


FRANCHISE DISCLOSURE DOCUMENT-UNIT

	<p>LOYALTY BROKERS LLC d/b/a Loyalty Business Brokers, a Virginia Limited Liability Company 780 Lynnhaven Parkway Suite 240 Virginia Beach, VA 23452 888-268-0321 www.LoyaltyBusinessBrokers.com</p>
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We offer a franchise opportunity to establish and operate a full-service business brokerage providing consultation, brokerage, valuation, and other related products and services for business sales, resales, mergers, and acquisitions (the “Franchised Business”).

The total investment necessary to begin operation of a Loyalty Business Brokers franchise ranges from \$53,350 to \$88,500. This includes a fee of \$45,000 that must be paid to the franchisor or its 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 an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452 or by telephone at (888)-268-0321.

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

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

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

Issuance Date: May 23, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits E-1 and E-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets
Will my business be the only Loyalty Business Brokers in the area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Loyalty Business Brokers franchisee?	Item 20 or Exhibits E-1 and E-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Virginia. Out-of-State mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Virginia than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

**MICHIGAN ADDENDUM
TO THE DISCLOSURE DOCUMENT**

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

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

to comply with all lawful obligations; (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

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

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Exhibit B-Franchise Agreement

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Schedule 7-State Addenda to the Franchise Agreement

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

To simplify the language in this disclosure document (the “Disclosure Document”), “we,” “us,” or “our” means Loyalty Brokers LLC, the Franchisor. The terms “you,” “your,” or “Franchisee” refer to the person or entity who buys this franchise. If you are a corporation, limited liability company, or other entity, then “you” will also include your owners.

The Franchisor

We are a Virginia Limited Liability Company formed on October 13, 2021. Our principal place of business is located at 780 Lynnhaven Pkwy, Suite 240, Virginia Beach, VA 23452. We do business under our corporate name and under the name, “Loyalty Business Brokers.”

We have offered franchises of the type offered here since March 2022. Pursuant to a separate Franchise Disclosure Document, we began offering Area Representatives franchises in 2022.

We do not engage in any other business activity. We operate a franchise business of the type you are being offered. As of December 31, 2024, we have 2 Loyalty Business Brokers Area Representatives in operation.

Exhibit D contains a list of our agents for service of process.

Parents and Predecessors

Loyalty Franchising LLC (“Loyalty Franchising”) is our parent company. It was formed on September 23, 2020 as a Virginia Limited Liability Company. Loyalty Franchising’s principal place of business is also located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452.

Loyalty, LLC (“Loyalty”) is the parent company of Loyalty Franchising LLC. Loyalty was formed on November 6, 2017 as a Virginia Limited Liability Company. Loyalty’s principal place of business is also located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452.

We do not have a predecessor.

Affiliates

We have an affiliate, ATAX LLC d/b/a ATAX, formed on February 20, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. ATAX offers franchise opportunities for retail tax, bookkeeping and payroll office. ATAX LLC also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2019. As of December 31, 2024, ATAX had 116 Unit franchises and 35 Area Representative franchises.

We have an affiliate, Cooper's Scoopers LLC d/b/a Cooper's Scoopers, formed on December 26, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Cooper's Scoopers offers franchise opportunities for a professional pet waste management business. Cooper's Scoopers also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2025. As of December 31, 2024, Cooper's Scoopers did not have any Unit or Area Representative franchises.

We have an affiliate, Loyalty Business Services LLC d/b/a Ledgers, formed on October 30, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Ledgers offers franchise opportunities for compliance, advisory and tax services. Ledgers also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. As of December 31, 2024, Ledgers had 2 Unit franchises and had 1 Area Representative franchise.

We have an affiliate, Purely Pet LLC d/b/a Salty Dawg formed on May 20, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Salty Dawg offers franchise opportunities for the operation of high-end pet salons providing (A) at present, high-end pet grooming services, retail sales of pet food and pet treats, retail sales of various pet merchandise, and other services related to pet care to pet owners and (B) in the future, may include providing training to groomers and offering groomer certifications. Salty Dawg also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since August 2024. As of December 31, 2024, Salty Dawg had 2 Unit franchises and 1 Area Representative franchise.

We have an affiliate, Tectum Franchising LLC d/b/a CR3 American Exteriors, formed on July 12, 2022, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. CR3 American Exteriors offers franchise opportunities for offering, selling, and performing roofing and remodeling services for commercial and residential customers. CRS also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2022. As of December 31, 2024, CR3 American Exteriors had 17 franchises and no Area Representatives.

We have an affiliate, The Inspection Boys Franchise USA LLC d/b/a The Inspection Boys, formed on December 19, 2020, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. The Inspection Boys offers franchise opportunities for commercial and residential inspection services. The Inspection Boys also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. As of December 31, 2024, The Inspection Boys had 15 Unit franchises and 1 Area Representative franchise.

We have an affiliate, Zoomin Groomin USA, LLC d/b/a Zoomin Groomin, formed December 30, 2020, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach,

Virginia 23452. Zoomin Groomin offers unit franchise opportunities for pet grooming services. Zoomin Groomin also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. As of December 31, 2024, Zoomin Groomin USA, LLC had 169 Unit franchises and 46 Area Representative franchises.

We have an affiliate, LNB Commercial Capital LLC, formed June 22, 2020, with a principal business address of 185 Highland Ave., Moorestown, NJ 08057. LNB does not operate a business of the type being franchised; however, it may provide similar services. LNB may provide third-party commercial financing to your business brokerage clients.

The Franchise Offered

We offer the opportunity to operate a full-service business brokerage (“Franchised Business”) providing consultation, brokerage, valuation, and other related products and services for business sells, resales, mergers, and acquisitions (“Business Brokerage Services”). You will assist with the negotiations between the buyer and seller to seek a smooth transition of the purchase. In exchange for serving as a broker you will receive a commission to be paid from the seller’s proceeds. A Franchised Business operates under the trade name “Loyalty Business Brokers” and other such trademarks as we may designate for use from time to time which we refer to as the “Marks.” Advanced training will be required to offer mergers & acquisitions services and may require additional fees for these services.

Area Representatives

We offer an Area Representative franchise opportunity through a separate Franchise Disclosure Document. Area Representatives recruit and support unit franchisees in exchange for a portion of the initial franchise fee and ongoing royalty. Area Representatives do not have management responsibility related to the franchise except for those individuals specifically identified in Item 2 of this disclosure document. As of December 31, 2024, 1 franchised area representative outlets were in operation. There may be an Area Representative with Area Representative rights over your Territory when you sign a Franchise Agreement or during the term. We will provide a roster of all current area representatives upon request.

Market and Competition

The market for business brokerage services is well-developed, and the market for the services you will provide through your Franchised Business includes the owners of virtually any type of operating business. Business brokerage services are year-round. You will compete with other businesses that offer business brokerage services. The competition may include professionals who specialize in the business transfer process such as independent brokerage companies, franchised brokerage companies, mergers and acquisitions firms, and real estate firms.

Industry Specific Laws and Regulations

Providing Business Brokerage Services is regulated to various degrees across the United States.

Some states treat the sale of an ongoing business and other Business Brokerage Services as a real-estate transaction. As a result, these states require the same, or similar, licensing and regulatory compliance as any other real-estate transaction. These states may require you to obtain a real-estate license, another professional license, or qualify for an exemption prior to offering Business Brokerage Services. Additionally, the State of Illinois requires that you register as a business broker with the Illinois Secretary of State Securities Department, unless exempt under the law, prior to offering Business Brokerage Services. It is often best to have a real estate license prior to becoming a business broker, because of existing laws and the fact that laws can change over time. Even if Business Brokerage Services are not regulated in your state or locality at the time you execute a Franchise Agreement, it may be regulated in the future. Finally, in every state, it is impermissible for non-attorneys to prepare legal documents for others (like contracts for the purchase and sale of a business). If you are not an attorney, you may need to engage a transactional attorney to prepare legal documentation and to facilitate payment and closing relating to Business Brokerage Services.

You should investigate the application of these laws in your state and consider the impact that may occur if the laws change in your state.

ITEM 2 BUSINESS EXPERIENCE

Michael M. Nicolais: Chief Executive Officer

Michael M. Nicolais has served as our Chief Executive Officer since June 2023. Michael has also served as the managing member of LNB Commercial Capital LLC, in Moorestown, New Jersey since its formation in January 2020. He has also served as the President of LNB Commercial Capital Corporation, in Moorestown, New Jersey, since its formation in June 2004. Michael has also served as the President of MM Nicolais Group, Inc., in Moorestown, New Jersey since its formation in September 2002.

John T. Hewitt: Chief Executive Officer and Chairman of Loyalty, LLC

John T. Hewitt has served as the Chief Executive Officer and Chairman of Loyalty, LLC, in Virginia Beach, Virginia since September 2017.

ITEM 3 LITIGATION

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

Pending Actions:

There are no pending actions.

Concluded Actions:

JTH Tax LLC d/b/a Liberty Tax Service v. John T. Hewitt, Loyalty LLC, ATAX LLC, ATAX Franchise, Inc. and Yneva Marte (Case No.2:21-cv-00076-RBS-LRL) filed February 4, 2021 in

the United States District Court for the Eastern District of Virginia. Plaintiff filed the action alleging that ATAX franchisees maintained signage that is confusingly similar to trade dress and logos of the plaintiff. The Plaintiff also alleges that Mr. Hewitt tortiously interfered with certain contractual relations by discussing with existing and former franchisees of the Plaintiff opportunities at ATAX. The complaint alleges that Mr. Hewitt breached his employment agreement by sharing and using trade secrets, confidential and proprietary information for his own benefit or the benefit of a third party by convincing existing and prospective franchisees of the Plaintiff to leave and instead open ATAX franchises. Lastly, the complaint alleges that Mr. Hewitt engaged in a conspiracy to unfairly compete against and damage Liberty Tax by convincing customers and prospective customers to pick ATAX over Liberty Tax. Plaintiffs sought \$20 million in actual damages, treble damages, costs, and legal fees along with injunctive relief. The Defendants have denied the allegations. The matter was settled on December 31, 2021. Under the Settlement Agreement, Defendants agreed to pay the Plaintiff \$545,000 over 6 years, and to refrain from: (1) unfairly competing with Liberty Tax by tortiously interfering with its franchise agreements; (2) diverting or attempting to interfere with or divert any leases from Liberty; (3) palming off any of ATAX's products or services as those of Liberty; (4) any action or statement that could reasonably cause likelihood of confusion that any ATAX location is associated with Liberty; (5) possessing, misappropriating, using or disclosing Liberty's confidential information; and (6) accessing any of Liberty's computer systems or databases. ATAX agreed to permanently close three specific ATAX locations and use their best efforts to assign leases for those locations to Liberty. The Court retained jurisdiction to enforce the final consent order.

K&A Publicidad, Inc. v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc. d/b/a Siempre Tax and John Hewitt, (Case No. CL17-4169), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff is a company owned and controlled by Kirke Franz Szawronski. Plaintiff alleges that it entered into a contract with Liberty to provide promotional and strategic relationship services to help grow the SiempreTax brand. Plaintiff alleged that defendants breached the contract for failure to pay for services and seeks damages. This matter, along with the Kirke Franz Szawronski matter described below, settled on January 26, 2019, with Liberty agreeing to pay plaintiff \$50,000 to settle both matters, in exchange for a release.

Kirke Franz Szawronski v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc., d/b/a Siempre Tax and John Hewitt, (Case No. CL17-4170), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff was a former employee and filed a lawsuit claiming breach of employment agreement with Plaintiff by failing to pay 6-months' severance. Plaintiff also asserted a claim for defamation. This matter, along with the KK&A Publicidad, Inc. matter described above, settled on January 26, 2019, with Liberty agreeing to pay plaintiff \$50,000 to settle both matters, in exchange for a release.

Asbestos Workers' Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant, (Case No. 2017-0883), filed on December 12, 2017 in the Court of Chancery of the State of Delaware. Plaintiff alleged that Liberty's former CEO, John T. Hewitt ("Hewitt"), breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part. The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with the Erie

County matter described just below and then continued under the caption In Re: Liberty Tax, Inc. Stockholder Litigation.

Erie County Employees Retirement. System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant, Case No. 2017-0914, was filed the Court of Chancery of the State of Delaware on December 22, 2017. Plaintiff also alleged that Hewitt breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part. The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought to enjoin Hewitt from managing LT's business operations and seeks compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with another action into In Re: Liberty Tax, Inc. Stockholder Litigation (*see below*).

On December 27, 2017, the two above referenced shareholder matters were consolidated with the caption In Re: Liberty Tax, Inc. Stockholder Litigation, (Case No. 2017-0883). The Complaint asserted claims for breach of fiduciary duty and breach of fiduciary duty by violation of the nominating committee charter. A mediation took place on November 12, 2018 but did not result in a resolution. On March 15, 2019, the parties entered into a stipulation of settlement of which the material terms of the settlement are as follows: (i) Liberty Tax agreed to implement an anti-harassment policy; (ii) Liberty Tax will conduct yearly code of conduct training; (iii) Liberty Tax will terminate for cause any employee who violates the anti-harassment policy that has been substantiated as such; (iv) Liberty Tax will revise its audit committee charter to reflect that SEC filings must be pre-approved by the Audit Committee; (v) Liberty Tax will take reasonable steps to be listed on NASDAQ or NYSE; (vi) Hewitt agrees not to solicit company employees; and (vii) No party admits any liability. On June 28, 2019, the Court of Chancery approved a Derivative and Class Action Settlement. All issues have been resolved and the Delaware derivative actions were dismissed with prejudice in 2019 without any finding of liability on the part of the Defendants.

RSL Senior Partners, LLC, derivatively and on behalf of Liberty Tax, Inc. v Brunot et al., (Case No. 2:18-cv-00127-HCM-DEM), filed on March 7, 2018, in the United States District Court for the Eastern District of Virginia. This purported shareholder derivative action was filed on behalf of LT Inc. seeking to address the alleged wrongs of LT Inc.'s directors and officers. The Complaint claimed that certain conduct created an inappropriate tone at the top, resulting in the loss of key executives, employees, directors and otherwise harmed LT Inc. The Complaint asserted claims under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Section 10(b) and Rule 10b-5 and Section 20(a) of the Exchange Act, breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. The Complaint sought the following relief: (a) declaring that the Plaintiff may maintain this action on behalf of LT Inc., and that the Plaintiff is an adequate representative of LT Inc.; (b) declaring that the Individual Defendants have breached and/or aided and abetted the breach of their fiduciary duties to LT Inc.; (c) determining and awarding to LT Inc. the damages sustained by it as a result of the violations set forth above from each of the Individual Defendants, jointly and severally, together with pre-judgment and post-judgment interest thereon; (d) directing LT Inc. and the Individual Defendants to take all necessary actions to reform and improve its corporate governance and internal procedures to comply with applicable laws and to protect LT Inc. and its shareholders from a repeat of the damaging events (e) awarding LT Inc. restitution from Individual Defendants; and (f) awarding the Plaintiff the costs and disbursements of the action,

including reasonable attorneys' and experts' fees, costs, and expenses. The parties to this action have agreed that all claims have been settled and agreed to dismiss the action within five business days of the In Re: Liberty Tax, Inc. Stockholder Litigation action in Delaware Chancery Court becoming final. On September 11, 2019, the Court conducted a hearing for approval of the settlement and for attorney's fees. On September 12, 2019, the Court found the shareholder notice to be adequate and in compliance with the requirements of rule 23.1(c). The Court approved the settlement ordered in the In Re: Liberty Tax, Inc. Stockholder Litigation which incorporated the Plaintiff's claims in this action and approved the \$295,000 in attorneys' fees, including the case contribution award of \$2,000 to Plaintiff. This matter was dismissed with prejudice.

Bablu Shahabuddin v. JTH Tax, Inc., Siempre Tax, and John Hewitt, (Case No. 2:18-cv-00016-MDS-DEM) filed on January 11, 2018 in the United States District Court for the Eastern District of Virginia. The plaintiff filed suit which, as amended, claimed that JTH Tax and Siempre Tax failed to pay to him certain monies owed under various Purchase and Sale Agreements, that a constructive trust should be imposed on certain monies received by Liberty Tax and Siempre for the subsequent sale of those territories, that the defendants committed fraud in the inducement, and that Hewitt orally guaranteed the Purchase and Sale obligations. Shahabuddin sued for \$600,000 in compensatory damages, \$350,000 in punitive damages, plus pre-judgment and post-judgment interest. The parties reached a settlement of all claims whereby JTH Tax paid \$775,000 and a portion of certain upcoming Net Revenue at offices previously owned by the plaintiff to him. The case was dismissed on November 14, 2018.

