

FRANCHISE DISCLOSURE DOCUMENT



PG Group CA LLC
a Delaware limited liability company
1133 St. George Blvd., Suite 50
Moncton, New Brunswick E1E 4E1 Canada
Telephone: 506.860.3433
E-mail: kleblanc@propertyguys.com
Website: www.propertyguys.com

A "PropertyGuys.com" franchisee will operate a businesses which offers goods and services to those selling property in what is known as the "For Sale By Owner" (FSBO) market, and to others selling or buying real estate, under the trade name "PropertyGuys.com" ("**PropertyGuys.com Businesses**").

The total initial investment necessary to begin operation of a "PropertyGuys.com" Business will range from \$22,250 to \$80,650. This includes \$20,000 to \$40,000 that must be paid to us or one of our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ken LeBlanc at PG Group CA LLC, 1133 St. George Blvd., Suite 50, Moncton, New Brunswick E1E 4E1 Canada (tel: 506.860.3433).

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

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

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

Issuance Date: May 8, 2023

HOW TO USE THIS FRANCHISE DISCLOSURE DOCUMENT

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
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 E 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 "PropertyGuys.com" Business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a "PropertyGuys.com" franchisee?	Item 20 or Exhibit D list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

SOME STATES REQUIRE REGISTRATION

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

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:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with us by mediation and litigation in New York. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in New York than in your own state.

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.

PG Group CA LLC

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

Item 1	The Franchisor, and any Parents, Predecessors, and Affiliates	1
Item 2	Business Experience	3
Item 3	Litigation	3
Item 4	Bankruptcy	4
Item 5	Initial Franchise Fees	4
Item 6	Other Fees	5
Item 7	Estimated Initial Investment	10
Item 8	Restrictions on Sources of Products and Services	13
Item 9	Franchisee's Obligations	17
Item 10	Financing	18
Item 11	Franchisor's Assistance, Advertising, Computer Systems, and Training.....	18
Item 12	Territory	25
Item 13	Trademarks	27
Item 14	Patents, Copyrights, and Proprietary Information	29
Item 15	Obligation to Participate in the Actual Operation of the Franchise Business	30
Item 16	Restrictions on What The Franchisee May Sell	31
Item 17	Renewal, Termination, Transfer, and Dispute Resolution	31
Item 18	Public Figures	34
Item 19	Financial Performance Representations	35
Item 20	Outlets and Franchisee Information	35
Item 21	Financial Statements	37
Item 22	Contracts	37
Item 23	Receipts	Last Pages

Exhibits

A	Franchise Agreement and Related Exhibits	F	Table of Contents for the Manual
B	List of Administrators	G	State-specific Disclosures
C	Agents for Service of Process	H	State-specific Agreement Amendments
D	List of Current and Former Franchisees	I	Compliance Certification
E	Financial Statements	J	General Release
		K	State Effective Dates
		L	Receipts (2 copies)

Item 1 The Franchisor, and Any Parents, Predecessors, and Affiliates**The Franchisor**

The franchisor is “PG Group CA LLC” (referred to in this disclosure document as “us,” “our,” or “we”). We are a Delaware limited liability company formed on November 7, 2016. We maintain our principal place of business at 1133 St. George Blvd., Suite 50, Moncton, New Brunswick E1E 4E1 Canada. (tel: 506.860.3433). We conduct business only under the names and marks “PropertyGuys” and “PropertyGuys.com”.

We do not engage in business activities other than franchising PropertyGuys.com Businesses and Area Representative Businesses (described below). We began offering PropertyGuys.com Business franchises in May 2016 and Area Representative Businesses in May 2021. We offered master franchises for PropertyGuys.com Businesses from November 2016 until December 2020 (we no longer do so). We have never offered franchises in any other lines of business.

Our agents for service of process are disclosed in Exhibit C to this disclosure document.

Our Parent, Predecessor, and Affiliates

Entity	Description
PG Group USA Inc., a Delaware corporation organized on November 7, 2016	Our parent, serves as a holding company and owns all of our equity interests.
PropertyGuys.com Inc., a corporation organized under the Canada Business Corporations Act on May 23, 2013	It owns the System that we sublicense to you, has sold PropertyGuys.com franchises in Canada since April 2001; our training is provided at its facilities.
PG Franchise International Ltd., a corporation organized under the Canada Business Corporations Act on August 6, 2015	It has offered master franchises outside of Canada and the United States since 2016.
Intellectual Atlantic Properties Inc. (“IAP”), a corporation organized under the Canada Business Corporations Act on February 19, 2008	IAP owns the trademarks that we sublicense to you, and has never offered franchises in any line of business.

Our parent and all of our affiliates: maintain their offices, with us, at 1133 St. George Blvd., Suite 50, Moncton, New Brunswick E1E 4E1 Canada; and, except as indicated, none have ever offered franchises in any line of business.

The Franchise Rights Offered***PropertyGuys.com Businesses***

Under this disclosure document, we offer franchises to operate PropertyGuys.com Businesses. Each PropertyGuys.com Business offers goods and services to those selling property in what is

known as the “For Sale By Owner” (FSBO) market, and to others selling or buying real estate, under the trade name “PropertyGuys.com.”

Among the distinguishing characteristics of a PropertyGuys.com Business are that it operates under our “**System**.” Our System includes (among other things): our products and services, including flexible marketing packages, 24/7 internet exposure, access to branded “For Sale” signs, and operating support, as well as confidential and proprietary information and trade secrets; distinctive images, designs, business formats, training methods, procedures, and specifications; uniform standards, specifications, and procedures for operations; procedures for management; software; training and assistance; and advertising and promotional programs.

We identify the System by means of certain trade names (for example, the “PROPERTYGUYS.COM” mark and logo), service marks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify (all of these are referred to as our “**Proprietary Marks**”). We continue to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System’s high standards of quality, appearance, and service.

PropertyGuys.com Businesses must operate according to our standards and procedures, as set out in our confidential brand manuals (the “**Manual**”) and other written instructions relating to the operation of a PropertyGuys.com Business.

We offer to enter into franchise agreements (“**Franchise Agreements**”) with qualified corporations and persons that wish to establish and operate a PropertyGuys.com Business.

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate one PropertyGuys.com Business (the “**Franchised Business**”) within an agreed upon territory (“**Protected Territory**”) that will be specified in the Franchise Agreement. In this disclosure document, “**you**” means the person or legal entity with whom we enter into an agreement. The term “you” also refers to the direct and indirect owners of an entity – such as a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the Franchisee.

You will generally manage and operate the Franchised Business from a location we approve that will serve as your office (the “**Office**”). We recommend that you initially operate your Franchised Business from an office located in your home; however, you may elect to lease a commercial location as well. PropertyGuys.com Businesses generally do not have a retail storefronts, and you may not establish one without our approval.

Area Representative Businesses

We also have an area representative program, under which we will enter into area representative agreements (“**Area Representative Agreements**”) with qualified individuals that wish to become “**Area Representatives**.” An Area Representative will solicit, screen, and evaluate prospects to become franchisees and provide certain services to franchisees who operate PropertyGuys.com Businesses within certain specified territories. We refer to this business as an “**Area Representative Business**.”

We offer franchises to operate Area Representative Businesses under a separate disclosure document.

Industry Specific Laws

You must comply with all local, state, and federal laws that apply to your Franchised Business operations, including for example EEOC, OSHA, discrimination, employment, and sexual harassment laws. You may be required to obtain and maintain local real estate licenses or permits, and you also must comply with real estate laws in your jurisdiction in connection with operating your Franchised Business. In addition, you must comply with laws relating to solicitors, peddlers, and canvassers in your jurisdiction. You should consult with your attorney concerning those and other local laws and ordinances that may affect your Franchised Business' operation.

Market and Competition

PropertyGuys.com Businesses can expect to compete in their market with locally-owned businesses, as well as with national and regional chains that offer real estate listing, marketing, and sales services. The market for these items is well-established and highly competitive. Businesses such as a PropertyGuys.com Business compete on the basis of many factors, such as price, service, location, product offerings and quality, customer experience, and business promotions and marketing programs.

