conducted within the guidelines specified in the Franchise Agreement and Operations Manual, under a trade name not containing the word “Intero” and without any possibility of confusion that the other business relates to your Intero Office in any way. You must obtain our written consent before engaging in any conduct that is not expressly authorized by the Franchise Agreement or Operations Manual.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 1.4	10 years.
b. Renewal or extension	Article 12.0	The renewal term is the term that we offer to new franchisees under our then current franchise agreement.
c. Requirements for you to renew or extend	Sections 12.3-12.5	You must be in good standing under your Franchise Agreement, sign our then-current franchise agreement, sign a general release and pay us \$1,000.
d. Termination by you	Section 13.9	You may terminate the Franchise Agreement if we materially breach and fail to cure within 60 days after notice or, if we cannot reasonably correct the breach in 60 days, then if we do not cure within a reasonable time.
e. Termination by us without cause	Not applicable	Not applicable.
f. Termination by us with cause	Sections 6.16, 12.7, 13.1, 13.2 and 13.3	We may terminate your Franchise Agreement if you default.
g. "Cause" defined – curable defaults	Sections 6.16 and 13.3	Subject to state law, depending on the violation, you have 24 hours, 14 days or 30 days to cure.
h. "Cause" defined – non-curable defaults	Section 13.2	Non-curable defaults: abandonment; insolvency (to the extent permitted by law); inaccurate reporting of gross revenue; transfer of service marks without consent; suspension of real estate license; default twice within 12 months for same or similar breach; default on 3 or more separate occasions within any 12 month period; refusal to permit audit of financial records; failure for two consecutive anniversary years after first anniversary year to achieve gross revenue sufficient to generate a total royalty of \$15,000; any activity in violation of the Franchise Agreement that would not permit a complete cure or remedy of any damage caused by such violation; violation of trust account rules and regulations; failure to pay taxes; material violations of laws applicable to real estate brokerage and related activities; and bankruptcy-related events.
i. Your obligations on termination/non-renewal	Section 13.4 and Article 14.0	Pay amounts owed to us or our related companies, discontinue the franchised business (do not identify self as current or former franchisee and discontinue use of the Marks), cancel fictitious name registration, notify phone company, cooperate with our auditors, stop using

Provision	Section in franchise or other agreement	Summary
		Confidential Information, furnish evidence of compliance with above within 30 days of termination and, if applicable, pay us a termination fee.
j. Assignment of contract by us	Section 11.8	The Franchise Agreement is fully assignable by us.
k. "Transfer" by you – defined	Section 11.2	Includes transfer of the Franchise Agreement, the assets of the Intero Office, or a change of ownership.
l. Our approval of transfer by you	Section 11.3	We have the right to approve all transfers but will not withhold it unreasonably.
m. Conditions for our approval of transfer	Section 11.5	(i) Your current compliance with the Franchise Agreement, (ii) you provide us with written notice of the proposed transfer and all information we reasonable request concerning the transferee; (iii) transferee satisfies our criteria, (iv) new Resident Manager attends and completes the next scheduled initial training, (v) transferee agrees to abide by the current Franchise Agreement or signs a new Franchise Agreement (at our discretion), (vi) if required by the lease or sublease, the lessor or sublessor must consent to the assignment or sublease of the office to the transferee; (vii) pay transfer fee, (viii) sign a general release and (ix) agree that any amounts owed to you by transferee are subordinate to obligations owed to us or our affiliates.
n. Our right of first refusal to acquire your business	Section 11.4	We have a right to match any offer, we may substitute cash for any payment method set out in offer and we have 90 days from option exercise date to complete transaction. Our credit is deemed equal to that of potential purchaser.
o. Our option to purchase your business	Section 11.4	If the interest which is the subject of the offer involves less than all of the ownership interest in franchisee's business, then at the sole option of Franchisor, Franchisor's right of first refusal shall apply to the entire ownership interest in franchisee's business.
p. Death or disability of you	Section 11.7	Passes through your estate, subject to certain conditions
q. Non-competition covenants during the term of the franchise	Section 15.2	Franchisee and its Owners cannot divert business or customers, or own, render services for or give advice to any competitive business located anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable.
s. Modification of the agreement	Section 17.7	Only in writing signed by all parties, or upon notice, we may reduce the scope of your obligations without your