Governmental Actions Against John T. Hewitt:

In the Matter of a Consent Order between The Commissioner of Financial Protection and Innovation and John T. Hewitt, before the Commissioner of Financial Protection and Innovation for the State of California. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the Franchise Investment Law (FIL) (Corp. Code, § 31000 et seq.). The Commissioner has determined pursuant to her authority under the FIL that John T. Hewitt is "subject to" the Final Order entered in the matter of United States of America v. Franchise Group Intermediate L 1, LLC d/b/a Liberty Tax Service (Case No. 2:19-cv-00653-RAJ-DEM) filed on or around December 3, 2019 in the United States District Court for the Eastern 25 District of Virginia (the Final Order). John T. Hewitt agreed that he is required to disclose the Final Order in Item 3 of any Franchise Disclosure Document filed by any present or future Franchisor where John T. Hewitt is a director, trustee, general partner, principal officer, or maintains management responsibility relating to the sale or operation of the respective Franchisor, along with disclosure of this governmental action.

Governmental Actions against Unrelated Entities:

United States of America v. Franchise Group Intermediate L 1, LLC d/b/a Liberty Tax Service, (Case No. 2:19-cv-00653-RAJ-DEM) filed on or around December 3, 2019 in the United States District Court for the Eastern District of Virginia. The Department of Justice (DOJ) filed a complaint asserting that Liberty Tax failed to maintain adequate controls over the tax returns prepared by its franchisees and failed to take steps to prevent the filing of potentially false or fraudulent returns prepared by its franchises despite notice of fraud at some of its franchisee stores.

The primary focus of the DOJ's investigation that preceded the complaint related to the alleged operational wrongdoing of 12 franchisees. Also on December 3, 2019, the DOJ and Liberty Tax filed a joint motion asking the court to approve a proposed settlement order setting forth certain enhancements to the Liberty Tax service compliance program and requiring Liberty Tax to retain an independent monitor to oversee the implementation of the required enhancements to the compliance program; and work with Liberty Tax to make further enhancements to improve the compliance program. As part of the proposed order, Liberty Tax agreed not to rehire John T. Hewitt, under whose supervision the alleged conduct at issue occurred. Liberty Tax further agreed not to grant John T. Hewitt any options or other rights to acquire equity in Liberty Tax or to nominate him to the company's board of directors. On December 20, 2019, the court granted the joint motion and the motion to seal, which fully resolved the legal proceedings initiated by the DOJ. Although he is referenced in the court's order, John T. Hewitt was not a named party to this case.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

We will charge you an initial fee of \$40,000 (the "Initial Franchise Fee") for the right to open and operate a Franchised Business.

We also charge an initial fee of \$5,000 for grand opening advertising and marketing (the "Grand Opening Advertising/Marketing Fee").

We offer a 10% discount on the Initial Franchise Fee to all qualified veterans and first responders who purchase a Territory. We offer a \$5,000 discount for existing franchisees who purchase a second or subsequent Territory. We may offer limited incentive programs as part of our franchise development efforts. We reserve the right to offer, modify, or withdraw any such incentive program without notice to you.

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

Except as described in this Item 5, the Initial Fees are uniformly imposed and non-refundable. We disclose financing terms in Item 10.

[remainder of page left intentionally blank]

ITEM 6 OTHER FEES

Fee (Note 1)	Amount (Note 2)	Due Date (Note 3)	Remarks
Royalty Fees	<p>A minimum monthly royalty fee of \$250 per month.</p> <p>10% of monthly Gross Revenues up to \$825,000.</p> <p>8% of monthly Gross Revenues of \$825,001 or more.</p>	<p>Fees are paid at time of closing on client business transaction through Escrow Attorney. Minimum Royalty Fees, if applicable, and Royalty Fees from other revenue are due on the 15th of each month.</p>	<p>You must pay the minimum monthly royalty fee starting on the 7th month of Operation if the Royalty Fees for Business Sales, Resale, Merger, or Acquisition and Royalty Fees on Other Brokerage Services do not total at least \$250 in a given month.</p> <p>You must pay the remaining royalty fees on all Gross Revenue (Note 2).</p>
Advertising Fund	Up to 2% of Gross Revenues	Monthly	If we establish such a fund you must allocate an amount we designate up to 2% of your Gross Revenues into the fund.
Technology Fee	\$300/month up to 2 users. Additional \$200 per month per additional user.	Due on the 15 th of each month	The technology fee will begin your 4th month after completing the initial training (Note 4).
On-Site Training Fee	Actual costs and expenses	As incurred	If we provide on-site services at your request, then you will pay to us for travel and living expenses for our staff to travel to you.
Annual Convention	You are required to pay your expenses well as your employees expenses in attending these programs	Time of convention	Either you or a designated person that we approve must attend the Annual Convention. While there will be no admission fee, you are responsible for any travel and lodging related expenses and costs.
Third party charges that we incur on your behalf	Actual amount of charge.	At time of expense	If we incur third party charges on your behalf, you must reimburse us for any such charges.
Transfer Fee	\$5,000 for a transfer of the franchise or a majority interest in it.	At the time of transfer	We must approve the party(s) prior to transfer.
Client Refunds	Amount refunded	As incurred	If you do not resolve a client service complaint and we believe a reasonable basis exists for a

Fee (Note 1)	Amount (Note 2)	Due Date (Note 3)	Remarks
			refund to the client all or a portion of the client's fees, we may pay the client directly and bill you. You will pay the charges incurred.
Audit Fee	Cost of audit plus interest on underpayment and \$50 per month late payment.	As invoiced	Payable if an audit discloses an under reporting of Gross Revenues or underpayment to us by 2% or more.
Credit Card Processing Fee	Then current rate charged by third-party credit card processor.	At time of charge	You must pay a credit card processing fee if you pay any sums to us by credit card.
Insufficient Funds Fee	\$50 per transaction.	As incurred	You must pay this fee to us if an electronic transfer or other payment from you to us is declined.
Late Fee	You will pay to us the lesser of 12% per annum or the maximum rate permitted by law on any late payments you owe to us	As incurred	Applies to amounts owed to us that are five (5) or more days past due.
Assistance Fee in the event of death or incapacity	Our expenses plus 10% of Gross Revenues for the period in which we operate or assist in the operation of the Franchised Business.	At time of expense	We are entitled to this fee if we must operate your franchise due to your death or incapacity (for a period no longer than 180 days).
Sales, Excise or Gross Receipts Tax	Actual amount of tax paid	At time of payment of fees to us which are subject to any tax	You must reimburse us for any tax we pay on any fee imposed on you.
Insurance (E&O Insurance Allocation)	All premiums, costs and expenses we incur	As incurred	If we maintain an Errors and Omissions insurance policy that provides coverage for you, on the first business day of each calendar month, you must pay us your allocation for Errors & Omissions Insurance ("E & O

Fee (Note 1)	Amount (Note 2)	Due Date (Note 3)	Remarks
			Allocation”). The E & O Allocation is due in lump sum and is fully earned and non-refundable when paid. You must pay the E & O Allocation for all brokers and agents in your Loyalty Business Brokers business. We do not collect these amounts on your behalf.
Interest	Highest applicable legal rate not to exceed 12% per annum on amounts you owe.	As incurred	Applies to all Royalty Fees, Technology Fee, Advertising Fund contributions and any other amounts that are past due for more than 5 days.
Indemnification	Actual loss sustained	At time of expense	You must indemnify us from any loss caused by your operation of the Franchised Business.
Costs of Enforcement	All costs including attorney’s fees and costs	As invoiced	You will reimburse us for all costs in enforcing obligations.
Ongoing Training	You are required to pay your expenses well as your employees expenses in attending these programs	Time of program	Initial training is virtual. We reserve the right for in-person training. Attendance will be required.

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

Note 2: “Gross Revenues” includes all revenue generated by the Franchised Business, without taking into account any part of that total that has been or will be used for expenses.

Note 3: Before you may open for business, you must sign and deliver to us all bank documents needed to permit us to debit your bank account via ACH Electronic Transfer for all fees and payments due to us, unless otherwise noted. If you change your bank account or transfer your account to a different bank, you must notify us within one day, and sign and deliver to us and the bank new documents to permit us to debit your bank account within three days. We require you to execute an Automatic Bank Draft Authorization and pay most fees to us via ACH electronic funds transfer. See Schedule 2 to the Franchise Agreement. All royalties on transactions will be paid at the time of deal closing through Escrow Attorney.

Note 4: As of the Issuance Date, the Technology Fee includes user access to our designated customer relationship management (“CRM”) platform, our company intranet, and a Microsoft 365 account. Specific technologies provided by us in connection with the Technology Fee may change during the Term, but we will take commercially reasonable efforts to ensure you have the sales technology needed to operate the Franchised Business.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount		Method of payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (Note 1)	\$40,000	\$40,000	Check or EFT	At signing of Franchise Agreement.	Us
Grand Opening Marketing/Advertising (Note 2)	\$5,000	\$5,000	Cashier’s Check or EFT	At signing of Franchise Agreement	Us
Technology Fee (Note 3)	\$500	\$500	EFT	Starting fourth month after Initial Training	Us
Real Estate/Rent (Note 4)	\$0	\$3,000	As arranged	Before beginning operations	Lessor
Leasehold Improvements (Note 5)	\$0	\$10,000	As arranged	Before beginning operations	Third Parties
Computer Systems (Note 6)	\$500	\$3,000	As arranged	Before beginning operations	Third Parties
Signage (Note 7)	\$0	\$1,000	As arranged	Before beginning operations	Approved Suppliers; only applicable if you choose to obtain a commercial office space and need signage for the location
Office Equipment and Supplies (Note 8)	\$0	\$1,000	As arranged	Before beginning operations	Third Parties

Type of Expenditure	Estimated Amount		Method of payment	When Due	To Whom Payment is to be Made
	Low	High			
Business Licenses and Permits (Note 9)	\$100	\$500	As arranged	Before beginning operations	Government Agents
Insurance (Note 10)	\$150	\$2,000	As arranged	Before beginning operations	Third Parties
Utility Deposits (Note 11)	\$0	\$1,000	As arranged	Before beginning operations	Suppliers
Local Advertising (Note 12)	\$2500	\$10,000	As arranged	As incurred	Third Parties
Initial Training (Note 13)	\$500	\$3,900	As Incurred	As incurred	Third Parties
Professional Fees (Business Broker Licenses/Permits) (Note 14)	\$1,500	\$2,200	As Incurred	As Incurred	Third Parties
Telecommunications Services (Note 15)	\$100	\$400	As Incurred	As Incurred	Third Parties
Additional Funds – 3 months (Note 16)	\$2500	\$5,000	As incurred	Before and after opening	Employees, Third Parties
Total (Note 17)	\$53,350	\$88,500			

*The initial fees listed above which are paid to us are nonrefundable as paid. Whether such fees paid to third parties are refundable would depend upon their policies.

Note 1: Initial Franchise Fee. The initial franchise fee is \$40,000.00 for a single franchise location. We base the table above on the purchase of a single franchise. Depending on your creditworthiness, we may extend financing to you of up to 50% of the initial franchise fee repayable monthly up to 24 months at 12% per annum interest. For a loan of \$20,000 repayable over 24 months at 12% interest, your monthly payment would be approximately \$934.

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

Note 3: Technology Fee. This fee is a general administrative fee and is not connected to any particular technological service that we may provide to you. We do not anticipate that you will need more than three users in the initial period of operation.

Note 4: Real Estate/Rent. You are not required to obtain a commercial office space. You may launch the Franchised Business from your home. However, the high end of this estimate assumes you rent space from a shared workspace in lieu of working from your home. We base the high end of this estimate on what franchisees have reported to us; however, the amount of rent will vary in the different market areas.

Note 5: Leasehold Improvements. You are not required to obtain a commercial office space or make improvements to that space.

Note 6: Computer Systems. You must obtain computer hardware to our specifications. You must subscribe to such software as we specify for bookkeeping, accounting, and other needs.

Note 7: Signage. You are not required to obtain a commercial office space, but if you do, we estimate that you will need approximately \$1,000 in signage.

Note 8: Office Equipment and Supplies. This estimate includes workstations and chairs, shelving and initial inventory of forms and stationery and office supplies and products. If you already have these supplies and products you will not incur these expenses.

Note 9: Permits and Licenses. States and localities will set costs for permits and licenses.

Note 10: Insurance. You must pay your allocated amount for Errors and Omissions insurance coverage. In addition, you must obtain and maintain, at your own expense, the insurance coverage that we periodically require, and satisfy other insurance-related obligations. In addition, if you operate out of a commercial office space, you must obtain and maintain, at your own expense, the insurance coverage that is required for the operation of the office. We reserve the right to require you buy your insurance through an approved vendor/affiliate in the future. The cost of your premiums will depend on the insurance carrier's charges, terms of payments, and your insurance, risk and payment histories.

Note 11: Utility Deposits. If you choose to obtain a commercial office space, this estimate includes security deposits required by the landlord or utility companies, but not your telecommunications service.

Note 12: Local Advertising. You will need to engage local suppliers of advertising in order to advertise your Franchised Business and you will need to engage suppliers of advertising in order to market listings by business brokerage clients. This estimate includes the initial investment we believe you will need to make in local advertising to be successful in your Franchised Business.

Note 13: Training Travel and Living Expenses. If any in-person training is required, the franchisee is responsible to pay for the travel, lodging, meals, and wages of attendees at initial training.

Note 14: Professional Fees. States and localities will set the costs of professional fees. Depending on the state that the interested party is buying the franchise, that state may require you to have a franchise license, business brokerage license and/or real estate license.

Note 15: Telecommunication Services. This estimate includes the security deposits and service fees for your telecommunications system. If you have an existing telephone line that you will use for your Franchised Business, you will not incur these costs.

Note 16: Additional Funds-3 months. The estimate of additional funds for the initial phase of your Franchised Business is based on your operating expenses for the first three months of operation. The estimate of additional funds does not include employee or an owner's salary or draw. We do not include any payroll expenses because we do not recommend that you employ any staff during your first three months in operation as you launch the Franchised Business. We base this estimate upon the years of experience our management team has in the industry and assumption that you will initially operate your Franchised Business.

Note 17: Total. The amounts listed in this item are only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. The above figures do not include any provision for managerial salaries or draws by you based upon the assumption that you will be the full time manager of the business.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Goods or Services Required to be Purchased or Leased

Advertising and Marketing. All advertising and promotion by you, in any manner or medium, must be conducted in a dignified manner and must conform to our standards and specifications. You will need to display the Marks in the manner required by us on all promotional materials used in the Franchised Business.

You must submit to us, for our prior written approval, samples of all advertising and promotional plans and materials that you desire to use that have not been prepared or previously approved by us. We have 15 days from the date that we receive your proposed advertising materials to approve or disapprove them. If we do not respond to you within 15 days of our receipt of your advertising materials, those materials are deemed disapproved.

Computer Hardware and Software. You must use the computer hardware and software that we specify which is compliant with our software system and programs.

Insurance. You must obtain and maintain, at your own expense, such insurance coverage as required by your state laws. Moreover, you must obtain and maintain insurance coverage as we require, which may exceed insurance coverage required by your state laws. All insurance policies must name us as an "additional insured" party.

Our current insurance specifications are as follows:

General Liability Insurance	\$1,000,000	Per Occurrence
Business Property Insurance	\$50,000 (or more depending on the value of your business property)	Per Occurrence
Worker's Compensation	\$100,000 (or higher as required by state law)	Per Employee
Automobile Insurance	\$1,000,000 (or higher as required by state law)	Per Occurrence

Whether We or Our Affiliates are Approved Suppliers:

We are an approved supplier of advertising material.

LNB Commercial Capital LLC, which is owned and operated by our Chief Executive Officer, is currently our only approved supplier of third-party commercial financing (the "Commercial Lending Products"), which may be offered by you to business brokerage clients and to others during the operation of your Franchised Business for the purchase of real estate and/or the purchase of an ongoing business. These Commercial Lending Products are not offered or available to you, and thus, are not included in Item 10 of this disclosure document.

Officer Interests in Suppliers

John Hewitt owns an interest in Loyalty, LLC, which owns an interest in us.

Michael N. Nicolais owns an interest in us and LNB Commercial Capital LLC.

Alternative Suppliers:

The criteria for approved suppliers are available to franchisees in our Operations Manual. We permit franchisees to contract with alternative suppliers who meet the franchisor's criteria. There are no fees associated with our review of alternative suppliers or our approval to purchase from alternative suppliers. If you wish to propose another supplier, you must do so by sending a request in writing to Loyalty Business Brokers, 780 Lynnhaven Pkwy, Ste 240, Virginia Beach, VA 23452.