Item 2**Business Experience**Corporate Director; President and CEO:Ken LeBlanc

Ken has been a Director and served as our President and CEO in Moncton, New Brunswick since our incorporation in November of 2016. Ken has been a corporate Director and served as President and CEO of our affiliate, PropertyGuys.com Inc., in Moncton, New Brunswick since its incorporation in April of 2001.

Corporate Director; Director of Partnerships:Walter Melanson

Walter has been a Director and served as our Director of Partnerships in Moncton, New Brunswick since our incorporation in November 2016. Walter has been a Director and served as Director of Partnerships of our affiliate, PropertyGuys.com Inc., in Moncton, New Brunswick since its incorporation in April of 2001.

Corporate Director; Vice President of Operations:Jeremy Demont

Jeremy has been a Director and served as our Vice President of Operations in Moncton, New Brunswick since our incorporation in November 2016. Jeremy has been a Director and served as Vice President of Operations of our affiliate, PropertyGuys.com Inc., in Moncton, New Brunswick since its incorporation in April of 2001.

Director of Franchise Development:Daina Hernden

Daina has served as our Director of Franchise Development in Moncton, New Brunswick since October 1, 2017. In addition to her roles with us, Daina has been self-employed as a house-flipper since March 2007 in the Truro, Nova Scotia area.

Item 3**Litigation**

PJB Holdings, Inc. v. PG Group CA, LLC, No. 01-20-0014-1292 (AAA), Southeast Case Management Center, filed August 12, 2020. The Claimant PJB Holdings, Inc. ("PJB"), based in Quebec and Florida, entered into a master franchise agreement with us for Florida and Texas. PJB failed to develop, failed to make required payments to us, and engaged in unacceptable

sales practices. PG sent a Notice of Default in March 2020 and terminated the two relevant master franchise agreements on July 17, 2020. PJB commenced this arbitration proceeding in August 2020, seeking reinstatement of the master franchise agreements, alleging wrongful termination and breach of contract, and seeking \$1.8 million in damages as well as costs and fees. We counterclaimed, seeking the unpaid amounts still due under the master franchise agreements. In December 13, 2020, the Arbitrator dismissed PJB's initial claim for reinstatement. After the arbitrator denied PJB's claim seeking reinstatement of the terminated master franchise agreements, the parties discussed and in May 2021, reached a settlement resolving the remaining issues, under which we refunded \$125,000 from the total \$900,000 master franchise fee that PJB originally paid to us.

Other than the one pending action mentioned above, no litigation information 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 Franchise Fees**

Initial Franchise Fee

If you sign a Franchise Agreement, you will pay us an initial franchise fee in an amount ranging from \$20,000 to \$40,000 (the "**Initial Franchise Fee**"). While there is no specified formula for calculating your Initial Franchise Fee, we will generally determine your Initial Franchise Fee based on the total number of dwelling counts in your Territory. We will use the most recent information available in the U.S. Census Data, or other population statistical sources of our choosing to determine the dwelling counts in your Territory. The Initial Franchise Fee will be fully earned when paid and must be paid in one lump-sum amount when you sign the agreement. The Initial Franchise Fee is nonrefundable. We did not collect initial fees for PropertyGuys.com Businesses last year.

Pre-Opening Purchases

We do not require that PropertyGuys.com franchisees purchase or lease any goods or services from us (or an affiliate of us) before they begin to operate their businesses.

Unless otherwise specified in this disclosure document, the fees discussed in this Item are non-refundable.

Item 6**Other Fees**

Type Of Fee	Amount	When Due	Remarks
Royalty (Note 1)	8% of Gross Sales (Note 2)	At the time you enter each listing with respect to amounts paid to you by home sellers.	The royalty fee is based on amounts (including marketing fees and payments for other products, services, and packages) that home sellers purchase from you and will be due and payable at the same time as you activate the listing in our “source portal” (or such other substitute registry that we prescribe) based on the marketing charges that you collect from the home seller for the corresponding listing.
Communications Fund Contribution	\$200 per month	By the 15th day of every month (Note 3)	See Item 11 for a description of the Communications Fund.
Service Fee	\$800 per month	By the 15th day of every month	The Service Fee covers the administrative costs of the ongoing services we provide to you.
Resource Center Fee	\$390 per month	By the 1st day of every month	The Resource Center Fee covers costs associated with your use of our franchisee Resource Center. The Resource Center provides, among other things, call center and lead management services.
Tech Bundle Fee	\$1,500 per quarter	On January 1, April 1, July 1, and October 1 of each calendar year.	The Tech Bundle Fee covers our costs and expenses in connection with implementing and providing technology solutions for the System
Open Area Fees	You must pay us a separate, augmented Royalty Fee equal to 9% of the Gross Sales that you derive from an Open Area.	Same as royalties	Only applies if you are operating your Franchised Business in an Open Area. See Item 12 for more details.

Type Of Fee	Amount	When Due	Remarks
Supplier/Vendor or Supplies Approval (Note 4)	Cost of inspection of supplier's facilities and/or test of supplier's samples, plus our reasonable related costs and expenses	Upon demand	Only due if you propose a new supplier or vendors (or particular suppliers) that we have not previously approved
Product and Equipment Purchases	Will vary	Upon delivery or as agreed	We charge you for products and equipment you purchase from or through us.
Inspection or Audit (Note 5)	Cost of inspection or audit plus our reasonable related costs and expenses	Upon demand	Only due if inspection or audit discloses that information provided to us was materially inaccurate or misleading
Additional Initial Training Attendees	No fee paid to us for up to two individuals attending our training program. \$2,500 per person for additional trainees. Costs of attending training.	As incurred	We do not charge a training fee for two individuals to attend our initial management training program. If you send more than two individuals, you must pay us a training fee for each additional individual. You will bear the cost of any wages, benefits, and travel and accommodation expenses incurred by you and your attendees during initial training.
Replacement Management Training	\$2,500 per attendee, plus travel and accommodation expenses;	At time of training	If you request that we provide replacement management personnel training, you must pay this fee for each individual attending such training.

Type Of Fee	Amount	When Due	Remarks
Additional Training	\$500 per day.	As incurred	You may ask us to provide on-site or virtual training in addition to that which we will provide to you in connection with the initial training programs. If we are able to do so, you must pay this fee as well as our out-of-pocket expenses. Additionally, if we determine that you are not operating the Franchised Business according to our standards and you are in default of the Franchise Agreement, we may require you and/or your employees to complete additional training at the Franchised Business or a location that we designate (or virtually), at your expense, which include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business.
Renewal Fee	\$7,500	Due upon execution of Renewal Agreement	Payable upon renewal of the Franchise Agreement on the terms described in that agreement. The renewal fee is due instead of a new initial franchise fee.
Transfer Fee	\$10,000	At the time of transfer	Only due if you propose a transfer. For a transfer upon disability or death of the franchisee's principal, we will not charge a transfer fee (but ask instead to be reimbursed for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting the transaction).

Type Of Fee	Amount	When Due	Remarks
Securities Offering Fee	\$5,000 (or our reasonable costs and expenses, if more)	Upon demand	Only due if you or an affiliate engage in a securities offering. You also must indemnify us (see below).
Interest	1.5% per month or the highest applicable rate, whichever is less	On demand	Payable on any amounts owed to us or our affiliates that is overdue
Indemnification	Will vary under circumstances	When incurred	You must defend, indemnify and hold us and our affiliates and various other parties harmless from all losses, damages, liability, costs and expenses etc. of any kind arising in whole or in part from the operation of your Business or any violation of your Franchise Agreement with us.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	You must reimburse us for our costs in enforcing the terms of your Franchise Agreement with us
Insurance Administrative Fee	Will vary under circumstances	As incurred	If you do not procure or maintain the required insurance, we have the right to procure such insurance on your behalf and to charge the premiums to you, along with a reasonable fee for our expenses in so acting (\$500/day, pro-rated for the time we spend to procure such insurance for you), plus attorneys' fees if applicable.
Convention Fee	If and when we hold an annual convention, the registration fee will not exceed \$1,200 per attendee.	As incurred	We do not currently have an annual convention, but may do so in the future. You must attend the conventions and meetings that we may periodically require and pay this fee for each attendee, along with the other costs of attendance (including travel, room and board, and your employees' wages, benefits and other expenses).