Provision	Section in franchise or other agreement	Summary
		consent. The Operations Manual is subject to change by us without prior notice.
t. Integration / merger clause	Section 16.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 18	Subject to applicable state laws, and except for certain claims, all disputes must be arbitrated in the County of Santa Clara, California. Either party may require non-binding mediation. Mediation will be conducted in the County of Santa Clara, California, or, at our option, in the county where your principal place of business is located.
v. Choice of forum	Section 18.7	All disputes must be heard in the County of Santa Clara, California. You waive the right to trial before a jury.
w. Choice of law	Section 16.1	Subject to applicable state laws, Delaware law applies.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Alexandria Kavalaris, Corporate Counsel, Intero Real Estate Services at 10080 N. Wolfe Road, Suite SW3, Cupertino, California 95014 and (480) 342-3000, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2021 to 2023

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	36	36	0
	2022	36	36	-3
	2023	33	29	-4
Company-Owned	2021	19	20	1
	2022	20	18	-2
	2023	18	17	-1
Total Outlets	2021	55	56	1
	2022	56	51	-5
	2023	51	46	-5

Table No. 2
Transfers of Outlets from Franchisee to New Owners (other than to Franchisor)
For Years 2021 to 2023

State	Year	Number of Transfers
CA	2021	0
	2022	0
	2023	0
Total for All States	2021	0
	2022	0
	2023	0

**STATUS OF UNIT FRANCHISE OUTLETS
FOR YEARS 2021 TO 2023
TABLE #3**

1 2 3 4 5 6 7 8 9

State	Year	Outlets at Start of Year	Outlets Opened	Terminate d	Non- Renewal s	Reacquire d by Franchisor	Ceased Operation s Other Reasons	Outlet s at End of Year
AL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
AZ	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
CA	2021	30	2	1	1	0	0	30
	2022	30	0	3	0	0	0	27
	2023	27	1	5	0	0	0	23
CO	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
FL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
HI	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
NV	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TX	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Totals	2021	36	2	1	1	0	0	36
	2022	36	0	3	0	0	0	33
	2023	33	1	5	0	0	0	29

Table No. 4
Status of Company-Owned Outlets
For Years 2021 to 2023

For Years 2021 to
2023

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquire d from Franchise e	Outlet s Close d	Outlets Sold to Franchise e	Outlet s at End of the Year
CA	2021	18	1	0	0	0	19
	2022	19	0	0	2	0	17
	2023	17	0	0	1	0	16
NV	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	19	1	0	0	0	20
	2022	20	0	0	2	0	18
	2023	18	0	0	1	0	17

Table No. 5
Projected Openings
As of December 31, 2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
All States	0	0	0
Total	0	0	0

Exhibit E attached to this disclosure document is a list of all current franchisees, their names, addresses and telephone numbers. We have communicated with all of our franchisees within 10 weeks of the issuance date of this disclosure document. Below we list the name, city, state, and current business (or if unknown, home) telephone numbers of the franchisees who ceased to do business under the Franchise Agreement or had an outlet terminated, canceled, not renewed, or transferred within the last fiscal year ended December 31, ~~2021~~2023.

Bus. Name	Name	<u>City</u> <u>Address</u> <u>s</u>	State	Telephone/ Email	<u>Last Known Address</u>
Intero Real Estate Services	Deb Stanton	Colfax	CA	530.240.5889 info@debspropertymanagement.com	<u>555 S Auburn Street, Suite G, Colfax, CA 95713</u>
	<u>Bill Hobbs</u>	<u>Truckee</u>	<u>California</u>	<u>408.891.4410</u>	
Intero Real Estate Services	John Miller	Auburn Penn Valley Grass Valley <u>Truckee</u>	CA	530.615.0110 jmiller@interonc.com	<u>10142 Commercial Avenue, Penn Valley, CA 95946</u>

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If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In the last three fiscal years, we have not signed any confidentiality clauses with any current or former franchisees.