We will review the proposed supplier to determine whether to consider adding the supplier to our list of approved vendors. We reserve the right to approve or revoke approval of any supplier. We will notify you within 30 days of receipt of our request if we approve or disapprove of an alternative supplier. If we have not responded within 30 days, then the request is deemed approved if the alternative supplier meets the requirements as specified in the Operations Manual. If we revoke approval for a supplier, we will provide written notice to you.

Issuance and Modification of Specifications:

We issue and modify specifications and standards to franchisees or approved suppliers through our Operations Manual or through informational bulletins we issue from time to time.

Revenue from Required Purchases:

We and LNB Commercial Capital LLC expect to derive revenue from Commercial Lending Products. These revenues will not be derived directly from you as a franchisee; however, we and LNB Commercial Capital LLC expect to derive revenue through your offering these Commercial Lending Products to your business brokerage clients and others.

We reserve the right to derive revenue on other products or services that franchisees may utilize in operation of the Franchised Business. In addition, we reserve the right to receive rebates or other consideration or revenue in connection with required purchases of goods and/or services that are not Commercial Lending Products, from designated vendors, preferred vendors, and suppliers. We reserve the right to use this revenue to our benefit and in our sole judgment.

In our most recent fiscal year ending December 31, 2024, neither us nor our affiliates derived any revenue or other material consideration from required purchases or leases by franchisees.

Required Purchases as a Proportion of Costs:

We estimate that required purchases described above will be approximately 15-30% of all purchases and leases by you of goods and services to establish a franchise and approximately 10-30% of your operating costs.

Supplier Payments to Us:

Designated suppliers may make payments to us from franchisee purchases.

We did not receive any supplier rebates for the fiscal year ending December 31, 2024, but we may do so in the future.

Purchasing or Distribution Cooperatives:

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

Purchase Arrangements:

We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. Further, we reserve the right to receive payments from approved suppliers with respect to your purchases and utilize any such funds received in our sole judgment.

Material Benefits:

We do not provide material benefits to you based on your purchase of particular products or services or use of a particular supplier.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Franchisee's Obligations	Section In Franchise Agreement	Item in Disclosure document
a. Site selection and acquisition/lease	5.3	11
b. Pre-opening purchases/leases	4	7, 8
c. Site development and other pre-opening requirements	5, 6	11
d. Initial and ongoing training	5.4, 6.2	11
e. Opening	3.1	11
f. Fees	4	5, 6, 7, 8, 11
g. Compliance with standards and policies/Manual	6.1, 6.3	8, 11
h. Trademarks and proprietary information	3.16, 6.7, 8.6	13, 14
i. Restrictions on products/services offered	6.1(B)	8, 16
j. Warranty and customer service requirements	6.1, 6.3	6
k. Territorial development and sales quotas	2, 4.2	12
l. Ongoing product/service purchases	3, 4.3	8
m. Maintenance, appearance & remodeling requirements	None	Not Applicable
n. Insurance	6.6	8
o. Advertising	3.2	8, 11
p. Indemnification	6.5	6

Franchisee's Obligations	Section In Franchise Agreement	Item in Disclosure document
q. Owner's participation/management/staffing	6.1	15
r. Records and reports	6.4	11
s. Inspections and Audits	4.11, 6.4	11
t. Transfer	7.0	17
u. Renewal	1.2	17
v. Post-termination obligations	8.6	15, 16, 17
w. Non-competition covenants	8.7	15, 16, 17
x. Dispute resolution	9	17

ITEM 10 FINANCING

We offer the following financing programs:

Parameter	Initial Franchise Fee
Item Financed (Note 1)	Up to 50% of the Initial Franchise Fee
Source of Financing (Note 2)	Us
Down Payment	Minimum of 50%
Amount Financed	Up to 50%
Interest Rate/Finance Charge	12% per annum (including finance charges)
Period of Repayment	24 months with monthly payments
Security Required	Personal Guarantee

Parameter	Initial Franchise Fee
Whether a Person Other than the Franchisee Must Personally Guarantee the Debt (Note 3)	If the Franchisee is an entity, its owners must personally guarantee the debt.
Prepayment Penalty	None
Liability Upon Default	Accelerated obligation to pay the entire amount due, pay our court costs and attorney fees incurred in collecting the debt, and termination of the Franchised Business.
Waiver of Defenses or Other Legal Rights	Waiver of right to jury trial; homestead and other exemptions; waiver of presentment, demand, protest, notice of dishonor.
Intent to Sell (Note 4)	There is no intent to sell, assign or factor the debt to a third party.
Consideration for placement of financing (Note 5)	None

Note 1: **Discretionary**-We may in our sole discretion provide financing to you.

Note 2: **Form**-Schedule 4 contains the form of Promissory Note that you must sign for us to extend financing to you.

Note 3: **Corporate Guarantee**- If the Franchisee is a corporation, each officer and shareholder of the Franchisee must execute a personal guaranty for the note, agreeing to be personally and jointly and severally liable for its repayment. Schedule 4 has the Promissory Note that must be executed. We do not guarantee your notes, leases, or obligations.

Note 4: **Intent to Sell**-We do not have any past or present practice to sell, assign or discount to any third party, any note, contract or other instrument signed by you, but we reserve the right to do so.

Note 5: **Commissions/Rebates**-We do not receive any direct or indirect payments or other consideration for placing financing.

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

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

Pre-Opening Obligations

Initial Training. We provide an initial training program in Virginia Beach, Virginia, or online, at our choosing. The topics covered in initial training are described in the chart below in this Item 11. (Franchise Agreement, Section 5.4). The initial training must be completed within 60 days of signing the Franchise Agreement. If any in-person training is required, the franchisee will be responsible for their travel, hotel and food. (Franchise Agreement, Section 6.2).

Site Selection. We do not require you to obtain a commercial office space. (Franchise Agreement, Section 5.3).

Assistance to Hire and Train Employees. You are solely responsible for hiring, firing, compensating, withholding and remitting applicable payroll taxes and day-to-day supervision and control over your employees. The Operations Manual may recommend best practices on how to hire and train employees; however, nothing in the Operations Manual will be construed to shift control over your employees to us. (Franchise Agreement 5.5).

Assistance to Obtain Equipment, Signs, Fixtures, Opening Inventory, and Supplies. We do not require you to have equipment, signage, fixtures, or supplies and we do not require you to use any supplier. (Franchise Agreement Section 5.6). If you elect to obtain a commercial office space, we will provide written specifications for signage and a list of approved suppliers. We will not deliver or install these items.

Operations Manual. We provide access to our Operations Manual ("Manual") to offer guidance in the operation of your Franchised Business. You are required to operate your Franchised Business in compliance with the current and any future versions of the Operations Manual. (Franchise Agreement, Section 5.1).

Length of Time Before Opening: You must begin operations and be open for business no later than 3 months from the time both parties execute the franchise agreement. (Franchise Agreement, Section 3.1).

During the Operation of the Franchise:

Marketing Support. We offer marketing assistance and support. (Franchise Agreement, Section 3.15).

Additional Training or Seminars. We may elect to require professional certification or offer additional training or seminars. (Franchise Agreement, Section 5.4.B & C).

Establishing Prices. We do not establish prices at which the franchisee must sell its products and services. We may make pricing recommendations based on industry wide standards and the going rates in the particular market as part of the initial and ongoing training. We may also include such pricing recommendations in the Operations Manual. This information is solely for training and educational purposes. Each franchisee is solely responsible for establishing their own prices.

Advertising Program and Fund:

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

Local Advertising. We recommend, but do not require, that you spend a minimum of \$10,000 per year on local advertising pursuant to our guidelines. (Franchise Agreement, Section 3.2B). We do not require you to spend any amount in your territory.

We currently do not have local or regional advertising cooperatives, nor do we require you to participate in such a cooperative; however, we reserve the right to require participation in the future. We do not have an advertising council composed of franchisees. (Franchise Agreement, Section 3.3-3.5).

Advertising Fund. We may in the future establish an advertising fund for system-wide advertising. If we establish such a fund you must allocate 2% of your Gross Revenues into the fund. This fund's intent will be to maximize general public recognitions, acceptance, and use of the System; and we are not obligated, in administering the fund, to make expenditures for you that are equivalent or proportionate to your contributions. The Fund will not be audited. Unaudited financial statements of the Advertising Fund will be made available to you upon written request. (Franchise Agreement, Section 3.4).

To date the Advertising Fund has not raised or spent any Advertising Fees.

If not all Advertising Fees are spent in the fiscal year in which they accrue, we will carry over those fees and apply them to the next fiscal year.

We may not use Advertising Fees to solicit new franchise sales. (Franchise Agreement, Section 3.4).

Our Obligation to Conduct Advertising. We use monies in the Advertising Fund to advise you in the conduct of advertising or conduct advertising ourselves using online, radio, television, direct mail, billboards, print or other advertising. We may conduct local, regional, or national advertising. We may produce advertising material in-house or through outside agencies. We are not required to spend any amount on advertising in the area or Territory where you will be located. (Franchise Agreement, Section 3.5).

Corporate Website. We will develop and maintain a website that contains your location's contact information. (Franchise Agreement, Section 3.6).

Digital Marketing. We may create, operate and promote websites, social media accounts (including, but not limited to, Facebook, Twitter, LinkedIn, TikTok and Instagram), applications, digital advertising (including pay-per-click and display ads) or other means of digital marketing to promote the brand, Franchised Business, Marks and franchise opportunities. We have the sole right to control all aspects of any digital marketing including all digital marketing related to your Franchised Business. (Franchise Agreement, Section 3.7).

Digital Campaigns. We may negotiate contracts with vendors such as Google AdWords. If you choose to participate, you must pay your pro-rata share either directly to the vendor or reimburse us if we are paying the vendor. (Franchise Agreement, Section 3.8).

Print Material. We supply you with templates of fliers, coupons, and other print material. (Franchise Agreement, Section 3.9).

Use of Your Own Advertising Material. You may use your own advertising materials provided that you submit them to us and we approve them, in writing, and they adhere to federal, state and local law. We will respond affirmatively or negatively to any request for approval of advertising within 15 days. (Franchise Agreement, Section 3.10).

Private Websites. You are not allowed to have an independent website or obtain or use any domain name (Internet address) for your Franchised Business without first obtaining our written approval. (Franchise Agreement, Section 3.12).

Advertising Council. We currently do not have an advertising council but reserve the right to establish a Franchisee Advisory Council (“FAC”) composed of franchisees that advises us on operational and advertising policy. We select the members. The FAC serves in an advisory capacity only. We have the power to form, change, or dissolve the advertising council.

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

Computer Systems:

You must comply with our computer hardware and software specifications as provided in our Manual. Our current specifications are:

Hardware
1 laptop or desktop PC computer with a monitor with high-speed internet access, a compatible camera, and a printer/scanner
Software
Microsoft Office Professional, Adobe Acrobat, QuickBooks On-line

These items can be purchased for approximately \$3,000. Software subscriptions cost approximately \$75 per month and are paid directly to the vendor.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates. You must maintain your computer systems in good working order and must replace, update or upgrade your hardware systems as we require. There are no contractual limitations regarding the frequency or costs of required upgrades or updates relating to the computer system. The estimated annual cost of optional or required maintenance, updating, upgrading or support contracts to your computer systems is approximately \$500. The current annual cost of a service contract, should you choose to utilize one, is approximately \$1,500.

Independent Access to Information. We have and you are required to provide independent access to the information that will be generated or stored in your computer systems which includes, but is not limited to, customer, transaction, and operational information. You must at all times give us unrestricted and independent electronic access to your computer systems and information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. If, as part of a review of your business, we request a copy of any business records, you must send us at your expense these records within five business days of receiving our request. (Franchise Agreement, Section 6.4B).

Operations Manual:

The Operations Manual contains approximately 141 pages.

Exhibit F contains the Table of Contents to the Operations Manual.

Initial Training Program:

After you sign the franchise agreement and no later than six weeks before the opening of your Franchised Business, we provide an Initial Training Program as follows:

Initial Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location ¹
Loyalty Business Brokers Overview	1.00	0.00	Online
Basics of Business Brokering	1.00	0.00	Online
Financials 101	2.00	0.00	Online
Marketing	2.00	0.00	Online
Co-Brokering	1.00	0.00	Online
Valuing a Business	2.00	0.00	Online
Obtaining Financing	1.00	0.00	Online
Vendor Relationships	1.00	0.00	Online
Listing a Business	2.00	0.00	Online

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location ¹
Confidential Information Memorandum	1.00	0.00	Online
Seller Process	2.00	0.00	Online
Buyer Process	2.00	0.00	Online
Working with Buyers and Sellers	1.50	0.00	Online
Offers and Acceptance	2.00	0.00	Online
Technology	2.00	0.00	Online
Due Diligence	2.00	0.00	Online
Closing	1.50	0.00	Online
Personal Business Planning	1.00	0.00	Online
Getting Started	2.00	0.00	Online
Total	30.00	0.00	

Note 1- We presently hold initial training online, but may offer it in Virginia Beach, Virginia, at our choosing.

TRAINER(S): Michael M. Nicolais oversees the Initial Training Program and has 36 years' experience in the financial sector, 10 years' experience in business acquisition, and 1 year of experience in this franchise. Our Area Representative franchisees do not conduct training for unit franchisees. Guest instructors may also present. Guest instructors will have at least 1 year of experience in the field of business brokerage services.

We hold initial training classes quarterly, or more often if necessary.

The instructional material includes the Manual, lectures, demonstrations, discussions, practice and forms.

We do not charge for you to attend initial training, but you are responsible for travel, lodging, transportation, meal costs, and your employees' wages to attend initial training. (Franchise Agreement, Section 6.2A).

We require that you or, in the case of an entity, your principals, attend initial training. You may enroll your management personnel upon our approval. Your successful completion of initial training to our satisfaction is required to operate a franchise within 60 days of signing the franchise agreement. We advise you during or immediately after initial training if you have successfully completed the course. (Franchise Agreement, Section 6.2A).

Additional Training or Seminars. We may elect to offer and require you to attend, either live or electronically, additional training and seminars that we may offer. We may elect to offer and require you to attend training and obtain a recognized business brokerage certification within three years of the execution of the Franchise Agreement. You must pay any travel and living expenses that you or we incur to attend training or certification. (Franchise Agreement, Section 5.4B & C, 6.2B).

ITEM 12 TERRITORY

We will grant you a Territory for a specific geographic region that we define by zip codes, natural, or political boundaries as set forth on Schedule 1 to the franchise agreement. A Territory will normally include a minimum population of approximately 150,000 residents, as determined by the U.S. Census Bureau or mapping software that we feel is reliable.

There is no requirement that you maintain an office location or reside within the Territory. We may approve relocation of the Franchised Business if we feel that conditions have changed such that a relocation represents a sound business decision. We may grant you approval to open additional outlets within your territory if circumstances so permit, such as within other businesses with whom we have formed a relation, or if there is a population increase. We may grant you additional franchise Territories if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate another Territory.

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

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

You and other franchisees may solicit individuals or entities interested in selling their business ("Business Brokerage Clients") and individuals or entities interesting in buying a business ("Business Broker Buyers") outside of your territory, including through the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, so long as you do not directly solicit customers through cold-calling or other direct marketing within any territory owned by another franchisee of ours. However, you may engage in internet and social media marketing pursuant to our guidelines which such marketing may extend outside your territory and in a territory owned by another franchisee.

Continuation of your territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency, and we may not alter your franchise Territory, even if there is a population increase in your Territory.

We, our parent, and our affiliates reserve all rights not expressly granted in the Franchise Agreement. For example, we, our parent, and our affiliates have the right to:

- (a) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept customers within your Territory using our principal trademarks (or another trademark) without any compensation to you, however, we will normally direct inquiries for business brokerage services for businesses located within your Territory to your Franchised Business;
- (b) to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories,

solicitation of orders of individuals who may reside in one Territory, yet work in another, and other cross-territorial situations;

(c) to establish and operate, and grant rights to others to establish and operate a Franchised Business or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;

(d) to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement;


(e) to operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere; and

(f) to engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

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

ITEM 13 TRADEMARKS

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

Description of Mark	Registration Number	Principal or Supplemental Register of the USPTO	Registration Date
	7151974	Principal	August 29, 2023

You must use the Marks in strict compliance with the rules we prescribe and only in connection with the conduct of the Franchised Business. We prohibit you from using the Marks in connection

with the sale of any unauthorized service, or in any manner not expressly authorized in writing by us.