Notes to Item 6 table:

- 1 **Fees.** The fees listed in the Item 6 tables are payable only to us or our affiliates. The royalty fee is payable to us through our then-current pay at source portal and is due on a per listing basis. All other fees due to us or our affiliates (such as communications contributions, amounts due for your purchases from us or our affiliates, and other amounts due under the Franchise Agreement) must be paid through electronic funds transfer (using the ACH network or other method we designate). We may debit this account to collect these amounts. You must keep a sufficient balance in the account from which the ACH deductions are made to pay all of the fees due under the Franchise Agreement. We have the right to change payment method requirements.

All fees are payable to us, and are uniformly applied to new system franchisees, and non-refundable; however, in instances that we consider appropriate, we may waive some or all of these fees. All fees and all amounts referenced in this disclosure document are in U.S. Dollars.

We will have the right to make inflation adjustments to the fixed-dollar amounts under the Franchise Agreement (but not the Initial Franchise Fee) if there are changes in the Index from the year in which you signed the Franchise Agreement. "**Index**" means the Consumer Price Index published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we can designate a reasonable alternative measure of inflation.

- 2 **Gross Sales.** As used in the Franchise Agreement, "Gross Sales" means all revenue from the sale of all services and products and all other income of every kind and nature related to, derived from, or originating from the Franchised Business, including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Gross Sales excludes any legitimate and reasonable discounts and/or refunds that you provide to customers and sales taxes or other taxes that you collect from your customers and actually pay to the appropriate taxing authorities.
- 3 **Accounting Periods.** Unless otherwise specified, payments and sales reports are due on the fifteenth day of each month. As used in the Franchise Agreement the term "month" means a calendar month or such other four to five week period that we may designate (provided that there will not be more than 13 "months" during any year).
- 4 **Supplier/Vendor, Supplies Approval.** If you wish to sell or use any product that we have not already approved, or buy products from a vendor that we have not already approved, you must follow the procedure under the Franchise Agreement. Among other things, that includes submitting samples of the proposed item as well as other information, for inspection and testing. You or the proposed vendor will pay the reasonable cost of the inspection and evaluation and the actual cost of any testing.
- 5 **Inspection or Audit.** If we conduct an inspection or audit of your records and find that any payments due to us have been understated or underpaid, then you must immediately pay us, upon demand, the understated or underpaid amount plus interest from the date any amount was due until paid. If an inspection or audit shows that the information provided to us was materially inaccurate or misleading (or it cannot be determined whether it was materially inaccurate or misleading because you did not maintain and preserve the required records), then you also must reimburse our costs and expenses, including accounting and attorneys' fees connected with the inspection or audit. An understatement of Gross Sales or

underpayment of 2% or more in any report is deemed to be materially inaccurate and misleading.

Item 7**Estimated Initial Investment****YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is Made
	From	To			
Initial Franchise Fee (Note 1)	\$20,000	\$40,000	Lump Sum	Upon signing Franchise Agreement	Us
Lease/Rent (Note 2)	\$0	\$13,750	As incurred	Before opening, as incurred	Landlord
Computer System (Note 3)	\$0	\$3,000	Lump sum	Before Opening	Vendors, Approved Suppliers
Expenses for Initial Training (Note 4)	\$0	\$5,000	As incurred	Before opening, as incurred	Airlines, hotels, vendors
Business Licenses and Permits (Note 5)	\$250	\$2,500	As incurred	Before opening, as incurred	Licensing Authorities
Business Insurance (Note 6)	\$1,000	\$2,500	As incurred	Before opening, as incurred	Insurance Providers
Initial Inventory (Note 7)	\$0	\$5,000	As incurred	Before opening, as incurred	Approved Suppliers
Transportation (Note 8)	\$0	\$2,400	As agreed	As incurred	Outside Suppliers
Professional Fees (Note 9)	\$1,000	\$3,500	As incurred	Before opening, as incurred	Accountants, Attorneys, and Consultants
Additional Funds	\$0	\$3,000	As incurred	After opening	Various

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is Made
	From	To			
(3 months) (Note 10)					
Total	\$22,250	\$80,650			

Notes:

Please review the tables above together with the following notes. None of the fees payable to us or our affiliates are refundable, unless otherwise specified.

We relied on our general business experience to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the Franchised Business. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Start-up costs may vary depending upon your circumstances.

Please note that we do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will likely depend on many factors (including the availability of financing generally, your creditworthiness, and the policies of lending institutions).

- 1 **Initial Franchise Fee.** The details of the initial franchise fee are described in Item 5.
- 2 **Lease/Rent.** You must have a location to serve as your Office from which you can operate your Franchised Business. We do not, however, require that you secure a separate location to serve as your Office, and therefore, you may already have a suitable location (such as a home office), and if so, you will not incur any additional expense to establish an Office.

We do not review or approve locations to serve as your Office, but you must notify us of the location that you choose to serve as your Office.

The low end of the estimate in the chart reflects your use of a home office, at no marginal cost to you.

The higher estimate estimates rental of office space of 500 to 750 square feet with an estimated rental rate of \$8 to \$55 per square foot per year, for a total of four months (three month's rent and a security deposit of one month rent).

- 3 **Computer System.** You will need to have a mobile phone, a computer, and internet access in order to operate your Franchised Business. You will not incur any additional cost if you already have these items and services.

If you need to obtain these services before you become a Franchised Business, then we estimate that you will incur a cost of approximately: \$0 to \$3,000 to obtain a computer and necessary software as well as an additional \$50 per month for internet access. These costs can vary depending on the features that you choose from your mobile carrier and internet service provider, competition for these services in your area, and your usage

patterns. The estimate given in the chart ranges from no costs (for example, if you already have a mobile phone, computer, and internet service) to 3 months' expenses applying the estimates noted above.

- 4 **Initial In-Person Training Expenses.** The estimates assume travel, meals and lodging, for two individuals to attend initial training. Your cost will vary depending upon factors such as the distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses incurred, and how many people will attend training. If you send more than two persons to attend training, we estimate that the additional cost, on a per person basis, will range from \$0 to \$2,500 plus the additional discounted training fee. The low end estimate assumes that our training will be conducted online, and if so, you would not incur travel expenses.
- 5 **Business Licenses and Permits.** This estimate includes costs relating to business license requirements and employment regulations. You should not consider this list as comprehensive. The laws in your state, county or municipality may be more or less stringent. You are advised to examine these laws before purchasing a franchise from us. You may need to hire accountants and/or legal counsel to assist you in obtaining required licenses and permits and other legal compliance, which is shown as a separate entry in the above chart.
- 6 **Business Insurance.** The estimate is for the annual premium for the policies required under the Franchise Agreement. Insurance costs will vary depending upon factors such as the size and location of the Franchised Business, business income level to be insured, payroll totals for workers' compensation, flood zoning, and lease requirements. See Item 8 below.
- 7 **Initial Inventory.** These amounts represent your initial inventory of supplies for the initial phase of operating the Franchised Business. An estimated \$0 to \$5,000 of the initial inventory amount represents inventory which you must purchase from us.
- 8 **Transportation.** You will need to have use of a vehicle in order to operate your Franchised Business. If you don't already have a vehicle, then we estimate that you will incur a cost of \$200 to \$800 per month to lease a vehicle. The estimate given in the chart ranges from no costs (for example, if you already have a vehicle) to 3 months' expenses using the figures discussed above.
- 9 **Professional Fees.** Legal and accounting fees may include incorporating your company and setting up its books and records. Your actual costs may vary, for example, depending on the advisors that you choose and the matters that you ask them to handle for you.
- 10 **Additional Funds.** You will need additional capital to support on-going expenses to the extent that these costs are not covered by revenue. New businesses often generate a negative cash flow. The types of expenses you may experience and are reflected in the estimates above include initial payroll and payroll taxes (including payroll to cover the pre-operation training period for some of your staff). The estimates above do not include any salary or allowance for an owner's draw or any other amounts you must pay us. These figures are estimates and we cannot guaranty that you will not have additional expenses starting the business. The actual amount of additional funds you will need during the initial phase of operating will depend on factors such as: the local market for PropertyGuys.com

Businesses; how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; and other factors.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period. Your costs to prepare to begin operating the Franchised Business may vary depending on a variety of factors, including how many employees you have and the minimum and prevailing wages in your area.