ITEM 21
FINANCIAL STATEMENTS

Exhibit C contains our audited financial statements as of December 31, 2021, December 31, ~~2022~~2022, and December 31, 2023. Intero Franchise Services, Inc.'s fiscal year ends on December 31st each year.

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ITEM 22
CONTRACTS

Attached to this disclosure document are copies of the following proposed agreements for use in connection with the franchise:

- Exhibit A: Franchise Agreement
- Exhibit G: Proposed Form of Promissory Note

ITEM 23
RECEIPT

Copies of the Receipt are attached to the end of this disclosure document, following the Exhibits. Please sign the Receipt, date it the date you receive the disclosure document and return it to Intero Franchise Services, Inc., Office of General Counsel, 10080 N. Wolfe Road Suite SW3, Cupertino, California 95014 and (408) 342-3000. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the Receipt is attached for your records.

EXHIBIT A
FRANCHISE AGREEMENT
(Attached).

EXHIBIT B
STATE ADDENDA
TO FRANCHISE DISCLOSURE DOCUMENT

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

1. 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 FRANCHISE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF CONSUMER PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. Our website, www.intero.com, has not been reviewed or approved by the California Department of Consumer Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Consumer Protection and Innovation at www.dfpi.ca.gov.

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

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

5. The following is added to the “Remarks” column of the line-item entitled “Late Fees” in Item 6:

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

6. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement requires binding arbitration in Santa Clara County, California. You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal

laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of Delaware with certain exceptions. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

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

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of your franchise. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

Each of the above statements and modifications will be effective only to the extent, with respect to each such statement and modification, that the jurisdictional requirements of California law are met independently without reference to this addendum.

EXHIBIT C
FINANCIAL STATEMENTS
(Attached).

EXHIBIT D
OPERATIONS MANUAL TABLE OF CONTENTS
(Attached).

EXHIBIT E
LIST OF FRANCHISEES

FRANCHISEE	ADDRESS	CITY	ZIP	STATE	PHONE
Dave Wilhite	3185 Castro Valley Blvd	Castro Valley	94546	California	510.886.1100
Bill Hobbs	10069 West River Street, Suite 3C	Truckee	96161	California	949.922.4599
Tinarsha Brown	11501 Dublin Blvd	Dublin	94568	California	925.452.8283
David Bicknell	4357 Town Center Blvd. Suite 220	El Dorado Hills	95762	California	916.760.4545
David Bicknell	8139 Elk Grove Blvd	Elk Grove	95758	California	916.683.1330
David Bicknell	1360 E. Natoma St Suite 130	Folsom	95630	California	916.303.4545
Rishi Bakshi	43225 Mission Blvd.	Fremont	94539	California	510.651.6500
Eli Shannon	6300 CA-193	Georgetown	95634	California	530.457.7527
Rishi Bakshi	187 South J Street.	Livermore	94550	California	925.371.6500
Paul Bains	848 North Hillview Drive	Milpitas	95035	California	408.263.4200
Rishi Bakshi	200 Serra Wy #44	Milpitas	95035	California	408.770.2530
David Bicknell	535 Main Street	Placerville	95667	California	530.303.4080
Rishi Bakshi	620 Contra Costa Blvd, Suite 209	Pleasant Hill	94523	California	625.621.6200
Rishi Bakshi	5960 Stoneridge Dr #101	Pleasanton	94588	California	625.621.6200
Eli Shannon	6524 Lonetree Blvd	Rocklin	95765	California	916.624.0767
Robert Milward	3301 Watt Avenue	Sacramento	95821	California	916.481.7653
Melinda Fike	221 Main Street #201	Salinas	93901	California	831.783.0719
Michael Mendoza	1430 Tully Road Suite 411- 412	San Jose	95122	California	408.809.4600
Rigo Bracamontes	2110 Story Road, Suite 100	San Jose	95122	California	408-937-2300
Denise Morris	2230 Quimby Rd.	San Jose	95127	California	408.528.7800
Paul Bains	2254 Alum Rock Ave.	San Jose	95116	California	408.258.1111
Mike Strouf	499 Aldo Ave	Santa Clara	95054	California	408.844.8440
Debra Frey	2222 East Cliff Drive, Ste. 150	Santa Cruz	95062	California	831.464.5310
John Miller	10008 SE River Stret	Truckee	96161	California	530.448.8006
Rishi Bakshi	32145 Alvarado-Niles Rd., Suite 101	Union City	94587	California	510.489.8989
Elizabeth Fry	555 Mason Street	Vacaville	95688	California	707.446.9600
Mary Beal	1992 Tice Valley Blvd	Walnut Creek	94595	California	925.937.6050
Ernie & Donna Phelan	1435 Butte House Road	Yuba City	95993	California	530.790.7000
Denise Hallerbach	5470 Kietzke Ln Suite 300	Reno	89511	Nevada	775.393.3125
Mark Rowland	3173 S. Church St.	Murfreesboro	37127	Tennessee	615.278.1700
Lisa-Marie Contaldi	1122 Colorado Street, Suite	Austin	78701	Texas	512.784.5111