All required affidavits and renewals have been filed. There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

There are no currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We are not required to take affirmative action when notified of these uses or claims.

We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The franchise agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorably to you.

If we discontinue or modify our Marks, you must adopt and use any new Marks as required by us. Any expenses you incur because of adopting and using these Marks are your responsibility.

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

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

At this time, we do not hold any patents or have any pending patent applications that are material to the franchise. We claim a copyright to our Operations Manual, marketing material such as our website text, and other printed material, although we have not presently filed a registration of those copyrights. We consider all of these items confidential and proprietary. Upon termination of your franchise agreement, you must return to us our Operations Manuals and any confidential information.

There are no material determinations of the U.S. Copyright Office or a court regarding our copyrights. There are no agreements that limits the use of our copyrights, except the confidentiality duties in your franchise agreement, which requires you to keep our confidential information confidential. We have no duty to protect our copyrights or defend you against claims arising from your use of our copyrighted items. We do not know of any copyright infringement that could materially affect you.

You will not directly or indirectly disclose, publish, disseminate or use our “Confidential Information” except as authorized in the franchise agreement. You may use our Confidential Information to perform your obligations under the franchise agreement, but in doing so you will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information. We may share performance data of your Franchised Business between us, our employees and affiliates, our franchisees and their employees. You must keep such performance data confidential.

“Confidential Information” means our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the franchise agreement. The Confidential Information of ours includes all intellectual property associated with our franchise system, all other materials relating to our franchise system that are not a matter of public record, and all information generated during the performance of the franchise agreement.

“Customer Data” is considered Confidential Information and includes all information about customers that may be collected in connection with their use of your services including, but not limited to, name, telephone number, address and email address.

Upon termination of your franchise agreement, you must return to us our Operations Manuals and any Confidential Information. You may never - during the initial term, any renewal term, or after the franchise agreement expires or is terminated - reveal any of our Confidential Information to any other person or entity or use it for the benefit of any other person or business.

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

Unless we approve your employment of an on-site general manager to operate your Loyalty Business Brokers Franchise, you (if you are an individual) or one of your principal owners, officers, directors, or employees approved by us (if you are a legal entity) must actively participate in the actual operation of the franchise, and devote as much of your time as may be reasonably necessary for its efficient operation. If we agree to your employment of a general manager to supervise the day-to-day operation of your franchise, then the general manager will be the contact for the franchise, must have full authority to make decisions on your behalf and take actions as we may require in the operation of the Franchised Business and agree to abide by the terms of confidentiality and non-competition in the franchise agreement. You must not hire any general manager without our prior written approval of his or her qualifications. Each general manager and successor general manager must attend and successfully complete our initial training program for your franchise. The use of a general manager in no way relieves you of your obligations to comply with the franchise agreement and to ensure that your Loyalty Business Brokers Franchise is operated properly.

If you fail to adhere to the above obligations, such failure will be deemed a default under the franchise agreement and, to ensure the continued integrity of the Marks and franchise system generally, we may service and manage all client accounts of the business on a temporary basis

until you cure the default. We do not require that the general manager have an equity interest in your franchise, but he or she cannot have any interest in or business relationship with any business competitor of your franchise, and must sign a written agreement to maintain confidential the proprietary information described in Item 14 and conform with the covenants not to compete. For your agents/brokers, we require that you use a form of Independent Contractor Agreement that is approved by us and we require you to follow our process for protecting our System when they terminate their relationship with you or vice versa. All of your agents/brokers must agree to and have a background check completed before using the Loyalty Business Brokers Marks.

Obligations of Owners.

If your Loyalty Business Brokers is owned by an entity, all owners of the entity must personally sign the franchise agreement as a Principal. If you transfer your franchise agreement or any related interest to a business entity you own, you will remain personally bound by the terms of the franchise agreement. You and your owners must at all times faithfully, honestly and diligently perform your and their obligations under the franchise agreement. You and they must continuously exert your and their best efforts to promote and enhance your franchise. Neither you nor your owners can engage in any other business or activity that may conflict with your or their obligations under your franchise agreement.

You and any designated manager must pass a background check. However, your designated manager is not required to have an equity interest in the franchisee if it is an entity.

All owners of this franchise must guarantee the obligations under the Franchise Agreement. However, your spouse is not required to guarantee your performance under the franchise agreement or franchisor's practice. This means your spouse is not bound by your own personal guaranty, duty of confidentiality or duty not to compete; however, that does not mean you can circumvent your obligations by sharing our know-how with your spouse (or any family member) nor assist them in competing with us.

You must accurately and completely furnish to us the names, contact information, and ownership percentage on anyone owning an interest in this franchise on the Signature Page to the Franchise Agreement. No change to the owners or ownership percentages are permitted without our prior written consent.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

If you operate a Loyalty Business Brokers, you must offer and sell only those services and products we require or have approved from time to time. You must not offer for sale any products or perform any services that we have not authorized.

You may offer your services to any customers consistent with your territorial rights.

You must offer all services that we designate as required for all franchisees. All Loyalty Businesses Brokers must engage in the process of assisting clients in the ownership transfer of privately held, small to large sized businesses. Our System Standards may regulate required or authorized

products and services. We have the right to change or add new or additional products and services that you must offer at your Loyalty Business Brokers Franchise. There are no restrictions or limitations on our right to do so. Other than the fact that you can only direct market in your Territory, we do not impose restrictions or conditions that limit access to customers. You may not market your Loyalty Business Brokers inside another Loyalty Business Brokers franchisee's Territory except in certain circumstances that must be pre-approved by us in writing.

For the duration of your franchise agreement, you may not offer competitive services in the states and territories of the United States unless you receive our prior written consent.

You must operate the Franchised Business in strict conformity with all applicable federal, state, and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction and are amendable and may be implemented or interpreted in different manners over time. It is solely your responsibility to apprise yourself of the existence and requirements of all laws, ordinances, and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them.

We may make recommendations but do not impose minimum or maximum pricing of goods or services, staffing requirements, or minimum or specific hours of operation.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section In Franchise Agreement	Summary
a. Length of the franchise term	1.2.A	10 years.
b. Renewal or extension of the term	1.2.B	Can be renewed for successive terms if you are in compliance with your Franchise Agreement ("Agreement").
c. Requirements for franchisee to renew or extend	1.2.B	Renewing your Agreement means that you are able to continue your operations as a franchisee for an additional term. You must notify us in writing at least 90 days before the expiration, sign a new Franchise Agreement along with a general release of claims, and pay a renewal fee (if any). Currently, there is no renewal fee. The new Franchise Agreement will not contain materially different terms and conditions than your original contract.

Provision	Section In Franchise Agreement	Summary
d. Termination by franchisee	8.2	You may terminate the Agreement if you sell the franchise pursuant to the terms of the Agreement, do not renew, or under any grounds permitted by applicable state law.
e. Termination by franchisor without cause	None	Not applicable
f. Termination by franchisor with cause	8.3	We can terminate only if you default.
g. "Cause" defined – curable defaults	8.4	Violate the Agreement, Manual, any other agreement with us, or owe monies to us more than 30 days past due, and do not cure such breach within 30 days after notice.
h. "Cause" defined – non-curable defaults	8.3	Do not pass initial training, fail to obtain our approval of a site or open on time, become insolvent, commit a material violation of law, abandon the Franchised Business, submit a materially false Franchise Application, fraud, uncured default of other agreement, fail to pay suppliers an amount exceeding \$3,000 for more than 60 days; fail to permit us to inspect or audit your franchise; or commit three or more breaches within 12 months.
i. Franchisee's obligations on termination/non-renewal	8.6	Cease operations and stop using our Marks; deliver to us business records; pay debts due to us; cancel or assign telephone numbers and internet listings to us; reimburse customers for any fees paid for services not yet rendered; assist in lease transfer and our purchase of your assets, at our option; return Manual and Confidential Information to us; cancel fictitious names; adhere to other post term duties; execute any necessary documents.
j. Assignment of contract by franchisor	7.1	We may assign to a successor in interest who remains bound by terms of the Agreement.
k. "Transfer" by franchisee - defined	7.2	Includes transfer of Agreement, any interest of the franchise agreement, or substantially all of the assets of the Franchised Business.
l. Franchisor approval of transfer by franchisee	7.2	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	7.2	You must be: -current in monetary obligations; -in compliance with the Agreement;

Provision	Section In Franchise Agreement	Summary
		<ul style="list-style-type: none"> -execute any transfer, amendment, or release forms that we may require; -provide to us a copy of the proposed transfer documents; -transferee must meet our criteria; -transferee must execute our then-current franchise agreement; -pay to us the Transfer Fee; -transferee must satisfactorily complete our initial training program; -comply with the post-termination provisions; -transferee must obtain necessary licenses and permits; -obtain any lessor approval for transfer; -the transfer must be made in compliance with any laws that apply to the transfer; -the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation; -you must request that we provide the prospective transferee with our current Franchise Disclosure Document.
n. Franchisor's right to first refusal to acquire franchisee's business	7.6	We have a right of first refusal to match any purchase offer for your franchise, any interest in the franchise, or substantially all the assets of the Franchised Business.
o. Franchisor's option to purchase franchisee's business	7.6.C	We will have the right to purchase the Franchised Business or interest in the Franchised Business for the price and upon the terms in the Third-Party Offer. However, we may substitute cash for any non-cash form of payment proposed and we will have sixty (60) days after the exercise of our Right of First Refusal to close the said purchase.
p. Death or disability by franchisee	7.7	Transfer must be commenced within 60 days, completed within 6 months; we must approve the transferee, transferee must attend and successfully complete training, and sign our current agreement.
q. Non-competition covenants during the term of the franchise	6.1.C.	No competition allowed in the United States and its territories.

Provision	Section In Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	8.7.A	You may not compete in the Territory or within 25 miles of the Territory for 2 years (subject to applicable state law). A Competitive Business includes any business that offers business brokerage services, commercial real estate services, or merger and acquisition services. This restriction applies even if you sell your Franchised Business.
s. Modification of the agreement	10.2	No modifications except to Operations Manual or as you and we may mutually agree in writing. Revisions to the Manual will not unreasonably affect the franchisee's obligations, including economic requirements, under the agreement (Section 5.2).
t. Integration/merger clause	10.1	Only the terms in the Agreement are binding (subject to federal or state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	9.5,9.6	You must first attempt to resolve claims against us through mediation or arbitration. You must arbitrate claims against us.
v. Choice of forum	9.8	Where our corporate headquarters are located, presently Virginia Beach, Virginia (subject to applicable state law).
w. Choice of Law	9.9	Virginia law governs (subject to applicable state law).

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 Michael Nicolais at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2022	0	3	+3
	2023	3	4	+1
	2024	4	3	-1
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	1	+1
Total Outlets	2022	0	3	+3
	2023	3	4	+1
	2024	4	4	0

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

[remainder of page left intentionally blank]

Table No. 3
Status of Franchise Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Florida	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	1	1
New Jersey	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
Total	2022	0	3	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	1	0	0	0	2	3

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1

[remainder of page left intentionally blank]

Table No. 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened as of December 31, 2024	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Alaska	0	1	0
Arkansas	0	1	0
Colorado	0	12	0
Connecticut	0	1	0
Delaware	0	1	0
D. of Columbia	0	1	0
Florida	0	3	0
Georgia	0	1	0
Idaho	0	1	0
Illinois	0	1	0
Iowa	0	1	0
Kansas	0	1	0
Kentucky	0	1	0
Louisiana	0	1	0
Maine	0	1	0
Maryland	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0
Mississippi	0	1	0
Missouri	0	1	0
Montana	0	1	0
Nevada	0	1	0
New Hampshire	0	1	0
New Jersey	0	1	0
New Mexico	0	1	0
New York	0	2	1
North Carolina	0	1	0
Ohio	0	1	0
Oklahoma	0	1	0
Oregon	0	1	0
Pennsylvania	0	2	1
South Carolina	0	1	0
Tennessee	0	2	0

State	Franchise Agreements Signed But Outlet Not Opened as of December 31, 2024	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Texas	0	10	0
Utah	0	1	0
Vermont	0	1	0
Virginia	1	2	0
West Virginia	0	1	0
Wyoming	0	1	0
TOTALS	1	66	2

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

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

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

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

ITEM 21 FINANCIAL STATEMENTS

Exhibit C contains our unaudited Balance Sheet and Profit and Loss Statement as of March 31, 2025, as well as our audited financial statements for our fiscal year ending December 31, 2024, 2023, and 2022. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

The proposed agreements regarding this franchise offering are included as exhibits to this Disclosure Document as follows:

Exhibit B - Franchise Agreement
Schedule 1-Territory
Schedule 2-Automatic Bank Draft Authorization

Schedule 3-Telephone Number Assignment
Schedule 4-Promissory Note
Schedule 5-Personal Guaranty
Schedule 6-Release
Schedule 7-State Addenda to the Franchise Agreement

ITEM 23 RECEIPTS

Exhibit H contains two copies of a Receipt of our Disclosure Document. You must sign, date and deliver one copy of the Receipt Page to us for our records.

EXHIBIT A

**STATE SPECIFIC ADDENDA TO THE FRANCHISE DISCLOSURE
DOCUMENT**

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT

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

1. Item 17.w. is modified to provide that Illinois law applies.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
4. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Initial Fee Deferral: Item 5 of the FDD is modified with the addition of the following language:

“Payment of the Initial Fees will be deferred until Franchisor has met its obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.”
7. The Franchisor reserves the right to implement “cross-territorial protocols”. Make sure you ask and understand how such protocols will impact your franchised business and territory

MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT

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

1. Item 17.b. is modified to also provide, “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17.u. is modified to also provide, “This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

3. Item 17.v. is modified to also provide, “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

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

5. Initial Fee Deferral: Item 5 of the FDD is modified with the addition of the following language:

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.

6. The provision in the FA which provides for termination upon bankruptcy of the franchisee may not be enforceable under the federal bankruptcy law (11 U.S.C. Section 1010 et seq.).

NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

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

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities,

antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

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

1. **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$53,350 to \$88,500. This amount exceeds the franchisor's stockholder's equity as of December 31, 2021, which is \$(388,385).

2. The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

4. Item 5 of the Disclosure Document is amended by addition to further provide:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT



SUMMARY PAGE

- | | | |
|----|----------------------------|----------|
| 1. | Franchisee Business Entity | _____ |
| 2. | Initial Franchise Fee | \$ _____ |
| 3. | Territory Name | _____ |
| 4. | Opening Deadline | _____ |
| 5. | Principal Executive | _____ |
| 6. | Franchisee's Address | _____ |
| 7. | Outlet # | _____ |

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SINGLE UNIT FRANCHISE AGREEMENT

This contract ("Agreement") is between Loyalty Brokers LLC d/b/a Loyalty Business Brokers, LLC ("Loyalty Business Brokers," "we," "us," or "our") and the entity and all Signators identified on the signature page, in your personal capacity, (collectively "Franchisee," "you," or "your").

Recitals

WHEREAS, Loyalty Business Brokers has developed a system ("Franchise System") for the operation of a full-service business brokerage providing consultation, brokerage, valuation and other related products and services for business sells, resales, mergers and acquisitions under the trade name Loyalty Business Brokers (collectively, the "Services"). The Franchise System utilizes prescribed marketing techniques and operating procedures to deliver outstanding service to entrepreneurs as they buy and sell businesses ("Clients");

WHEREAS, we seek to identify and recruit candidates with the ability to deliver outstanding Client service in a defined Territory who are willing to own at least one Franchised Business;

WHEREAS, you recognizes the business risks and benefits to be derived from the Services and desire to operate a business in conformity with the Franchise System; and

WHEREAS, we wish to award a franchise to you.

NOW, THEREFORE, for value received, we and you ("the Parties") will be bound as follows:

1. Scope

1.1. Franchise Relationship

A. Grant of Franchise

Loyalty Business Brokers grants you the right to operate a company ("Franchised Business" or "Unit Franchise") using our System and our Marks to deliver Services within the geographic boundaries identified in Schedule 1 (the "Territory") during the Term by and through the Franchisee Business Entity identified on the Summary Page and signature page of this Agreement (or as a sole proprietor or partnership if there is no business entity) and in conformity with the terms and conditions of this Agreement.

B. Independent Contractors

Your relationship with us is that of an independent contractor. This Agreement does not create a partnership, joint venture, or any other entity between the Parties. Neither Party has a fiduciary duty or other special duty respect to the other Party. You are not a third-party beneficiary to any contract between us and any other franchisee.