By providing these estimates of your costs, we are not making any representation that you will have any level of sales. The estimates are of your expenses only and do not reflect any offsetting revenue you may earn from operations to pay those expenses. We do not make any financial performance representations. The estimate of Additional Funds for three months shown on the table above is not an estimate of working capital that you will need, but relates only to certain (but not necessarily all) expenses for the stated time period. The three-month time period is not a representation of, nor is intended to suggest, when you should expect to break even, if ever.

Item 8 **Restrictions on Sources of Products and Services**

General

To insure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Manual or otherwise in writing.

At all times during the term of the Franchise Agreement, you must:

- sell or offer for sale only the services, items, and products that we have approved, using only the materials, equipment and techniques that we have approved for you to offer at your Franchised Business;
- sell or offer for sale all the services and products we specify, employing the techniques that we specify;
- not deviate from our standards and specifications, including manner of maintenance of your equipment and products; and
- stop using and offering any services, products or equipment that we disapprove.

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

You must buy all products, equipment, supplies, materials, and other products used or offered for sale at through the Franchised Business only from suppliers (including manufacturers, distributors, and other sources) that we have approved in writing (and see below regarding restrictions for Proprietary Items). When considering whether to approve any particular possible supplier, we will consider (among others) the following factors: whether the supplier can show, to our reasonable satisfaction, the ability to meet our then-current standards and specifications;

whether the supplier has adequate quality controls and capacity to supply the System's needs promptly and reliably; and whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. You may not buy items from any supplier that we have not yet approved in writing, and you must stop buying items from any supplier who we approve, but later disapprove. As explained above, we have the right to designate only one supplier for certain items (which supplier may be us or one of our affiliates). We (or our affiliates) may derive revenue from your purchases of products or other items.

We reserve the right to name ourselves or our affiliates as an approved supplier for any item, at any time. However, we and our affiliates are not currently an approved supplier for any item.

We may require that certain items that you offer at your Franchised Business be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates) (our **"Proprietary Items"**). We may also require that you purchase and offer branded non-proprietary private-label products at your Franchised Business. In order to maintain the high standards of quality and uniformity associated with Proprietary Items, and other products bearing the Proprietary Marks, you must purchase those Proprietary Items and products, as well as any packaging bearing the Proprietary Marks (and any other products we may now or in the future designate), only from us, our affiliates, and/or our approved suppliers, and not to offer or sell any other such products at or from your Franchised Business.

If you want to buy any products (other than the Proprietary Items), or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable time and cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers. We reserve the right, at our option, to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria.

We estimate that we will be able to notify you of our approval or disapproval of a proposed new supplier within 30 business days after receipt of your written request and any additional information that we may request about the proposed supplier, although the Franchise Agreement does not specify how long our evaluation process may take. This is only an estimate and the actual approval time may be shorter or longer than 30 days.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items.

We estimate that your purchases of the products from approved or designated suppliers will be approximately 90% to 95% of your initial investment and approximately 90% to 95% of your ongoing operating purchases for your Franchised Business.

You must allow us or our agents, at any reasonable time, to inspect products and equipment and to remove samples of items or products, without payment, in amounts reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

Required Purchases from Us

Neither we nor our affiliates received any revenues from franchisee purchases of goods and services (whether required or not) during our last fiscal year ended December 31, 2022.

There are no approved suppliers in which any of our officers owns an interest. We do not provide material benefits to you based upon your use of designated or approved sources or your purchase of particular products or services.

Purchasing or Distribution Cooperatives and Purchase Arrangements

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the PropertyGuys.com Businesses in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the franchised network of PropertyGuys.com Businesses.

Currently, there are no purchasing or distribution cooperatives in existence. There are no negotiated purchase arrangements in effect at this time.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of products, equipment and other items. The amount of Allowances varies from supplier to supplier.

Computer System

We have the right to specify or require that you use, at your expense, certain brands, types, makes, and/or models of communications and computer systems, including specified software programs and hardware (a "**Computer System**") in operating your Franchised Business. Currently, we require that you be able to log in to our system on an internet website from a computer or mobile device (or both) and use an e-mail address that we will require that you use to conduct the Franchised Business. You will be required to abide by our requirements with respect to the Computer System, including requirements to periodically upgrade and make other changes to the Computer System as we may reasonably request in writing. You will also be required to provide us, if we request, with unimpeded access to your Computer System in the manner, form, and at the times that we request. We have the right to specify, from time to time, in the Manual or otherwise in writing, the information that you must collect and maintain on the Computer System, and you agree to provide us with the reports that we may reasonably request from the data so collected and maintained. We also have the right to require you to use other

computer programs (such as location and/or mapping software), for which you agree to pay the charges associated with installing, maintaining, upgrading, and using the program.

Insurance

Under the Franchise Agreement, you must obtain and maintain at least the following insurance coverages:

- comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$3,000,000 in the aggregate and \$1,000,000 per occurrence;
- Property damage liability insurance with a limit of at least \$100,000, and medical expenses of at least \$25,000 for each occurrence;
- Statutory workers' compensation insurance and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which you are located and operated;
- Automobile liability insurance with limits of not less than \$1,000,000 for purchased or leased vehicles used in connection with the Franchised Business;
- Errors and omissions liability insurance in an amount not less than \$1,000,000; and
- any other insurance coverage that is required by federal, state, or municipal law.

Each insurance policy required under the Franchise Agreement must be primary and noncontributory and must be issued by an issuer we approve, who must have a rating of at least "A-" in the most recent *Key Rating Guide* published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and must be licensed to do business in the state in which the Franchised Business is located.

We may periodically increase required coverage limits or require additional or different coverage to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances. You must deliver to us (and in the future maintain on file with us) valid and current certificates of insurance showing that all required insurance is in full force and effect. The requirements specified in the Franchise Agreement are only minimums and you are encouraged to review whether additional coverage may be appropriate in your market and for your business.

Item 9**Franchisee's Obligations**

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

Obligation	Section in Franchise Agreement	Item In Disclosure Document
A. Site selection and acquisition/lease	§§ 1.2 and 1.5	Items 11 and 12
B. Pre-opening purchases/leases	§ 4.7	Items 7 and 8
C. Site development and other pre-opening requirements	§§ 3.2 and 5.2	Items 6, 7 and 11
D. Initial and ongoing training	§§ 3.1, 5.1, 6, and 16.5.8	Items 6 and 11
E. Opening	§ 5.1 and 8.2	Item 11
F. Fees	§§ 2.2.6, 4, 13.1, 13.2, and 16.5.9	Items 5, 6 and 7
G. Compliance with standards and policies/operating manual	§§ 3.3, 5, 8, and 10	Item 8
H. Trademarks and proprietary information	§§ 1.1 and 9	Items 13 and 14
I. Restriction on products/services offered	§§ 7.1, 7.2, and 8.4	Item 8 and 16
J. Warranty and customer service requirements	§ 8.3	Not applicable
K. Territorial development and sales quotas	§§ 1.4	Item 12
L. Ongoing product service purchases	§ 7	Items 8 and 11
M. Maintenance, appearance, and remodeling requirements	§§ 2.2.2, 5, 8.6, 8.7, and 16.5.5	Items 6 and 17
N. Insurance	§ 15	Items 7 and 8
O. Advertising	§ 13	Items 6 and 11
P. Indemnification	§ 21.4 and Exhibit B	Item 6
Q. Owners participation / management / staffing	§§ 8.3, 8.9, and 19.1	Item 15
R. Records and reports	§§ 3.6, 4.2 and 12	Items 9 and 11
S. Inspections and audits	§§ 7.1.5, 8.4.3, 8.10, and 12	Item 6, 11 and 13
T. Transfer	§§ 8.9 and 16	Items 9 and 17

Obligation	Section in Franchise Agreement	Item In Disclosure Document
U. Renewal	§ 2.2	Item 17
V. Post-termination obligations	§ 18	Item 17
W. Non-compete agreements	§ 19	Item 17
X. Dispute resolution	§ 27	Item 17
Y. Taxes/permits	§§ 8.6 and 20	Item 1
Z. Other (personal guarantee)	Exhibit B	Not applicable

Item 10 **Financing**

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or part of any financing arrangement of yours.