	200				
Daniel Ciscomani	2800 Kirby Drive Suite B242	Houston	77098	Texas	713.568.2839
Daniel Ciscomani	11200 Broadway St #2701	Pearland	77584	Texas	713.568.2389
Daniel Ciscomani	9595 Six Pines Dr Suite 8210	The Woodlands	77380	Texas	713.568.2389

AREA REPRESENTATIVES

AREA REPRESENTATIVE	LOCATION	ADDRESS	CITY	ZIP	STATE	PHONE
David Bicknell	Sacramento	1360 E Natoma Street, Suite 130	Folsom	95630	California	916.303.4545

MASTER FRANCHISEES

MASTER FRANCHISEE	LOCATION	ADDRESS	CITY	ZIP	STATE	PHONE
Daniel Ciscomani	Houston	2800 Kirby Drive, Suite B242	Houston	77098	Texas	713.568.2389

EXHIBIT F

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Department of Financial Protection & Innovation
Department of Financial Protection & Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

OTHER REGISTERED AGENTS

CALIFORNIA

C T Corporation System
330 N BRAND BLVD, STE 700
GLENDALE, CA 91203

If a state is not listed, Intero Franchise Services, Inc. has not filed for appointment of an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Intero Franchise Services, Inc. has appointed an agent for service of process.

EXHIBIT G
PROPOSED FORM OF PROMISSORY NOTE
(Attached).

State Effective Dates

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

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

STATE	EFFECTIVE DATE
California	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.

RECEIPT

The disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Intero Franchise Services, Inc. ("Intero") 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.

If Intero 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 on Exhibit F.

Issuance date: ~~April~~, ~~May~~ 16, 2024.

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This franchise is being offered by the following franchise seller(s) _____, on behalf of the franchisor, Intero Franchise Services, Inc., located at 10080 N. Wolfe Road Suite SW3, Cupertino, California 95014, (408) 342-3000.

IFS authorizes the agents identified on Exhibit F to receive service of process for it in California.

I received a disclosure document dated ~~April~~, ~~May~~ 16, 2024, that included the following Exhibits:

- | | |
|--|-------------------------------------|
| A. Franchise Agreement | F. State Agencies / |
| B. State Addenda | Agents for Service of Process |
| C. Financial Statements | G. Proposed form of Promissory Note |
| D. Operations Manual Table of Contents | |
| E. List of Franchisees | |

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please Print)

NAME (Please Print)

Address

Address

You may return the signed receipt either by signing, dating and mailing it to Intero Franchise Services, Inc. at 10080 N. Wolfe Road Suite SW3, Cupertino, California 95014, or by emailing a copy of the signed and dated receipt to Intero Franchise Services, Inc., at akavalaris@intero.com.

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