C. Your Employees

As a separate Franchised Business, you have sole and exclusive control over your employees. Neither you nor your employees and agents may make a claim as

employees or agents of us for any purpose including participation in an employee benefit plan, stock option program, or workers compensation law.

D. No Unauthorized Commitments.

Similarly, you will not make any promises, guarantees or warranties to any third party that would create a binding obligation for us without our prior written consent.

E. Reserved Rights.

We, our parent, and our affiliates reserve all rights not expressly granted in the Franchise Agreement. For example, we, our parent, and our affiliates have the right to:

- (i) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept customers within your Territory using our principal trademarks (or another trademark) without any compensation to you;
- (ii) implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one Territory, yet work in another, and other cross-territorial situations;
- (iii) establish and operate, and grant rights to others to establish and operate a Franchised Business or similar businesses at any locations outside of the Territory and on any terms and conditions we deem appropriate;
- (iv) own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another businesses (competitive or not), which may offer products and services like your Franchised Business and may have one or more competing outlets within your Territory, however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement;
- (v) operate or franchise a business under a different trademark which such business sells or will sell goods or services like those you will offer, anywhere;
- (vi) negotiate purchase agreements with vendors and suppliers which we reasonably believe are for the benefit of our franchisees; and,
- (vii) engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

1.2. Term and Renewal

A. Term.

This Agreement will be effective for a ten (10) year term beginning on the Effective Date specified in this Agreement.

B. Renewal and Subsequent Renewals.

You may renew for another term, consistent with the standard term in the then existing model franchise agreement, by signing our then current Franchise Agreement if you are in compliance with this Agreement and meet the other conditions for renewal. You may also renew future Franchise Agreements for additional terms, consistent with the standard term in the then existing model Franchise Agreement, if you are in compliance with such Agreements and meet the other conditions for renewal by signing our then current Franchise Agreement. To renew, you must exercise a general release of all claims that you might have against us in our then current form. Other terms, conditions, and fees may vary. If you wish to renew, you must notify us in writing at least one-hundred and eighty (180) days before the expiration of this Agreement.

2. Territory

2.1. Description

The Territory will be for a specific geographic region that we define by zip codes, natural, or political boundaries as set forth on Schedule 1. A Territory will normally include a minimum population of approximately 150,000 residents, as determined by the U.S. Census Bureau or mapping software that we feel is reliable. There is no requirement that you maintain an office location or reside within the Territory. We may approve relocation of the Franchised Business if we feel that conditions have changed such that a relocation represents a sound business decision.

2.2. Additional Outlets and Territories

We may grant to you approval to open additional outlets within your Territory if circumstances so permit, such as within other businesses with whom we have formed a relation, or if there is a population increase. We may grant you additional franchise Territories if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate another Territory. We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

2.3. [Reserved]

2.4. Dual Distribution

A. Client Choice

A Client will always retain the right to choose the service provider that the Client believes in their sole and exclusive discretion best meets their respective needs.

B. Not Exclusive

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control. You and other franchisees may solicit individuals or entities interested in selling their business (“Business Brokerage Clients”) and individuals or entities interesting in buying a business (“Business Broker Buyers”) outside of your territory, including through the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, so long as you do not directly solicit customers through cold-calling or other direct marketing within any territory owned by another franchisee of ours. However, you may engage in internet and social media marketing pursuant to our guidelines which such marketing may extend outside your territory and in a territory owned by another franchisee.

C. Profit Passover

We are not obligated to pay compensation to you for soliciting or accepting sales from a Client inside your Territory. However, we will normally direct all inquiries for Services from within your Territory to your Franchised Business.

D. Other Brands

We or an affiliate may make sales within your Territory using trademarks different from the ones you will use under this Agreement. Neither we nor an affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which such business sells or will sell goods or services similar to those you will offer, but we reserve the right to do so.

2.5. Area Representatives

We offer an area representative franchise opportunity through its own franchise disclosure document. Area representatives find, solicit, and recruit prospective franchisees to operate a franchised business like yours. Area representatives may also support franchised businesses within their area representative territory through marketing and operating assistance. Your Territory may now, or in the future, be within an area representative’s territory. We will provide you with contact information for the area representative with area representative rights in the Territory upon request (if applicable to you).

3. Operations

3.1. Start

You must commence operations within your Territory within three (3) months from the Effective Date of this Agreement. If you do not, then we can terminate without any refund to you.

3.2. Advertising

A. Grand Opening Advertising.

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

B. Local Advertising and Promotions.

Your advertising and promotions will conform to the following requirements:

- (i) *You will advertise and promote only in a manner that will reflect favorably on us.*
- (ii) *You will participate in all promotional programs and that we create, offer or advertise.*
- (iii) *Your advertising must comply with federal, state, and local laws.*
- (iv) *We recommend you spend a minimum of \$10,000 per year (\$600-\$1200 monthly) on local advertising, pursuant to our guidelines.*

3.3. Advertising Fee

We do not currently have an advertising fund in place, but at any time the franchisor reserves the right to implement without franchisees consent. If we implement an advertising fund, then you will be required to contribute two percent (2%) of your Gross Revenues per month into our Advertising Fund.

3.4. Advertising Fund.

Upon implementation, Franchisor owned outlets do not have to contribute to the Advertising Fund, but may do so. We will administer the Advertising Fund. The Advertising Fund will not be audited. Unaudited financial statements of the Advertising Fund will be made available to you upon written request. If not all Advertising Fees are spent in the fiscal year in which they accrue, we may carry over those fees and apply them to the next fiscal year. We will not use Advertising Fees to solicit new franchise sales.

3.5. Our Obligation to Conduct Advertising

We use monies in the Advertising Fund to advise you in the conduct of advertising or conduct advertising ourselves using online, radio, television, direct mail, billboards, print or other advertising. We may use local, regional, or national advertising. We may produce advertising material in-house or through outside agencies. We are not required to spend any amount on advertising in the area or Territory where you will be located.

3.6. Corporate Website.

We will develop and maintain a website that contains your location's contact information.

3.7. Digital Marketing.

We may create, operate and promote websites, social media accounts (including, but not limited to, Facebook, Twitter, and Instagram), applications, digital advertising (including pay-per-click and display ads) or other means of digital marketing to promote the brand, Franchised Business, Marks and franchise opportunities.

We have the sole right to control all aspects of any digital marketing including all digital marketing related to your Franchised Business.

3.8. Digital Campaigns.

We may negotiate contracts with vendors such as Google AdWords.

If you choose to participate, you must pay your pro-rata share either directly to the vendor or reimburse us if we are paying the vendor.

3.9. Print Material.

We supply you with templates of fliers, coupons, and other print material.

3.10. Use of Your Own Advertising Material.

You must use our advertising templates or, if you wish to use your own advertising materials, you may do so if:

- (i) you submit them to us;
- (ii) they conform to the Operations Manual;
- (iii) they adhere to federal, state and local law; and
- (iv) we approve them, in writing (we will respond affirmatively or negatively within 15 days of your request).

3.11. Business cards.

You may purchase business cards to use in the operation of your Franchised Business in accordance with the Operations Manual.

3.12. Private Websites.

You are not allowed to have an independent website or obtain or use any domain name (Internet address) for your Franchised Business, without first obtaining our written approval.

3.13. Social Media.

Any social media used to promote the Franchised Business must be in accord with our Operations Manual.

3.14. Publicity.

Except as required by law, you may not make any press release or other public announcement respecting the subject matter of this Agreement without our written consent as to the form of such press release or public announcement.

3.15. Marketing Support

We offer marketing assistance and support.

3.16. Trademarks

A. Use of our Marks.

We allow and require you to use our trademarks and service marks (“Marks”) to hold out your Franchised Business to the public. You will use only our Marks as we develop them for this purpose. Use of our Marks must be in accordance with our Operations Manual.

B. Changes to the Marks

We may update or change our Marks. We may replace, modify, or add to our Marks. If we replace, modify, or add additional Marks, you will update or replace your supplies, etc. to reflect the new Marks, at your expense, in the time frame we provide at the time of such an update.

C. Marks Within a Company Name.

You may not use the words “Loyalty Business Services,” “Loyalty Business,” or any confusingly similar words as any part of the name of a corporation, LLC or other entity. However, “Loyalty Business Services,” “Loyalty Business” followed by your entity number, or such other designation as we will specify, will be your “doing business as” name for an entity which owns this franchise, sometimes also called your “assumed name,” “trading as” name, or “fictitious name.”

D. No Confusingly Similar Marks.

You will avoid using any Marks that could be confused with our Marks.

E. Infringement Claims.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us.

F. Control of Proceedings.

We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

G. Name and Likeness.

You give us permission to use your name and likeness in all forms and media for advertising, trade, and any other lawful purposes.

4. Fees

4.1. Initial Franchisee Fee

Upon execution of this Agreement, you will pay us an Initial Franchise Fee as stated on the Summary Page. Additionally, you will pay an initial marketing/advertising fee of \$5,000.

The initial fees are non-refundable once we have completed our obligation to provide Initial Training and you have successfully completed Initial Training.

4.2. Royalty Fee

A. Ongoing Royalty Fees

You will pay to us a Royalty Fee of 10% of monthly Gross Revenues up to \$825,000. You will pay to us a Royalty Fee of 8% of monthly Gross Revenues of \$825,001 or more.

B. Minimum Monthly Royalty Fee

You will pay to us a minimum Royalty Fee of \$250 per month, starting on your 7th month in operation, if the Ongoing Royalty Fee does not total at least \$250 in a given month of operation.

C. Gross Revenue

Gross Revenue includes all revenue generated by the Franchised Business, without taking into account any part of that total that has been or will be used for expenses.

4.3. Technology Fee

Starting on the first day of the fourth month following your completion of Initial Training, you will pay us a technology fee of \$300 per month for up to two (2) users. You will pay us an additional \$200 per month per additional user. As of the Effective, the Technology Fee includes user access to our designated customer relationship management (“CRM”) platform, our company intranet, and a Microsoft 365 account. Specific technologies provided by us in connection with the Technology Fee may change during the Term, but we will take commercially reasonable efforts to ensure you have the sales technology needed to operate the Franchised Business.

4.4. On-Site Training Fee

If we provide on-site services at your request, then you will pay to us travel and living expenses for our staff to travel to you.

4.5. Annual Convention

Either you or a designated person that we approve must attend the Annual Convention. While there will be no admission fee, you are responsible for any travel related expenditures such as lodging, meals and transportation.

4.6. Advertising Fees

You will comply with the advertising fees and payments disclosed in Section 3 of this Franchise Agreement, above.

4.7. Third Party Charges

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

4.8. Transfer Fee

You will pay to us a Transfer Fee of \$5,000 if you wish to transfer ownership of the rights under this Franchise Agreement, or a majority of the ownership of this Agreement or in an entity holding this Agreement. We do not charge a transfer fee for the transfer of a minority interest in the franchise or if the owners of this Agreement transfer this Agreement into an entity owned by the same owners with the same ownership percentages.

4.9. Client Refunds

If you do not resolve a client service complaint and we believe a reasonable basis exists for a refund to the client all or a portion of the client's fees, we may pay the client directly and bill you. You will pay the charges incurred.

4.10. Audit Fee

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

4.11. Payment Terms

Royalty Fees on any business sell, resale, merger, or acquisition will be paid at time of closing of client business transaction through Escrow Attorney. All other fees will be due by the 15th of each month.

You must provide us with a report of all monthly Gross Revenue by the 15th of each month. We will provide an invoice to you for other fees incurred. Payment is due upon receipt. We reserve the right to modify the payment methods and schedule in our Operations Manual. We reserve the right to deduct monies that you owe to us from monies that we pay to you and pay you the net amount owed to you or charge you any net amount you may owe to us. Before you may open for business, you

will execute an Automatic Bank Draft Authorization in a form substantially similar to that in Schedule 2.

4.12. Credit Card Processing Fee

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

4.13. Insufficient Funds Fee

You will pay to us a minimum of \$50 per transaction if an electronic transfer or other payment from you to us is declined.

4.14. Late Fees

For overdue amounts, you will pay to us the lesser of twelve percent (12%) per annum or the maximum rate permitted by law on any late payments you owe to us.

4.15. Assistance Fee

In the event of your death or incapacity, we are entitled to reimbursement from you or your estate for any reasonable expenses incurred continuing operation of your Franchised Business, plus 10% of Gross Revenues for the period in which we operate or assist in the operation of the Franchised Business.

4.16. Sales, Excise or Gross Receipts Tax

If required by the federal government, state or locality in which your Franchised Business is located, the initial franchise fee, royalties, and other fees and costs may be subject to sales, excise, gross receipts or similar type tax, which you will pay to us at the same time and in the same manner as you pay these fees and costs to us.

4.17. Errors & Omissions Insurance Allocation

If we maintain an Errors and Omissions insurance policy that provides coverage for you, on the first business day of each calendar month, you must pay us your allocation for Errors & Omissions Insurance ("E & O Allocation"). The E & O Allocation is due in lump sum and is fully earned and non-refundable when paid. You must pay the E & O Allocation for all brokers and agents in your Loyalty Business Brokers business. We do not collect these amounts on your behalf.

4.18. Interest

You agree to pay 12% interest on past due amounts.

5. Duties of Franchisor

5.1. Operations Manual

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

We may revise the Manual from time to time to adjust for legal or technological changes, competition, or attempts to improve in the marketplace.

5.2. Modifications

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

5.3. Site Selection

We do not require you to obtain a commercial office space.

5.4. Training

A. Initial Training.

We will provide you an Initial Training course. The Initial Training course will cover fundamental skills necessary to operate your Franchised Business. We presently offer this training virtually through webinars and via interactive video conference. Successful completion of the Initial Training is mandatory. We do not charge for training, but you must pay any travel, transportation, lodging, and meal costs you incur if we offer in-person training in the future. The Initial Training must be completed within sixty (60) days of signing the Franchise Agreement.

B. Advanced Training.

You may be required within thirty-six (36) months of signing your franchise agreement to complete a Mergers and Acquisitions certification course. You will be responsible for the cost of the training through third party vendor at the then current training cost, along with any travel, transportation, lodging, and meal costs you incur.

C. Additional Training or Seminars.

We may elect to offer and require you to attend, either live or electronically, additional training and seminars that we may offer. You must pay any travel and living expenses that you incur to attend training or certification.

5.5. People Management

You are solely responsible for hiring, firing, compensating, withholding and remitting applicable payroll taxes and day-to-day supervision and control over your employees. The Operations Manual may recommend best practices on how to hire and train employees; however, nothing in the Operations Manual will be construed to shift control over your employees to us.

5.6. Signage, Supplies and Sourcing

We do not require you to have signage, supplies or sourcing, but reserve the right to do so in the future.

6. Duties of Franchisee

6.1. Commitment

A. Involvement.

You must operate the Franchised Business personally, unless you submit to us a General Manager who attends and successfully completes our initial Franchisee training course, and who is not later disapproved by us; however, you will be responsible to ensure that the General Manager fulfills all your responsibilities under this Agreement. Delegation of tasks to a General Manager does not reduce any liability that you may have under this agreement.

If you fail to adhere to the above obligations, such failure will be deemed a default under the Franchise Agreement and, to ensure the continued integrity of the Marks and franchise system generally, we may service and manage all client accounts of the business on a temporary basis until you cure the default. We do not require that the General Manager have an equity interest in your franchise, but he or she cannot have any interest in or business relationship with any business competitor of your franchise, and must sign a written agreement to maintain confidential the proprietary information described in Section 5.1 of this Agreement, and conform with the covenants not to compete

For your agents/brokers, we require that you use a form of Independent Contractor Agreement that is approved by us and we require you to follow our process for protecting our System when they terminate their relationship with you or vice versa. All of your agents/brokers must agree to and have a background check completed before using the Loyalty Brokers Marks.

B. Products and Services

You must offer the Products and Services that we require as specified in the Manual. You may not offer any other Products and Services through the Franchised Business without our prior written consent.

C. In Term Non-Competition Covenant

You will not, during the Term of this Agreement, in the United States or its Territories, directly or indirectly, offer business brokerage, commercial real estate, or merger and acquisitions services other than through Loyalty Business Brokers.

6.2. Training

A. Initial Training.

You and any General Manager working for you must attend and successfully complete our initial franchisee training before you may operate the Franchised Business. We do not charge for Initial Training, but you must pay for any travel

and living expenses to attend. The Initial Training must be completed within sixty days (60) days of signing the Franchise Agreement. If any in person training is required, the franchisee will be responsible for their travel, hotel and food.