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:

Before you open your Franchised Business under the Franchise Agreement:

- (1) We will provide to you (or to your Operating Principal (defined below)), as well as your Specially-Trained Management Personnel (defined below), our customized franchise training program. The training program will be a combination of in-person and virtual training. We will make this training available for up to two individuals. You may include more, but at your own expense. (Training is also discussed below in this Item 11 under the subheading "Training.") *Franchise Agreement, Sections 3.1, 6.2.*
- (2) We will provide online and on site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Manual. *Franchise Agreement, Section 3.2.*
- (3) We will lend you (or provide you with access to), for the duration of the Franchise Agreement, one copy of the Manual (which is more fully described in Item 14 below). *Franchise Agreement, Section 3.3.* There are 75 pages in the Manual (a copy of the table of contents is attached to this disclosure document as Exhibit F).

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Post-Opening Obligations:

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

- (1) We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. *Franchise Agreement, Section 3.7.*
- (2) We will review and have the right to approve or disapprove all marketing materials that you propose to use. *Franchise Agreement, Section 3.4.*
- (3) We will administer the Communications Fund. *Franchise Agreement, Section 3.5.*

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Franchised Business.

Training

Before opening your Franchised Business, you (or if you are an entity, your Operating Principal) must attend and successfully complete, to our satisfaction, the initial training program we offer for PropertyGuys.com Business franchisees at our headquarters in Moncton, New Brunswick or another location that we specify, or online. You may include up to one additional individual (including the Specially Trained Management Personnel) in the initial management training program. If you ask to include more than two individuals in the initial management training program, you must pay us a training fee in the amount of \$500 for each individual to be trained (so long as training for these individuals takes place simultaneously with the training we provide for the other two individuals), with payment to be made in full before training starts. For replacement training for a Specially Trained Management Personnel, you must pay us a training fee in the amount of \$2,500 for each individual to be trained, with payment to be made in full before training starts.

The term “**Specially-Trained Management Personnel**” means you (or the Operating Principal) and any other individuals who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such performs in the Franchised Business.

We alone have the right to judge whether a person has successfully completed training. If you or your personnel fail to complete initial training to our satisfaction, you or they may repeat the course or may send a substitute to the next available scheduled training session; however, we will have no obligation to extend the opening deadline for the Franchised Business for this purpose, and we reserve the right to terminate the Franchise Agreement if your Operating Principal and any other required personnel are unable in our opinion to have successfully completed training. We have the right to charge you a training fee for repeated initial training.

Additionally, you may ask us to provide online or on-site training in addition to that which we will provide to you in connection with the initial training program or the opening of the Franchised Business. If we are able to do so, then you must pay then-current per diem training fee as well as our out-of-pocket expenses.

If any of you (or the Operating Principal) or other Specially-Trained Management Personnel cease active management or employment at the Franchised Business, then you must train a qualified replacement (who must be reasonably acceptable to us) not more than 30 days after the end of the former person's full-time employment or management responsibilities. The replacement must successfully complete the initial training program, to our reasonable satisfaction, as soon as it is practical to do so.

We may require that any or all of the Specially-Trained Management Personnel attend refresher courses, seminars, and other training programs periodically.

We will bear the cost of all training (instruction and required materials) (except for additional and replacement training, as noted above and in Item 6). You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

The subjects covered in the initial training program are described below.

TRAINING PROGRAM

PROPERTYGUYS.COM BUSINESS OPERATIONS			
	Classroom Training	On-The-Job Training	Location
Day 1-14 – Our Why, Code of Conduct, History, Competitive Landscape, Overview of our Marketing Program	16-20 hrs.	0 hrs.	Our HQ (Moncton) or equivalent conference space
Day 15 – Founders Welcome, Our Future, 7 Habits of Successful Leads, Industry Overview	6 hrs.	0 hrs.	
Day 16 – CRM Management, Social Media, Photography	6 hrs.	0 hrs.	
Days 17 – PG Products, Sales Appointments, Operations	6 hrs.	0 hrs.	
Day 18-102 – 7 Habits of Highly Productive and Accountable Leaders Program	0 hrs.	240 hrs.	Moncton or in the field
Total	34-38 hrs.	240 hrs.	

We have the right to conduct some or all of the training sessions by videoconference, especially if it becomes necessary due to COVID-19 and other travel restrictions.

Training will be conducted over a 102-day period at our headquarters or another location that we specify (such as one of our certified training Businesses). Training is conducted as frequently as

we determine it necessary in order to hold a training class, and you start training not later than 30 days before you open (but not before you sign the lease for your location).

Our Training and Education Coordinator, Clayton Morrissey, leads our training program. Mr. Morrissey is a highly skilled and experienced marketing professional with over 20 years of diverse talents in sales support, customer relations management, and entrepreneurship. Mr. Morrissey holds a diploma in Marketing Management from New Brunswick Community College and completed an Information Technology program at the Information Technology Institute in 1998.

Members of the corporate staff of our affiliate, PropertyGuys.com Inc., assist with parts of the training program. They are skilled and also have working knowledge of the System. All of these instructors may change if we decide to move training to a different location.

Our Director of Franchise Development, Daina Hernden, supervises our training programs. Ms. Hernden has worked for our affiliate PropertyGuys.com Inc. since October 2017.

The instructional materials for our training programs include the Manual, lecture, discussions, and practice.

National Sales Conferences

We may conduct annual conferences and continuing education seminars. If we do, we may require your Operating Owner, Specially Trained Management Personnel and employees that we designate to attend.

Marketing

As described in Item 6 above, throughout the term of the Franchise Agreement, you will be required to make monthly Communications Fund Contribution of \$200. You must also spend at least 10% your Franchised Business' Gross Sales each month on local marketing and promotion.

We have not formed an advertising council or other advisory body composed of franchisees to assist us on marketing policies, but we reserve the right to do so in the future. As described below, we are not required to spend any particular amount on marketing in the area where your Franchised Business is located.

The Communications Fund

We have the sole right to determine how the Communications Fund creates, places, and pays for marketing. We (or our designee, which might be a corporate subsidiary or a marketing agency) will maintain and administer the Communications Fund, as follows:

- (a) We or our designee will direct all marketing and communications programs, with sole discretion over the concepts, materials, and media used in these programs and the placement and allocation of the programs.. The Communications Fund is intended to maximize general public recognition (building the *PropertyGuys.com* brand), acceptance, and use of the System. Neither we nor our designee are obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Communications Fund.