B. Advanced Training.

You may be required to complete within thirty-six (36) months of signing your franchise agreements a Mergers and Acquisitions certification course. You will be responsible for the cost of the training through third party vendor at the then current training cost. We may also offer advanced training. If any in person training is required, the franchisee will be responsible for their travel, hotel and food.

C. Employee Training.

You will ensure that your employees have any training, licenses, or certifications required by applicable law.

6.3. Operations

A. Operations Manual.

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

B. Modification

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

6.4. REPORTS AND REVIEW

A. Reports.

You must send us such reports at the frequency and manner that is specified in the Operations Manual. Presently, you must send to us the reports in the following table:

Name of Report	When Due
Annual Budget	October 31 st of each year
Annual Profit & Loss Statement and Balance Sheet	By March 1st of each year as to income and expenses incurred in the prior year
Monthly Profit & Loss Statement	By the 5 th of each month as to income and expenses incurred in the prior month using a chart of accounts that we specify

B. Independent Access to Information.

You acknowledge that we have and that you will provide independent access to the information that will be generated or stored in your computer systems which includes, but is not limited to, customer, transaction, and operational information. You must at all times give us unrestricted and independent electronic access to your computer systems and information, as well as your security camera systems.

C. Reviews.

We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. This includes the right to send in secret shoppers. And this also includes the right to inspect and copy all tax returns and bank statements that may show revenues from the Franchised Business. We also have the right to require that you implement a plan to resolve issues that we discern from any review we conduct.

6.5. Indemnity

You are responsible for all loss or damage and for all contractual liability to third parties originating in or in connection with the operation of the Franchised Business and for all claims or demands for damage directly or indirectly related. You will indemnify, defend, and hold us and our affiliates, officers, directors, members, partners, employees, and agents (the “Indemnified Parties”) harmless from and against any damage, cost, or attorney fees that relates to or arises from your breach or alleged breach of any of your duties under this Agreement or operation of the Franchised Business.

The obligations in this Section are effective during the Term and extend to any post termination obligation.

6.6. Insurance

You will maintain policies of insurance with appropriate limit to cover the risk in this section. Minimum limits are defined in the Operations Manual. You must name us as “additional insured” and provide a certificate of insurance annually.

6.7. Intellectual Property

A. Ownership

We exclusively own the Franchise System and any related copyright, trademark, service mark, trade secret, patent right, domain name, website, telephone number or other intellectual property (collectively “Intellectual Property”). You will not undertake to obtain Intellectual Property with respect to the Franchise System. To the extent you have gained or later obtain any Intellectual Property in the Franchise System, by operation of law or otherwise, you will disclaim such Intellectual Property and will promptly assign and transfer it entirely and exclusively to us.

B. Client Data

We retain all right, title, and interest in and to the Client Data during and after the Term. You may use Client Data during the Term as permitted by this Agreement and our Manual as long as the use is consistent with applicable law. "Client Data" means any and all information about Clients that may be collected in connection with their use of your Services including, but not limited to, name, telephone number, address and email address.

6.8. Suggestions

We may incorporate into our Franchise System any suggestions, enhancement requests, recommendations, or other feedback provided by you or anyone else. We will have sole and exclusive rights and title to such suggestions.

6.9. Confidentiality

A. Definition

The term "Confidential Information" is defined as our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the Franchise Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise System, Customer Data, all other materials relating to our Franchise System that are not a matter of public record, and all information generated during the performance of the Franchise Agreement.

B. Confidentiality

You will not directly or indirectly disclose, publish, disseminate or use our Confidential Information except as authorized herein. You may use our Confidential Information to perform your obligations under this Agreement, but in doing so will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information.

C. Use

You may only use Confidential Information to perform your obligations under this Agreement. You will avoid using Confidential Information for your own benefit or to our detriment. For the avoidance of doubt, Confidential Information cannot be used in a competing business that is detrimental to us.

D. Storage

You will store Confidential Information in secure location whether physically or electronically. You must notify us if the Confidential Information is lost or stolen, regardless of fault.

E. Return

Upon termination or expiration of this Agreement, you will return to us all of our Confidential Information embodied in tangible form, and will destroy, unless otherwise agreed, all other sources that contain or reflect any such Confidential Information. Notwithstanding the foregoing, you may retain Confidential Information as needed solely for legal, tax, and insurance purposes, but the information retained will remain subject at all times to the confidentiality restrictions of this Agreement.

7. Transfer

7.1. Assignment by Us

We may assign this Agreement to an assignee who remains bound by its terms. We do not permit a sub-license of the Agreement.

7.2. Transfer by You

We have the right to approve all transfers. You may transfer your interest in this Agreement or your ownership in the Franchised Business if:

- (i) you are in full compliance with the Agreement,
- (ii) current in all monies owed to us,
- (iii) we approve of the individual or entity to which you are transferring (“Transferee”), which our consent will not be unreasonably withheld,
- (iv) Transferee meets the requirements of Section 7.8.
- (v) You sign the then current transfer and release form,
- (vi) You provide to us a copy of the proposed transfer documents,
- (vii) Transferee executes our then-current Franchise Agreement,
- (viii) You pay to use the transfer fee (if any). See Section 4.8,
- (ix) Transferee satisfactorily completes our Initial Training program,
- (x) You comply with the post-termination provisions,
- (xi) Transferee obtains the necessary licenses and permits,
- (xii) You obtain any lessor approval for transfer,
- (xiii) The transfer is in compliance with the laws that apply to the transfer,

- (xiv) the purchase price and terms of the proposed transfer are not so burdensome to the prospective Transferee as to impair or materially threaten its future operation, and
- (xv) you request that we provide the prospective Transferee with our current Franchise Disclosure Document.

7.3. Joint Tenancy

If this Agreement is held by joint tenants or tenants in common, all joint tenants or tenants in common must join in any transfer of an ownership interest in this Agreement, except any person who is deceased or under a legal disability.

7.4. Transfer to Controlled Entity

A "Controlled Entity" is an entity in which you are the beneficial owner of 100% of each class of voting ownership interest. A transfer to a Controlled Entity shall not trigger the Right of First Refusal, described in Section 7.6 below. At the time of the desired transfer of interest to a Controlled Entity, you must notify us in writing of the name of the Controlled Entity and the name and address of each officer, director, shareholder, member, partner, or similar person and their respective ownership interest. We do not charge a transfer fee for this change.

7.5. Transfer within an Entity

A transfer of interest within an entity shall not trigger the Right of First Refusal described in Section 7.6 below if only the percentage ownership, rather than the identity of the owners, is changing. Prior to the time of the desired transfer of interest within an entity, you must notify us in writing of the name and address of each officer, director, shareholder, member, partner or similar person and their respective ownership interest. Each such person of the Controlled Entity shall sign the then current amendment and release forms and/or Franchise Agreement as required by us, and you shall pay to us the applicable transfer fee specified in Section 4.8 above.

7.6. Right of First Refusal

A. Third-Party Offer

If you receive and desire to accept a written and signed, bona fide offer to purchase or otherwise transfer this Agreement or any interest in it ("Third-Party Offer"), you will grant us the option (the "Right of First Refusal") to purchase the Franchised Business as provided in this Section, pursuant to the same terms and conditions contained in the Third Party Offer.

B. Notice

Within fourteen (14) days of receipt of a Third-Party Offer, you will forward us a copy of the Third Party Offer and present us with the opportunity to exercise our Right of First Refusal.

C. Option

Upon receipt of the Third Party Offer from you, we will have the right to purchase the Franchised Business or interest in the Franchised Business for the price and upon the same terms and conditions that are contained in the Third-Party Offer. However, we may substitute cash for any non-cash form of payment proposed and we will have sixty (60) days after the exercise of our Right of First Refusal to close the said purchase.

D. Acceptance

If we exercise our Right of First Refusal, then we will notify you in writing within fifteen (15) days from our receipt of the Third-Party Offer from you.

E. Binding

Upon the giving of such notice by us, there will immediately arise between us and you, or your owners, a binding contract of purchase and sale at the price and upon the terms contained in the Third-Party Offer.

If we do not exercise our Rights of First Refusal within fifteen (15) days, then you may transfer the Franchised Business or ownership interest according to the Third-Party Offer, provided that you:

- (i) satisfy the conditions in Section 7.2 entitled Transfer by You; and
- (ii) complete the sale within ninety (90) days from the day on which you received the Third-Party Offer.

If you do not conclude the proposed sale transaction within the ninety (90) day period, the Right of First Refusal granted to us will continue in full force and effect.

7.7. Death or Incapacity

A. Definition

The term “incapacity” means a condition that prevents you from reasonably carrying out your duties under this Agreement for thirty (30) consecutive days.

B. Transfer

We may terminate this Agreement unless, within sixty (60) days of your death or incapacity, your executor, personal representative or guardian:

- (i) a transfer of your rights under this Agreement;
- (ii) completes the transfer within six (6) months of your death or incapacity;
- (iii) pays all monies owed to us, including the transfer fee, and
- (iv) signs the then current transfer and release form

C. New Franchisee

The Transferee(s) must:

- (i) meet the requirements of Section 7.8 entitled Transferee Requirements,
- (ii) complete initial training,
- (iii) enter into a new Franchise Agreement on the then current form.

D. Interim Services

An interim operator must meet the Transferee Requirements as defined in Section 7.8, except such interim operator may not enter into a new Franchise Agreement.

We are entitled to reimbursement from you or your estate for any reasonable expenses incurred continuing Services from the date of your death or incapacity until transfer or termination, plus ten percent (10%) of Gross Revenues for the period in which we operate or assist in the operation of the Franchised Business (for a period no longer than 180 days).

7.8. Transferee Requirements

The proposed Transferee(s) must:

- (i) complete our then current Franchisee application;
- (ii) pass our application screening using our then current qualifications;
- (iii) attend and successfully complete Initial Training; and
- (iv) sign either, at our option, an assignment of the rights remaining in your Franchisee Agreement, or our current Franchisee Agreement with the term adjusted to such length as remains on the term of your Franchisee Agreement.

8. Termination

8.1. Effect of Termination

Expiration or termination does not relieve any duties to comply with all of the provisions of this Agreement that require performance post-termination.

8.2. Termination by You

You may terminate this Agreement by not renewing; that is by notifying us in writing of your desire to not renew at least one hundred and eighty (180) days prior to the expiration of this Agreement. If you terminate pursuant to this paragraph, you must still comply with all of the provisions of this Agreement that require performance post-termination.

8.3. Termination by Us

We may terminate this Agreement upon notice without the opportunity to cure for any of the following reasons:

- (i) If you do not attend and pass our Initial Training in accordance with our passing standards;
- (ii) If you fail to obtain our approval or open on time;
- (iii) If you become insolvent, meaning unable to pay your bills in the ordinary course as they become due;
- (iv) If you commit a material violation of any law, ordinance, rule, or regulation of a governmental agency or department reasonably associated with the operation of the Franchised Business or if you are convicted of or plead guilty or no contest to a felony;
- (v) If you abandon the Franchised Business or discontinue the active operation of the Franchised Business for three or more weeks, except when active operation is not reasonably possible, such as because of a natural disaster, illness, or death;
- (vi) If you include a materially false representation or omission of fact in your Confidential Franchise Application to us;
- (vii) If you or your principals commit any fraud or misrepresentation in the operation of the Franchised Business;
- (viii) If you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, and fail to cure such breach within any permitted period for cure;
- (ix) You fail to pay suppliers an amount exceeding \$3,000 for more than sixty (60) days;
- (x) You fail to permit us to inspect or audit your franchise; or
- (xi) If you commit three or more breaches of this Agreement, the Operations Manual, or any other agreement with us, in any twelve (12) month period regardless of whether such breaches were cured after notice.

8.4. Termination by Us with the Opportunity to Cure

We may terminate this Agreement, if the following conditions remain within thirty (30) days after sending you notice and an opportunity to cure:

- (i) You violate any other term or condition of this Agreement, the Franchisee Operations Manual, or any other agreement with us; or
- (ii) Any amount owing to us from you is more than thirty (30) days past due.

8.5. No Refund of Initial Fee

We have no obligation to return or refund any fee to you upon termination or expiration of this Agreement.

8.6. Post Termination Obligations

If this Agreement expires, is not renewed, or is terminated for any reason by any party, including a sale of the Franchised Business, you must immediately:

- a) Cease to operate the Franchised Business and discontinue using any of our Marks or any Marks which are likely to be confused with our Marks;
- b) Deliver to us the original and all copies, both paper and electronic, of the business records of your Franchised Business (retaining only such copies as you need for legal or tax purposes);
- c) Pay to us all amounts owing to us;
- d) At our request, cancel or assign to us all telephone numbers and internet listings used in relation to the Franchised Business by executing our then current form and deliver to us written proof of transfer;
- e) Reimburse customers for any fees paid for services not yet rendered;
- f) At our option, and upon our request, use your best efforts to assist in our taking over the lease of the location of your Franchised Business, whether it be through a new lease or assignment;
- g) Deliver to us any paper and electronic copies of the Operations Manual and any Confidential Information;
- h) Cancel all fictitious name or other listings which you have filed for use of any of the Marks;
- i) Adhere to the provisions of the post-term covenants not to compete and not to solicit;
- j) Abide by any other covenant in this Agreement that requires performance by you after you are no longer a franchisee; and

k) Execute, from time to time, any necessary papers, documents, and assurances to effectuate the intent of this Section.

8.7. Non-Compete and No Solicitation

A. Post-Term

You will not unfairly compete with us for a period of two (2) years after expiration or termination of this Agreement by directly or indirectly owning, operating, managing, or providing services to a Competitive Business in the Territory or within twenty-five (25) miles of the Territory. For purposes of this Agreement, a Competitive Business includes any business that offers business brokerage services, commercial real estate services, or merger and acquisition services. This restriction applies even if you sell your Franchised Business.

B. No Solicitation

You will not, for a period of two years after expiration or termination of this Agreement, in the Territory or within 25 miles of the boundaries of your Territory, directly or indirectly solicit the patronage of any customer served by your prior Franchised Business during the last 24 months that you were a franchisee, or such shorter time as you were a franchisee, for the purpose of offering such person or entity, for a fee or charge, business brokerage services, commercial real estate services, or merger and acquisition services.

C. No Disparagement or Interference

During the Restricted Period, you will avoid intentional conduct that leads any existing Client or vendor to modify their relationship to the harm of the Franchised Business.

8.8. Waiver of Bond

If we are forced to bring suit to enforce any sections of this Agreement, you will waive any requirement that we post bond to obtain a temporary or permanent injunction to enforce these duties.

8.9. Severability

If any covenant or provision of this Agreement is determined to be void or unenforceable, in whole or in part, it will be deemed severed and removed and will not affect or impair the validity of any other covenant or provision. Further, these obligations are considered independent of any other provision in this Agreement and the existence of any claim or cause of action by either Party to this Agreement against the other, whether based upon this Agreement or otherwise, will not constitute a defense to the enforcement of these obligations.

9. Dispute Resolution

9.1. Internal Resolution

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

9.2. Notice

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

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

9.3. Response

We will reply (“Response”) in writing within ten (10) business days with either:

- (i) Corrective Action Plan with a schedule of when the Matter will be resolved if it cannot be Cured within ten (10) business days; or
- (ii) A detailed explanation of why the Matter should not be considered a breach or dispute including any supporting evidence to clarify any disputed facts.

9.4. Meeting

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

9.5. Mediation

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

- 1. completing the request for mediation form at:

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

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

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

9.6. Arbitration

If a Matter cannot be resolved through Mediation, then you must submit the Matter to binding and final arbitration in accordance with the rules of the AAA.

A. Enforceable

In the event such Matter is resolved within the ninety (90) days following submission to arbitration, then the decision and award determined by such arbitration will be final and binding upon both parties, enforceable by any court of competent jurisdiction.

B. Costs and Attorney Fees

If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

C. Arbitration Exclusions.

If we choose, we may bring any Claims in the state or federal courts located nearest to our headquarters or in such other location where jurisdiction and venue may be proper.

9.7. Limitations and Waivers

A. Prior Notice of Claims.

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

B. Limitation of Actions.

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

C. Non-Waiver of Breach

The failure of either Party to enforce any one or more of the terms or conditions of this Agreement will not be deemed a waiver of such terms or conditions or of either party's rights thereafter to enforce each and every term and condition of this Agreement.

D. Jury Waiver.

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

E. Class Action Waiver.

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

F. Punitive Damages Waiver.

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

G. Waiver of Bond.

If we are forced to bring suit to enforce any provision of this Agreement, you will waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

9.8. Governing Law

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

9.9. Jurisdiction and Venue

Except as to matters which are subject to arbitration, venue and jurisdiction for any Claims will be proper solely in the state and federal court nearest to our headquarters; presently located in Virginia Beach, Virginia.