- (b) The Communications Fund, including all contributions to the fund and all amounts that it earns, will be used exclusively to meet the costs of maintaining, administering, staffing, directing, conducting, and preparing communications, marketing, public relations and promotional programs and materials. The Communications Fund will also be used for other activities that we believe will enhance the System's image. This includes, among other things: the costs of preparing and conducting media advertising campaigns; direct mail advertising; developing and implementing website, social networking/media, search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing marketing personnel (including salaries for personnel directly engaged in consumer-oriented marketing functions), advertising and/or public relations agencies to assist therein; purchasing and distributing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; engaging individuals as spokespersons and celebrity endorsers; purchasing creative content for local sales materials; reviewing locally-produced ads; preparing, purchasing and distributing door hangers, free-standing inserts (FSI's), coupons, brochures, and trademarked apparel; market research; conducting sponsorships, sweepstakes and competitions; engaging mystery shoppers for PropertyGuys.com Businesses and their competitors; paying association dues (including the International Franchise Association), establishing third-party facilities for customizing local advertising; purchasing and installing signage; and providing promotional and other marketing materials and services to the PropertyGuys.com Businesses operated under the System), as well as making loans (at reasonable interest rates); and providing rebates or reimbursements to franchisees for local expenditures on products, services, or improvements that we have approved in advance. The Communications Fund may take out and pay interest on loans for marketing purposes. Despite having the right to do so, we have no obligation, and do not intend, to conduct any advertising or marketing in any media (including television, radio, and cable) on behalf of you or the System.
- (c) The Communications Fund, all contributions, and any earnings, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System.
- (d) The Communications Fund is not and will not be our asset.
- (e) Although the Communications Fund is intended to be of perpetual duration, we maintain the right to terminate the Communications Fund. The Communications Fund will not be terminated, however, until all monies in the Communications Fund have been expended for marketing purposes. If amounts are unspent in the Communications Fund at fiscal year-end, those amounts will be carried over by the Fund for expenditure in the following year(s).
- (f) The Communications Fund is not audited. A statement of the Communications Fund's operations, as shown on our books, will be prepared annually, and that statement will be made available to you upon request.

Our current policy is that company-owned PropertyGuys.com Businesses will contribute to the Communications Fund. If we elect to have any of our PropertyGuys.com Businesses contribute to the Communications Fund, we will have the same rights for our contributing PropertyGuys.com

Businesses as our franchisees have for their PropertyGuys.com Businesses. We reserve the right to change our policy at any time.

None of the amounts collected or held by the Communications Fund may be used for marketing that is principally a solicitation for the sale of franchises. We may receive payment for providing goods and services to the Communications Fund, such as personnel, staff, office space, supplies, and other general and administrative costs that we incur on the Communications Fund's behalf.

We have not yet formed the Communications Fund. Therefore, the Communications Fund did not make any expenditures in the last fiscal year.

We do not currently require franchisees to participate in a local or regional advertising cooperative.

We have no obligation to assist you in establishing prices. We may periodically provide suggested retail pricing (see Franchise Agreement, Section 8.12), but you will have the right to set your own prices. We may establish reasonable restrictions on the maximum and minimum prices you may charge for the services and products offered and sold and (subject to applicable law): (a) if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and (b) if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established.

Local Advertising and Promotion

You must spend at least 10% your Franchised Business' annual Gross Sales each month on local marketing and promotion by direct mail and print advertising, internet advertising and promotion focused on your market, public relations assistance, and other forms of advertising and promotion as we may approve. You must provide to us such documentation as necessary or that we may require in order to show us that you have made these required local marketing and promotion expenditures.

Certain criteria will apply to any local advertising and promotional activities that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If we do not give our response (whether approval or disapproval) to the proposed plans or materials within fourteen days, we will have been deemed to disapprove the plans or materials.

All copyrights in and to marketing and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your staff to sign the documents) that we deem necessary to implement this provision.

As used in the Franchise Agreement, the term **"local advertising and promotion"** refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready marketing and point of sale materials), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of marketing and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and

expenses, postage, shipping, telephone, and photocopying costs. “Advertising and promotion” does not, however, include any of the following:

- (a) Salaries, incentives or discounts offered to your employees, and your employees expenses;
- (b) Charitable, political or other contributions or donations; and
- (c) The value of discounts provided to customers.

Online Sites (as defined below) are considered as “marketing” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “**Online Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, for example, the Internet, World Wide Web, webpages, microsites, social networking sites (including Facebook, Twitter, LinkedIn, YouTube, Instagram, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (including iOS and Android apps), and other applications, etc., and that refers to the Franchised Business, Proprietary Marks, us, or the System. In connection with any Online Site, the Franchise Agreement provides that you may not establish an Online Site, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting consent, we will have the right to establish any requirement that we deem appropriate, including for example a requirement that your only presence on the Internet will be through one or more webpages that we establish on our website.

Computer Requirements

We require our franchisees to purchase a computer system. You must meet our requirements concerning the computer system, including: (a) back office systems; (b) systems to store data, audio, video, telephone, voice messaging, retrieval, and transmission systems for use at PropertyGuys.com Businesses, between or among PropertyGuys.com Businesses, and between or among the Franchised Business, and you, and us; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (for example, form of telecommunications connection) and speed (collectively, all of the above are referred to as the “**Computer System**”). You may not install any non-business or unapproved software, hardware, or firmware on your Computer System.

We have the right to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“**Required Software**”), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System.

The minimum configuration and specifications for your Computer System will be included in the Manual and you will be provided those details during your new franchisee orientation process. If you do not already possess a computer meeting our basic standards and specifications, you will need to obtain one. We estimate that it will cost you approximately \$0 to \$3,000 to purchase the necessary components. If you prefer to lease the components, you may seek to negotiate a lease directly with the vendors. We do not have current information regarding the possible availability, terms or costs of leasing the computer components.

You must have access to a high speed internet connection.

Neither we nor any affiliate or third party has any obligation to provide you with ongoing maintenance, repairs, upgrades or updates. We do not currently require that you purchase any maintenance, update, upgrade or support contracts for the Computer System. We do not have information about the availability or annual cost of any optional maintenance, upgrading, updating or support contracts.

We have the right to specify, from time to time, in the Manual or otherwise in writing, the information that you must collect and maintain on the Computer System, including information regarding prospective System Franchisees, and you agree to provide us with the reports that we may reasonably request from the data so collected and maintained. You also agree that, if we request, you will afford us unimpeded access to your Computer System in the manner, form, and at the times that we request.

Locating Your Office.

You must manage and operate the Franchised Business from a specified location within your Territory that will serve as your office (as described in Item 1, your “**Office**”). We do not require that you have a separate office for your Franchised Business and you may choose to operate from a home office. Therefore, you may not need to find a new site to serve as your Office. You may not operate your Franchised Business from a retail location without our approval.

We are not required to provide you with any assistance in locating a site or negotiating any purchase or lease of a site for your Office.

You must inform us about the location you intend to use as your Office, and we will identify that location in the Franchise Agreement as your Office. You may not relocate your Office without our approval.

You assume all cost, liability and expense for identifying, securing (if necessary) and equipping the Office in a manner sufficient to operate your Franchised Business according to the standards and specifications that we may establish.

Time between Signing the Agreement and Starting to Operate your Business

The typical length of time between your signing of the Franchise Agreement and starting to operate your Franchised Business will vary, but will occur after you have completed our initial training program, which we expect to be within 60 days of when you sign the agreement. Factors that may affect this time period include your ability to acquire financing or permits, lease or acquire a location for your Office (if you do not already have a suitable location, such as a home office), and complete the required training. You must start operating your Franchised Business no later than 90 days after you sign the Franchise Agreement.

Item 12

Territory

Your Territory is the geographic area in which you are authorized to operate your Business. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of the Franchise Agreement, so long as you remain in compliance with the terms of the Franchise Agreement, we will not establish nor license anyone else to establish, another PropertyGuys.com Business at any location within the “Protected Territory” that is designated in your Franchise Agreement. We (and our affiliates) retain all other rights. Accordingly, we will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- Establish, and franchise others to establish, PropertyGuys.com Businesses to serve participants anywhere outside the Protected Territory.
- Establish, and license others to establish, any businesses offering any products and services (including businesses that provide real estate services), whether or not under the System or using the Proprietary Marks, whether those businesses are located inside or outside of the Protected Territory.
- Acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Protected Territory.
- Sell and distribute, or license others to sell and distribute, directly or indirectly, any products from any location or to any purchaser (including, but not limited to, the sale of items at wholesale and to purchasers in the Protected Territory through mail order, and on the Internet, under our Proprietary Marks or as private-labeled items), so long as these sales are not made from a PropertyGuys.com Business operated inside the Protected Territory.

As noted above, we will have the right to sell and distribute products and services by any method or channel of distribution other than through a PropertyGuys.com Business located in your Protected Territory (including for example through the Internet, mail order). We will not compensate you for sales we may make in these alternative distribution channels.

You will maintain your non-exclusive rights to your Territory even if the population of the Territory increases. There is no minimum sales quota to maintain your non-exclusive rights in your Territory. You will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Territory or elsewhere.

If you are in default under the Franchise Agreement and we have the right to terminate the Franchise Agreement for such default, we will also have the right to take any lesser action instead of terminating the Franchise Agreement, including modifying, or eliminating completely, the Protected Territory.

You may offer, advertise, and market the services and products of the Franchised Business, and directly solicit customers, inside (but only inside) your Protected Territory, except as otherwise noted below. The terms “direct solicitation” and “directly solicit” include, but are not limited to, solicitation in person, by telephone, by mail, by e-mail or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials.

You may not directly solicit customers located outside of the Protected Territory unless you receive our prior written consent to do so. We will review and we have the right to approve or deny each such request on a case-by-case basis. We also reserve the right at any time to withdraw any consent previously provided.

If we grant our consent for you to directly solicit customers outside of your Protected Territory, you may only perform such direct solicitation, and accept customers from or offer services and products from the Franchised Business, outside of the Protected Territory if you do so in compliance with our requirements (including the conditions if any that we place on your solicitation of customers outside the Protected Territory).

Upon your request, and only if we determine that it is appropriate, we have the right to grant (or deny) permission for you to directly solicit customers from areas located outside the Protected Territory, provided that those customers are not within the protected territory of another PropertyGuys.com Business (an “**Open Area**”). If you operate in an Open Area, you agree that you must pay us the following additional monthly fees (the “**Open Area Fees**”):

- You must pay us a separate, augmented royalty fee in an amount equal to 9% of any Gross Sales that you derive from Open Areas; and
- You must pay us a separate monthly Service Fee for each Open Area in which you operate in any given calendar month.

We will have the right (for example, if another PropertyGuys.com Business opens to serve an Open Area) to require that you stop directly soliciting customers from within that area and that you immediately stop offering services and products from the Franchised Business to any customers in that area.

If any of your advertising within the Protected Territory is in media that will or may reach a significant number of persons outside of the Protected Territory, you must notify us and obtain our prior written consent. We may periodically establish rules and policies in the Manual and otherwise in writing regarding such advertising, including, as an example, that such advertising include the contact information for all of the PropertyGuys.com Businesses that are affected by the advertising.

Except for the PropertyGuys.com Businesses operated by us or our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned PropertyGuys.com Business which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.


If you lease (rather than own) the site of any location at which you will perform services on a

Item 13

Trademarks

Under the Franchise Agreement, you will be licensed to use the Proprietary Marks, including the principal marks described below, which are registered on the Principal Register of the U.S. Patent and Trademark Office (“**USPTO**”):

Mark	U.S. Registration No.	Registration Date
PROPERTYGUYS.COM	5835100	August 13, 2019

Mark	U.S. Registration No.	Registration Date
	5944384	December 24, 2019

Our affiliate, IAP, own these trademark registrations. IAP expects to file, when due, affidavits of use and affidavits of incontestability, as well as a renewal application, for the marks listed above.

We entered into a license agreement with IAP on January 1, 2018, under which we are licensed to use, and to license franchisees to use, the Proprietary Marks and other intellectual property (the “**Trademark License Agreement**”) in connection with the operation of the System. Our affiliate has also granted us the non-exclusive right to sublicense such rights to our franchisees in the United States. The Trademark License Agreement is for one year term, with successive one year renewals, unless our affiliate terminates it upon 10 days written notice based on a default by us. If the License Agreement is terminated, you may be required to stop using the Proprietary Marks. Except for this agreement, there are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks identified in this Item 13 in a manner material to the franchise.

There are no currently effective determinations of the USPTO, the trademark administrator of this state, or of any court, nor any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the trademarks, service marks, trade names, logotypes, or other commercial symbols which is relevant to their use in this state or any other state in which the Franchised Business is to be located. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks (including trademarks, service marks, trade names, logotypes, or other commercial symbols) that are in any manner material to the franchise. There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks in this state or elsewhere.

Your right to use the Proprietary Marks is limited to the uses that we authorize under the Franchise Agreement, and any unauthorized use of the Proprietary Marks will infringe upon our rights. You may not use any Proprietary Mark: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) for performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine or in any other manner for a Digital Site without our prior written approval; (5) in HR documents and materials; or (6) in any other manner that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your business in the manner we specify (such as on invoices, order forms, receipts, and contracts). You must also give the trademark registration notices that we designate, and obtain any assumed business name registrations that applicable law requires.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third party

claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in compliance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement, as well as your out of pocket costs (except that you will bear the salary costs of your employees). If we determine that you have not used the Proprietary Marks in compliance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement, and you must promptly reimburse us for those amounts. If there is any litigation due to your use of the Proprietary Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Proprietary Marks and to adopt new Proprietary Marks for use with the System without any liability for any diminishment of the brand. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Except as described above, no agreement significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the franchise. We have no actual knowledge of superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

Item 14 **Patents, Copyrights, and Proprietary Information**

Patents

No patents are material to the operation of your Franchised Business.

Copyrights

We (or our affiliates, in some cases) claim copyright protection covering various materials used in our business and the development and operation of PropertyGuys.com Businesses, including the Manual, marketing and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Franchised Business under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the

operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of the Franchised Business. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Operating Principal, and your Specially-Trained Management Personnel to sign a Non-Disclosure and Non-Competition Agreement. Every one of these agreements must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this Non-Disclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit F.

Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business according to the Manual. We will lend you (or provide you with access to) our Manual for the term of the Franchise Agreement (which may be in paper and/or in electronic form, such as through a digital portal, private website, or otherwise). You must always treat in a confidential manner the Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Manual. You must use best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Manual and the related materials, or any part (except for the parts of the Manual that are meant for you to copy, which we will clearly mark), nor may you otherwise let any unauthorized person have access to these materials. The Manual will always be our sole property. You must always secure access to the Manual.

We may periodically revise the contents of the Manual, and you must make corresponding revisions to your copy of the Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manual, our master copy of the Manual (maintained at our home office) will be controlling.

Item 15 Obligation to Participate in the Actual Operation of the Franchise Business

The Franchised Business must at all times be under the active management of either you, or if you are an entity an individual owner serving as your “**Operating Principal**.” If you are an entity, the Operating Principal must own at least 51% of the voting and ownership interests in the franchisee entity. The Franchised Business must at all times be supervised by someone (you or your Operating Principal) who has successfully completed (to our satisfaction) our initial training program. You must, at all times, actively promote the services and products offered by the Franchised Business, and use best efforts to cultivate, develop and expand the market for these services and products within the Protected Territory. You (or, if you are an entity, the Operating Principal) must devote full time and best efforts to the management and operation of the Franchised Business.

If the franchisee is an entity, then all of your owners must sign a guarantee of the franchisee's performance under the Franchise Agreement. The guarantee will be in the form attached to the Franchise Agreement as Exhibit B.

We require your principals (including the Operating Principal), supervisors and other managers to sign a non-disclosure and non-competition agreement, the form of which is attached to the Franchise Agreement as Exhibit F. We do not impose any other restrictions on your managers.

Item 16 **Restrictions on What the Franchisee May Sell**

Each component of the System is vital to us, to other franchisees of the System and to the operation of the Franchised Business. Therefore, you must operate your Franchised Business in compliance with the System.

You must sell or offer for sale only those services and products that we have approved in writing for you to sell at your Franchised Business, and must not deviate from our standards and specifications, including manner of maintenance of your equipment and products. You are not restricted regarding the customers to whom you may sell.

You must operate the Franchised Business in an efficient and professional manner following the highest ethical and moral standards. You must comply with all standards of quality and service prescribed by us.

Due to changes in competitive circumstances, we may periodically change the System to better serve the interests of our franchisees and the System. We may change the components of the System, including revising the programs, services, policies and procedures of the System and modifying products, materials, and programs which you are authorized to offer. You must abide by these modifications. However, these changes will not increase your obligations under the Franchise Agreement. It is understood that we are not obligated to replace, modify or supply equipment to you.