10. General

10.1. Entire Agreement

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

10.2. Modification

No modifications to this Agreement will have any effect unless such modification is in writing and signed by you and by our authorized officer. We may, however, modify the provisions of the Manual without your consent.

10.3. Third Party Beneficiaries

Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries to this Agreement. You are not a third-party beneficiary to any Agreement between us and any other franchisee.

10.4. Survival

All of the covenants that may require performance after the termination or expirations will survive any termination or expiration of this Agreement.

10.5. Severability Clause

If any covenant or provision in this Agreement is determined to be void or unenforceable, in whole or in part, it will be deemed severed and removed and will not impair the validity of any other covenant or provision of this Agreement.

10.6. Notices

Any notice, authorization, consent or other communication required or permitted under this Agreement must be made in writing and will be given by mail or courier, postage fully prepaid, or delivered personally or by facsimile, to our COO, at our corporate office, presently

780 Lynnhaven Parkway, Suite 240
Virginia Beach, VA 23452
Phone (888) 268-0321

Any such notice may also be given to you in the same manner at the address indicated with your signature on this Agreement or such other more current address as we may have on file for you. You must notify us of any change of address in writing. We may also give notice to you by e-mail.

10.7. Acknowledgements

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

10.8. Release of Prior Claims

By executing this Agreement, the Franchisee, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, forever releases and discharges us, our past and present employees, agents, members, officers, and directors, including any of our parent, subsidiary and affiliated entities, their respective past and present employees, agents, members, officers, and directors, from any and all claims arising prior to the date

of this Agreement. However, this release does not apply to any claim you may have arising from representations in our Franchise Disclosure Document.

10.9. Counterparts

This Agreement may be executed by the Parties in this Agreement in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute one and the same instrument. The Agreement may be signed and delivered electronically via email, facsimile or other means, which will each have the same legal effect as if signed in hardcopy with traditional ink.

[signature page follows]

10.10. Signature

Intending to be bound by all the provisions expressed in this Agreement, on _____ (“Effective Date”) the authorized representatives of each party affix his or her signature below to signify acceptance.

Franchisee Entity: _____

	Loyalty Brokers LLC	Franchisee Entity
Signature		
Name		
Title		
Address		

	Signator	Signator
Signature		
Name		
Title		
Address		

SCHEDULE 1-TERRITORY

Your territory shall be as follows:

SCHEDULE 2- AUTOMATIC BANK DRAFT AUTHORIZATION

Please complete the following with your banking information and attach a voided check:

Company Name: _____

Name of Financial Institution: _____

Address of Financial Institution: _____

Routing Number: _____

Account Number: _____

I hereby authorize Loyalty Brokers LLC and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the terms of my Franchise Agreement and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify Loyalty Brokers LLC or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least three (3) days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to fifteen (15) days following issuance of my statement by the above-referenced financial institution or up to sixty (60) days after deposit, whichever occurs first.

Signature: _____

Printed Name of Person Signing: _____

Title (if any): _____

Application Date: _____

Telephone Number: _____

Applicant's Address: _____

SCHEDULE 3- TELEPHONE & INTERNET ASSIGNMENT AGREEMENT

THIS TELEPHONE & INTERNET ASSIGNMENT AGREEMENT is made between _____ (“Franchisor,” “we,” “us,” or “our”) and the franchisee named below (“Franchisee,” “you” or “your”).

BACKGROUND

- A. The parties are entering into a Franchise Agreement (“Agreement”).
- B. As a condition to signing the Franchise Agreement, we have required that you appoint us Attorney in Fact, to take effect upon the expiration or termination of the Agreement, as to telephone numbers, listings, advertisements, social media accounts, domains, websites, directories, or similar (collectively “Listings”) relating to your Franchise.

LISTINGS ASSIGNMENT

Upon expiration or termination of the Agreement for any reason, Franchisee’s right of use of the Listings shall terminate. In the event of termination or expiration of the Agreement, Franchisee agrees to pay all amounts owed in connection with the Listings, and to immediately at Franchisor’s request, (i) take any other action as may be necessary to transfer the Listings to Franchisor or Franchisor’s designated agent, (ii) install and maintain, at Franchisee’s sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect the Listings; and/or (iv) cooperate with Franchisor or its designated agent in the removal or relisting of the Listings

Franchisee agrees that Franchisor may require Franchisee to “port” or transfer to Franchisor or an approved call routing and tracking vendor all Listings.

DURABLE POWER OF ATTORNEY

Appointment as Attorney in Fact. For value received, Franchisee hereby irrevocably appoints Franchisor as Franchisee’s attorney-in-fact, to act in Franchisee’s place, for the purpose of assigning any Listings. This appointment gives to us full power to receive, transfer or assign to us or our designee or take any other actions required of Franchisee under the Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the foregoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such Listings and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, cancellation or termination of Franchisee’s rights under the Agreement for any reason. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

Governing Law and Survival. The validity, construction and performance of this Assignment is governed by the laws of the State in which we are located. All our rights survive the termination, expiration or non-renewal of the Agreement and inure to our benefit and to the benefit of our successors and assigns.

FRANCHISEE:	FRANCHISOR:
By:	By:
Signature:	Signature:
	Date:

Promissory Note#

Date

Amount:

Virginia Beach, VA

SCHEDULE 4-PROMISSORY NOTE

FOR VALUE RECEIVED, _____ (each a "Maker") promises to pay to the order of Loyalty Brokers LLC d/b/a Loyalty Business Brokers ["Payee"] at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452 the principal amount of _____ together with interest at the rate of 12% per year.

This Note will be payable in (X) MONTHLY installments of \$ _____ each plus interest

The first payment is due _____ and will continue on _____ of each year until paid. The Maker may prepay this Note, in whole or in part, without penalty, at any time. TIME IS OF THE ESSENCE regarding the payment of any amounts due under this Note.

As security for Maker's obligations under this Note, Maker grants to Holder a security interest in Maker's right, title and interest in the Collateral, whether owned now or hereafter acquired. The security interest extends into any proceeds of the Collateral including, but not limited to, bank accounts and insurance payments. Collateral means: (1) All Franchise Agreements and related agreements, as amended, between Holder and Maker pertaining to Maker's operation of a Franchise Business; and (2) All "Accounts" and all "General Intangibles" used by Maker in connection with the Franchise Business, including (without limitation) all ledgers, files, books, records, and accounts receivables; and (3) Any commissions, fees, concessions or payments of any money due Maker as a sales representative, financial advisor, independent contractor, licensee, business owner, franchisee, stockholder, partner, officer, director or employee with any financial services business; and (4) All "Equipment", "Supplies" and "Furniture and Fixtures" used by Maker in the franchise business, including all computers, printers, computer networks, telephone systems, fax machines, file cabinets, all office furniture, desks, chairs, tables, signs, panels and calculators.

Maker will enroll in the automatic fund transfer program. Repayment of the principal and interest under this Note will be made by deducting interest then principal amounts from revenue, then remitting the balance to Maker. Interest will be calculated based on a 360-day year consisting of twelve (12) months of 30 days each.

Any of the following will constitute an event of default by Maker under this Note: (1) Failure to pay of any installment of principal or interest when due; (2) Failure to comply with any other provision in this Note; (3) Uncured default in any other agreement between Maker and Holder; (4) Death or disability of any Maker; (5) Insolvency of Maker, involving failure to pay debts as they become due or makes an assignment for the benefit of creditors; (6) Maker files or becomes the subject of any petition for relief under the Federal bankruptcy laws or any state insolvency statute; (7) Attachment, levy or garnishment of Collateral by a creditor of Maker; (8) Material change in Maker's creditworthiness; or (9) Sale or termination of Maker's ownership rights in the business to which this Note relates.

Upon default, Holder may take any one or more of the following actions without releasing or discharging such Maker from liability on the Note: (1) Require immediate payment of the entire unpaid balance of this Note and all accrued interest without further notice or demand; (2) Extend the time for payment of any principal, interest or other amount; (3) Renew this Note, in whole or

in part; (4) Grant a full or partial release or discharge from liability; (5) Grant a modification of the rate of interest or any other term of this Note. The remedies are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

This Note will be construed in all respects and enforced according to the laws of Virginia. If any term of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or render unenforceable such term in any other jurisdiction. The failure of Holder to enforce any one or more of the terms or conditions of this Note will not be deemed a waiver of such terms or conditions or of Holder's rights to enforce any term and condition of this Note. The Maker will pay all reasonable attorneys' fees and other expenses that Holder may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any Collateral. Maker waives the right to a trial by jury in any action in connection with this Note. This waiver is knowingly, willingly and voluntarily made by each Maker. Maker warrants that no representations of fact or opinion have been made by any individual to induce this waiver. Maker represents that Maker had the opportunity to be represented by independent legal counsel selected of Maker's own free will, and that Maker has had the opportunity to discuss this waiver with Maker's counsel.

Each person liable on this Note in any capacity, whether as Maker, endorser, surety, guarantor or otherwise, and any holder (collectively hereafter "Obligor"), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law.

The Maker will submit monthly financial information to Holder such as an income statement balance sheet, and supporting documents, as Holder requests from time to time and in the format Holder reasonably requires. The Maker represents and warrants to Holder that the loan evidenced by this Note is being made for approved business, commercial or investment purposes associated with the Franchised Business. The Maker further represents and warrants that the execution of this Note and the performance of the obligations stated herein have been duly authorized by all necessary action in accordance with all applicable laws.

This Note constitutes the entire understanding of the Parties and supersedes all prior negotiations, and undertakings of the Parties with respect to the subject matter. This Note and any judgment based upon it may be assigned, transferred or negotiated by the Holder to any person at any time without notice to or the consent of the Maker or any guarantor. This Note will be binding upon the heirs, personal representatives, successors and assigns of Maker and will inure to the benefit of Holder, Holder's successors and assigns. The Maker may neither assign nor transfer this Note or any of its rights without the prior written consent of the Holder. This Note may be executed in counterparts, each of which will constitute an original, but all taken together will constitute a single instrument. This Note may be executed or transmitted electronically. Electronic signatures will be deemed valid having the same legal effect as if it were physically executed. Use of an electronic signature will be consistent with the Electronic Signatures in Global and National Commerce Act ("E-Sign Act"), Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act ("UETA") and any applicable state law.

Intending to be bound by this Note, both Makers affix the signatures, intending to be bound below to signify acceptance on this day_____.

WITNESS the following signature(s) and seal(s):

Maker:_____

By:_____

Printed Name:_____

Guarantors:

Signature of Guarantor

Signature of Guarantor

Printed Name of Guarantor

Printed Name of Guarantor

Home Address:

Home Address:

Signature of Guarantor

Signature of Guarantor

Printed Name of Guarantor

Printed Name of Guarantor

Home Address:

Home Address:

SCHEDULE 5-PERSONAL GUARANTY

This binding contract (“Guaranty”) is between:

_____ (“Franchisor”)and

_____ (“Guarantor”) for

_____ (“Beneficiary”)

In exchange for awarding certain franchise rights to the Beneficiary, pursuant to a franchise agreement, along with other valuable consideration, Guarantor(s) jointly and severally personally guarantee the payment of any money and the performance of any obligation of the Beneficiary to Franchisor. Therefore, each Guarantor will pay the Franchisor, on demand and without offset, any sum due to the Franchisor by the Beneficiary arising out of or related to the Franchise Agreement. Guarantor further will pay all costs of collection including reasonable attorney’s fees.

This Guaranty will be a continuing and irrevocable guaranty and indemnity for indebtedness of the Beneficiary. The Guarantor will, to the extent permitted by law, waive the Homestead exemption, notice of acceptance, notice of presentment, demand, non-payment, dishonor and protest, along with the right to require Franchisor to proceed against the Beneficiary. Furthermore, Guarantor consents to and waives notice of any modification, amendment or extension of the terms of any Agreement between Franchisor and Beneficiary. Guarantor authorizes Franchisor to obtain and use Consumer Reports from time to time on the Guarantor for the sole purpose of evaluating current and ongoing creditworthiness.

This Guaranty will remain in force throughout the term of the Beneficiary’s franchise agreement including any renewals or extensions. Subsequent agreements and credit applications will not serve to alter, supersede or otherwise modify this Personal Guaranty.

Electronic signatures will be deemed valid having the same legal as if it were physically executed. Use of an electronic signature will be consistent with the Electronic Signatures in Global and National Commerce Act (“E-Sign Act”), Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act (“UETA”) and any applicable state law. Each Guarantor signifies the intent to be bound to the terms of this Guaranty by affixing their signatures in the space provided below.

_____ Guarantor 1(Signature)	_____ Printed Name	_____ Date
_____ Guarantor 2(Signature)	_____ Printed Name	_____ Date

SCHEDULE 6-RELEASE

THIS RELEASE is made and given by _____,
("Releasor") with reference to the following facts:

1. Releasor and Loyalty Brokers LLC doing business as Loyalty Business Brokers ("Releasee") are parties to one or more Franchise Agreements.
2. The following consideration is given:

_____ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise"); or
_____ Releasor's consent to Releasee's transfer of its rights and duties under the Franchise Agreement; or
_____ Releasor's consent to Releasee's assumption of rights and duties under the Franchise Agreement; or

_____ [insert description]

3. Release- Franchisee and all Franchises' guarantors, members, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Area Representatives, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Area Representative could assert against Released Parties or any of them up through and including the date of this Release.
4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.
5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220.

Approved and agreed to by:

Franchisee	Franchisor
Signature:	Signature:
Name:	Name:
	Date:

Please sign and keep this copy for your records.

SCHEDULE 7-STATE ADDENDA TO THE FRANCHISE AGREEMENT

ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT

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

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Initial Fee Deferral: Section 4 of the Franchise Agreement are modified with the addition of the following language:

“Payment of the Initial Fees will be deferred until Franchisor has met its obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.”
7. The Franchisor reserves the right to implement “cross-territorial protocols”. Make sure you ask and understand how such protocols will impact your franchised business and territory.

FRANCHISEE:	FRANCHISOR:
By:	By:
Signature:	Signature:
Date:	Date:

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

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

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

2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

6. Initial Fee Deferral: Section 4.1 of the Franchise Agreement is modified with the addition of the following language,

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.

FRANCHISEE:	FRANCHISOR:
By:	By:
Signature:	Signature:
Date:	Date:

EXHIBIT C
FINANCIAL STATEMENTS

The following statement applies to the unaudited portion of the financial statements which follow:

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

Loyalty Business Brokers LLC
Balance Sheet (Unaudited)
As of March 31, 2025

	<u>Mar 31, 25</u>
ASSETS	
Current Assets	
Checking/Savings	
1107 · Towne Bank Loyalty Brokers 6591	3,691.01
Total Checking/Savings	3,691.01
Other Current Assets	
1220 · Notes Receivable Current	81,985.49
1227 · Due From Affiliates	15,000.00
Total Other Current Assets	96,985.49
Total Current Assets	100,676.50
Other Assets	
1350 · Notes Receivable Non-Current	58,541.67
Total Other Assets	58,541.67
TOTAL ASSETS	<u>159,218.17</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	453,186.33
Total Current Liabilities	453,186.33
Long Term Liabilities	153,655.00
Total Liabilities	606,841.33
Equity	
3007 · Retained Earnings	-439,634.17
3010 · Invested Capital	50,000.00
Net Income	-57,988.99
Total Equity	-447,623.16
TOTAL LIABILITIES & EQUITY	<u>159,218.17</u>

Loyalty Business Brokers LLC
Profit & Loss (Unaudited)
January through March 2025

	Jan - Mar 25
Ordinary Income/Expense	
Income	
4000 · Area Rep Sales Income	2,625.00
4100 · Franchise Sales Income	1,623.00
4300 · Operating Royalty Income	1,250.00
4301 · Marketing Royalty Income	500.00
4304 · Technology Fee Income	1,000.00
	<hr/>
Total Income	6,998.00
	<hr/>
Gross Profit	6,998.00
Expense	
5000 · Advertising and Promotion	
5000-01 · New Franchise Recruitment	50,194.26
	<hr/>
Total 5000 · Advertising and Promotion	50,194.26
5003 · Bank Charges	15.00
5016 · Legal and Professional Fees	7,373.50
5024 · Office Expense	159.96
5033 · Technology Expense	4,402.09
5040 · FDD Filing Fees	2,810.00
5043 · AR Expense	2,468.00
	<hr/>
Total Expense	67,422.81
	<hr/>
Net Ordinary Income	-60,424.81
Other Income/Expense	
Other Income	
4400 · Interest Income	2,515.31
	<hr/>
Total Other Income	2,515.31
	<hr/>
Net Other Income	2,515.31
	<hr/>
Net Income	-57,909.50
	<hr/> <hr/>

LOYALTY BROKERS LLC

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE THREE YEARS ENDED DECEMBER 31, 2024



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

LOYALTY BROKERS LLC

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Statements of Operations	4
Statements of Changes in Members' Equity.....	5
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DASH Business Solutions, LLC

Independent Auditor's Report

To the Members of
Loyalty Brokers LLC

Opinion

We have audited the accompanying financial statements of Loyalty Brokers LLC, which comprise the balance sheets as of December 31, 2024, and the related statements of operations, members' equity, and cash flows for the three years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loyalty Brokers LLC as of December 31, 2024, and the results of its operations and its cash flows for the three years then ended, in accordance with the generally accepted accounting principles in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

DASH Business Solutions, LLC

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

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

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

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

DASH Business Solutions, LLC

DASH Business Solutions, LLC
Royal Palm Beach, FL
April 4, 2025

LOYALTY BROKERS LLC

	Balance Sheets		
	December 31		
	2024	2023	2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 14,847	\$ 6,669	\$ 1,117
Accounts Receivable	1,250	1,250	5,250
Notes Receivable, Current Portion	25,000	25,000	-
Income Tax Asset	86,491	74,348	-
Due From Affiliates	-	12,500	-
Total Current Assets	<u>127,588</u>	<u>119,767</u>	<u>6,367</u>
Other Assets			
Notes Receivable	<u>118,011</u>	<u>45,000</u>	<u>-</u>
Total Other Assets	<u>118,011</u>	<u>45,000</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 245,599</u></u>	<u><u>\$ 164,767</u></u>	<u><u>\$ 6,367</u></u>
LIABILITIES & EQUITY			
Current Liabilities			
Due To Affiliates	\$ 389,590	\$ 329,923	\$ 200,103
Deferred Tax Asset	86,491	74,348	-
Deferred Revenue, Current Portion	<u>18,159</u>	<u>7,008</u>	<u>-</u>
Total Current Liabilities	<u>494,240</u>	<u>411,279</u>	<u>200,103</u>
Long-Term Liabilities			
Deferred Revenue	<u>139,744</u>	<u>60,932</u>	<u>-</u>
Total Long-Term Liabilities	<u>139,744</u>	<u>60,932</u>	<u>-</u>
Total Liabilities	<u>633,984</u>	<u>472,211</u>	<u>200,103</u>
Members' Equity			
Retained Earnings	<u>(388,385)</u>	<u>(307,444)</u>	<u>(193,736)</u>
Members' Equity	<u>(388,385)</u>	<u>(307,444)</u>	<u>(193,736)</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 245,599</u></u>	<u><u>\$ 164,767</u></u>	<u><u>\$ 6,367</u></u>

See accompanying Notes to Financial Statements

LOYALTY BROKERS LLC

Statements of Operations For The Three Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues			
Franchise Fees	\$ 3,037	\$ 1,872	\$ -
Technology Fee Income	11,800		-
Area Rep Sales Revenue	7,000	188	-
Royalty Revenue	26,063	-	6,250
Other Income	1,000	2,333	-
Interest Income	4,948		-
Total Revenues	<u>53,848</u>	<u>4,393</u>	<u>6,250</u>
Expenses			
Advertising and Marketing	46,974	52,395	48,354
Area Rep Expense	6,700	-	-
Bad Debt Expense	19,436		-
Consulting Expense		-	2,333
Contract Labor	2,000	23,750	26,000
Dues and Subscriptions		-	67
Filing Fees	3,405	5,103	3,650
Insurance Expense	93	-	-
Legal and Professional	5,500	5,925	17,722
Licenses & Fees	7,600	7,650	25,050
Meal Expense		-	476
Meeting Expense		-	1,838
Office Supplies and Expense	1,325	617	138
Overhead - Corporate	5,664	27,529	27,527
Overhead - Marketing & Sales	13,450	14,116	4,680
Payroll Processing Fees		-	101
Postage and Shipping	8	-	466
Technology Expense	22,634	26,970	16,436
Training Expense		4,046	1,969
Travel Expense		-	617
Total Expenses	<u>134,789</u>	<u>168,101</u>	<u>177,424</u>
Net Income (Loss)	<u><u>\$ (80,941)</u></u>	<u><u>\$ (163,708)</u></u>	<u><u>\$ (171,174)</u></u>

See accompanying Notes to Financial Statements

LOYALTY BROKERS LLC

Statements of Changes in Members' Equity For The Three Years Ended December 31, 2024

Equity at January 1, 2022	\$ (22,562)
Member Distributions	-
Net Income (Loss)	<u>(171,174)</u>
Equity at December 31, 2022	<u><u>\$ (193,736)</u></u>
Equity at January 1, 2023	\$ (193,736)
Invested Capital	50,000
Member Distributions	-
Net Income (Loss)	<u>(163,708)</u>
Equity at December 31, 2023	<u><u>\$ (307,444)</u></u>
Equity at January 1, 2024	\$ (307,444)
Invested Capital	-
Member Distributions	-
Net Income (Loss)	<u>(80,941)</u>
Equity at December 31, 2024	<u><u>\$ (388,385)</u></u>

See accompanying Notes to Financial Statements

LOYALTY BROKERS LLC

Statements of Cash Flows For The Three Years Ended December 31, 2024

	2024	2023	2022
<u>Cash Flows From Operating Activities:</u>			
Net Income (Loss)	\$ (80,941)	\$ (163,708)	\$ (171,174)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	-	4,000	(5,250)
Increase (Decrease) in Deferred Revenue	89,963	67,940	-
Net Cash Provided by Operating Activities	<u>9,022</u>	<u>(91,768)</u>	<u>(176,424)</u>
<u>Cash Flows From Investing Activities:</u>			
Due To Affiliates	59,667	129,820	165,611
Due From Affiliates	12,500	(12,500)	-
Notes Receivable Assets	<u>(73,011)</u>	<u>(70,000)</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>(844)</u>	<u>47,320</u>	<u>165,611</u>
<u>Cash Flows From Financing Activities:</u>			
Invested Capital	-	50,000	-
Net Cash Provided by Financing Activities	<u>-</u>	<u>50,000</u>	<u>-</u>
Net Change in Cash	8,178	5,552	(10,813)
Cash - Beginning of Period	<u>6,669</u>	<u>1,117</u>	<u>11,930</u>
Cash - End of Period	<u>\$ 14,847</u>	<u>\$ 6,669</u>	<u>\$ 1,117</u>

Supplementary Disclosures Of Cash Flows

Cash Paid For Interest	\$ -	\$ -	\$ -
Cash Paid For Income Taxes	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements

LOYALTY BROKERS LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Loyalty Brokers LLC (the “Company”) was formed on October 13, 2021 as a Virginia limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchise location of Loyalty Business Brokers, a business brokerage for franchises where they can list and sell individual businesses.

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

Financial Instruments

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

Concentration of Risk

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

Advertising Costs

The Company expenses advertising costs as they are incurred.

LOYALTY BROKERS LLC

Notes to the Financial Statements

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

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. At December 31, 2024, the Company had accounts receivable of \$1,250, and all accounts are deemed collectible.

Other Assets

The Company has notes receivable from franchises based on financing provided by the Company to fund their initial purchase and/or provide working capital loans. The terms include a fixed interest rate of twelve percent (12%) annually and the notes have various due dates. Interest income in subsequent years will be reflected in the financial statements and included in income from operations. The current portion is expected to be received in the subsequent year.

Subsequent Events

Management has reviewed and evaluated subsequent events through April 2, 2025, the date on which the financial statements were issued.

Revenue Recognition

The Financial Accounting Standards Board (“FASB”) issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 using the full retrospective approach. The franchise fee revenue is recognized equally over a ten-year period, amortized monthly based on the contract signing date.

The Company’s revenues consist of fees from franchises such as initial franchise fees, royalties, marketing fees, area representative fees, and other fees. The franchise fees are initially deferred revenue and recognized monthly. If the contract is signed before the fifteenth day of the month, half of the monthly accrual amount is recognized. If the contract is signed on or after the fifteenth day of the month, the entire month of the accrual is recognized. The royalty revenue and other fees are recognized when earned and are based on a percentage of gross sales of each individual franchise according to the franchise contract. The Company is obligated to provide the franchise with specific performances, including name and trademark use, as outlined in the franchise disclosure document. The initial franchise fee: is not refundable; is typically collected upon contract signing; and, future allocations of the initial franchise fees have no risk of impairment. When a franchise terminates the contract, the remainder of the initial franchise fee may be recognized in the year of termination. During the year ending December 31, 2022, a franchise fee was waived. Additional executed contracts have paid franchise fees during the year ending December 31, 2024.

LOYALTY BROKERS LLC

Notes to the Financial Statements

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

Income Taxes

The entity is structured as a limited liability company under the laws of the State of Virginia. The Company has elected to be treated as a corporation for federal and state income tax purposes. The Company follows the guidance under Accounting Standards Codification Topic 740, Accounting for Uncertainty in Income Taxes, which prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the Company. The Company has not identified any uncertain tax positions for the three years ending December 31, 2024. The Company has a net operating loss carryforward that may be used to offset future income tax expense. At December 31, 2024, Management estimated the benefit of the operating loss and recorded an income tax asset on the balance sheet based on the current federal and state corporate tax rates of twenty-one percent and five percent, respectively. The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

NOTE 2 - RECLASSIFICATIONS

Certain reclassifications and combinations have been made to allow for conformity and clarity. The updates have not materially changed the financial statements and were completed as part of the audit process.

NOTE 3 - OTHER INCOME

During the year ending December 31, 2023, the Company voided a consulting expense check from the prior year in the amount of \$2,333. It is reflected as Other Income in the financial statements.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

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

NOTE 5 - DEFERRED REVENUE

As stated in Note 1, under ASC 606, Management has determined that revenue from the initial franchise fee should be recognized equally over a ten-year period monthly beginning when the contract is signed. At December 31, 2024, the amounts in deferred revenue consist of the current portion that will be recognized during the subsequent calendar year, and the long-term portion that will be recognized as previously stated.

LOYALTY BROKERS LLC

Notes to the Financial Statements

NOTE 6 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company began allocating overhead costs of the managing affiliate for services provided to the Company based on the percentage of time spent on the Company by affiliate through the use of shared labor, utilities, office space, and other overhead costs. The allocation was deemed reasonable by management and the services are allocated by the same allocation method amongst multiple franchisor affiliates. The summary allocations are reflected in the financial statements and the repayment is adjusted through the affiliate loan accounts. The details of the corporate overhead expenses are as follows:

	2023	2022
Marketing Overhead	6,670	4,680
Sales Overhead	7,446	-
Total	14,116	4,680
Consulting Overhead	-	479
Training Overhead	-	4,000
Legal Overhead	16,469	22,598
Operations Overhead	863	-
IT Overhead	1,318	-
Mapping Overhead	1,525	-
Accounting Overhead	7,354	450
Total	27,529	27,527

NOTE 7 - AFFILIATE LOANS

During the ordinary course of business, the Company enters into transactions with affiliates that share common ownership primarily due to short term advances and cost reimbursements. The amounts are reflected on the balance sheet as affiliate loan assets and/or affiliate loan liabilities and are expected to be repaid during the subsequent year. There are no written terms of repayment and no interest charged. Any amounts outstanding after the subsequent twelve months will be included in a formal note with an imputed interest rate, if applicable.

NOTE 8 - FRANCHISE AGREEMENT

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

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

EXHIBIT D

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	<p>The Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013</p> <p>2101 Arena Blvd. Sacramento, CA 95834 1-866-275-2677</p> <p>1455 Frazee Rd, Suite 315 San Diego, CA 92108</p> <p>One Sansome St, Suite 600 San Francisco, CA 94104 (866) 275-2677</p>	<p>Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013</p>
Connecticut	<p>The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299</p>	<p>The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299</p>
Hawaii	<p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>	<p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813</p>
Illinois	<p>Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>	<p>Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706</p>
Indiana	<p>Secretary of State, Securities Division</p>	<p>Secretary of State, Securities Division</p>

	302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	302 West Washington Street, Room E-111 Indianapolis, IN 46204
Kentucky	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 335-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
Nebraska	Nebraska Department of Banking and Finance 1526 K Street, Suite 300 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Floor New York, NY 10005 212-416-8222	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
North Dakota	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Department of Business Regulation	Department of Business Regulation

	Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9500	Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
Texas	Secretary of State Statutory Document Section P.O. Box 13193 Austin, TX 78711 (512) 475-0775	
Utah	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
Virginia	State Corporation Commission Division of Securities and Retail Franchising, 9 th Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Washington State Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608)-266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

EXHIBIT E-1

LIST OF FRANCHISEES

The following is a list of the names of all franchisees and the addresses and telephone numbers of their outlets as of the end of our last fiscal year, December 31, 2024.

State	Location	Owner	Mailing Address	Phone
Florida	Southern FL	Complete Debt Solutions, LLC	1320 Dogwood Lane, Huntington Valley PA 19006	215-588-2700

State	Location	Owner	Mailing Address	Phone
New Jersey	Southern NJ / Phil Metro	NJ Biz Broker, LLC	540 Route 130 North, Cinnaminson NJ 08077	856-278-2540

State	Location	Owner	Mailing Address	Phone
Tennessee	Nashville TN	Powers Brokerage LLC	1074 Scouting Drive, Franklin TN 37064	615-991-1277

Franchise Agreement signed but outlet not yet open (as of December 31, 2024):

State	Location	Owner	Mailing Address	Phone
Virginia	Northern VA	Capital Worth Inc.	202 Brafferton Blvd Stafford VA 22554	703-209-9430

EXHIBIT E-2

LIST OF FORMER FRANCHISEES

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

State	Address	Owner(s)	Email	Phone
FL	100 Indian Rocks Rd Belleair Bluffs, FL 33770	Davina Doletzky	davina@ theloyaltybusinessbrokers.com	303-580-2912
TX	5850 San Felipe St., # 500, Houston, TX 77057	Andy Erskine	andy.erskine@ theloyaltybusinessbrokers.com	713-400-7663

EXHIBIT F

TABLE OF CONTENTS OF OPERATIONS MANUAL

Chapter	Chapter Title	# of Pages
1.	Introduction	4
2.	Introduction to the Franchise System	4
3.	Understanding Franchising	3
4.	Pre-Opening Procedures	35
5.	Human Resources	30
6.	Operating Procedures	20
7.	Finance and Accounting	10
8.	Marketing	15
9.	Additional Resources	20
	Total Pages	141

EXHIBIT G

STATE EFFECTIVE DATES

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

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

State:	Effective Date:
Illinois	Pending
Maryland	Pending
Michigan	May 1, 2025
New York	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT H

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Loyalty Brokers LLC d/b/a Loyalty Business Brokers offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Loyalty Brokers LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit D.

The franchisor is Loyalty Brokers LLC located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Its telephone number is (888) 268-0321

Issuance date: May 23, 2025

The franchise seller for this offering is:

Seller	Address	City, State Zip	Phone
Michael M. Nicolais	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(888) 268-0321
John T. Hewitt	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(888) 268-0321
Kelly Wyatt (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(757) 560 1040
Jamie Marcil (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(833) 920 0735
Tayler Romanelli (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(833) 920-0735
Gwendolyn DiFerdinando	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23454	(833) 920-0735

Seller	Address	City, State Zip	Phone
Erik Klumpe (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23454	(833) 920-0735
Jennifer Wyatt-Wilson (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23454	(833) 920-0735
Colin Flynn (Loyalty Brands)	7226 Pomelo Dr.	West Hills, CA 91307	310-801-4654

We authorize the respective state agencies identified on Exhibit D to receive service of process for us in the particular state.

I have received a Disclosure Document dated May 23, 2025, that included the following:

Exhibit A-State Addenda to the Franchise Disclosure Document

Exhibit B-Franchise Agreement

Schedule 1-Territory

Schedule 2-Automatic Bank Draft Authorization

Schedule 3-Telephone Number Assignment

Schedule 4-Promissory Note

Schedule 5-Personal Guaranty

Schedule 6-Release

Schedule 7-State Addenda to the Franchise Agreement

Exhibit C-Financial Statements

Exhibit D-State Administrators/Agents for Service of Process

Exhibit E-1-List of Franchisees

Exhibit E-2-List of Former Franchisees

Exhibit F-Table of Contents-Operations Manual

Exhibit G-State Effective Dates

Exhibit H-Receipt

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

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

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Exhibit G-State Effective Dates

Exhibit H-Receipt

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

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