Item 17 **Renewal, Termination, Transfer, and Dispute Resolution**

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise term	§ 2.1	5 years
b. Renewal or extension of the term	§ 2.2	Two additional 5-year terms subject to contractual requirements described in "c" below.

Provision	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	§§ 2.2.1 - 2.2.9	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, release, sign new Franchise Agreement (which may contain terms which are materially different than your original franchise agreement), and others; see §§ 2.2.1 - 2.2.9 in Franchise Agreement. If you seek to renew your franchise at the expiration of the initial term, you may be asked to sign a new form of franchise agreement that contains terms and conditions materially different from those in your original franchise agreement, such as different fee requirements and territorial rights.
d. Termination by you	Not Applicable	You may terminate the Franchise Agreement under grounds permitted by law.
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	§ 17	Default under the Franchise Agreement, insolvency, abandonment, and other grounds; see § 17 of the Franchise Agreement.
g. "Cause" defined-defaults which can be cured	§ 17.3	All other defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement
h. "Cause" defined-defaults which cannot be cured	§§ 17.1 and 17.2	Insolvency, abandonment, conviction of felony, and others; see § 17.2 of the Franchise Agreement.
i. Your obligations on termination/non-renewal	§ 18	Stop operating the Franchised Business, pay amounts due, and others; see §§ 18.1 - 18.12 of the Franchise Agreement.
j. Assignment of contract by us	§ 16.1	There are no limits on our right to assign the Franchise Agreement.
k. "Transfer" by you - definition	§§ 16.4.1 - 16.4.4	Includes transfer of any interest.

Provision	Section in Franchise Agreement	Summary
l. Our approval of transfer by you	§ 16.4	We have the right to approve transfers.
m. Conditions for our approval of transfer	§ 16.5	Your compliance with the existing franchise agreement, a release, the buyer's signature of a new Franchise Agreement, the payment of transfer fee, and others; see §§ 16.5.1 - 16.5.10 of the Franchise Agreement.
n. Our right of first refusal to acquire your business	§ 16.6	We can match any offer.
o. Our option to purchase your business	§ 18.4	We can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, materials, or inventory at cost or fair market value upon expiration, termination, or default of the Franchise Agreement and/or default under the lease/sublease.
p. Your death or disability	§§ 16.7	Your estate must apply to us within 3 months of date of death or incapacity for a transfer of your interest in the Franchised Business to a third party we approve; and the transfer must occur, within 6 months after the date of death or appointment of a personal representative or trustee.
q. Non-competition covenants during the term of the franchise	§§ 19.2, 19.3 and 19.4	Includes prohibition on engaging in a "Competitive Business," which is any "for sale by owner" or other real estate business, as well as any other business that offers, or solicits others to offer, products and/or services that are generally offered at that time in "PropertyGuys.com" businesses; see §§ 19.2 - 19.4 of the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	§§ 19.2, 19.3, 19.4 and 19.5	Includes a two year prohibition similar to “q” (above), within the Protected Territory, or within 5 miles of the Protected Territory, or within 5 miles of any other PropertyGuys.com Business then-operating under the System.
s. Modification of the agreement	§ 25	Must be in writing signed by both parties.
t. Integration/merger clause	§ 25	Only the final written terms of the Franchise Agreement are binding (subject to state law), but this provision does not disclaim any representation made in this disclosure document. Any representations or promises outside of the disclosure document and agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 27.3	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief) in or nearest to Washington, D.C. (subject to applicable state law). The Franchise Agreement contains several provisions that may affect your legal rights, including a waiver of a jury trial, limitations on when claims may be raised, and a waiver of punitive or exemplary damages. See Sections 27.6, 27.7 and 27.8 in the Franchise Agreement.
v. Choice of forum	§ 27.2	If we ever litigate, you must do so in the courts that have jurisdiction over New York County, New York (subject to applicable state law). Please also see the state addenda to the Franchise Agreement and disclosure document for special state disclosures.
w. Choice of law	§ 27.1	New York law applies (subject to applicable state law).

Item 18**Public Figures**

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

Item 19**Financial Performance Representations**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned. 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 our management by contacting Ken LeBlanc at (506) 860-3433, 1133 St. George Blvd., Suite 50, Moncton, New Brunswick E1E 4E1 Canada, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20**Outlets and Franchisee Information**

Table 1:
System wide Outlet Summary
for 2020 to 2022 (Notes 1 and 2)

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

Notes for tables 1-5 in this Item 20:

- (1) The term "Outlet" refers to individual PropertyGuys.com Businesses.
- (2) All data listed is as of the fiscal year end. Our fiscal year end falls on December 31st each year.
- (3) States not listed had no activity.

- (4) The “Franchised” outlets in tables 1 and 3 are subfranchisees of our master franchisee in Florida.

Table 2:
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
for 2020 to 2022 (Note 1)

State (Note 2)	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

Table 3:
Status of Franchised Outlets
for 2020 to 2022 (Note 1)

State (Note 2)	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Florida	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Totals	2020	0	0	0	0	0	0	0
	2021	0	4	0	0	0	0	4
	2022	4	0	0	0	0	0	4

Table 4:
Status of Company-Owned Outlets
for 2020 to 2022 (Notes 1 and 2)

State (Note 3)	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table 5:
Projected Openings as of December 31, 2022 for 2023

State (Note 1)	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Florida	0	0	0
Total	0	0	0

The names, addresses, and telephone numbers of our Franchisees as of our fiscal year ending December 31, 2022 are listed in Exhibit D. (There are none.)

The name and last known home address and telephone number of every one of our Franchisees who has had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during one-year period ending December 31, 2022, or who has not communicated with us within ten weeks of the date of this disclosure document, are also listed in Exhibit D. (There were none.)

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

No Franchisees have signed a confidentiality clause in a Franchise Agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with PropertyGuys.com.

Item 21

Financial Statements

Attached as exhibits to this disclosure document are the following:

<u>Exhibit E-1</u>	Our audited financial statements for our fiscal years ending December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal years end as of December 31 st each year.
<u>Exhibit E-2</u>	Our unaudited financial statements for the period from January through April 2023.

Item 22**Contracts**

The following agreements are attached as Exhibits to this Disclosure Document:

Exhibit C	<p>The Franchise Agreement with its Exhibits:</p> <ul style="list-style-type: none"> A. Data Addendum B. Guarantee, Indemnification, and Acknowledgment C. List of Principals D. ACH - Authorization Agreement for Prearranged Payments (Direct Debits) E. Telephone Number Assignment Agreement and Power of Attorney F. Sample Form of Non-Disclosure and Non-Competition Agreement
Exhibit G	State-specific Disclosures
Exhibit H	State-specific Agreement Amendments
Exhibit I	Compliance Certification
Exhibit J	Form of General Release

Item 23**Receipts**

The last two pages of this disclosure document (Exhibit L) are two identical receipt pages to acknowledge that you received this entire document (including the Exhibits). Please keep one copy along with this disclosure document, and please sign and date the other copy and send that signed and dated receipt to us

EXHIBIT A
Franchise Agreement
with Exhibits



PG Group CA LLC

Franchise Agreement

**PG Group CA LLC
Franchise Agreement**

TABLE OF CONTENTS

Section	Title	Page #
	Recitals	2
1	Grant.....	2
2	Term And Renewal	4
3	Our Duties.....	5
4	Fees; Sales Reporting	7
5	Franchised Business Commencement	9
6	Operating Principal, Personnel, and Training	10
7	Purchasing and Supply Of Products	12
8	Your Duties	13
9	Proprietary Marks.....	18
10	Confidential Brand Manual.....	20
11	Confidential Information	21
12	Accounting, Financial, and Other Records, and Inspections.....	22
13	Communication	25
14	Technology	28
15	Insurance	33
16	Transfer of Interest.....	35
17	Default and Termination.....	39
18	Obligations Upon Termination or Expiration	42
19	Covenants.....	44
20	Taxes, Permits, and Indebtedness.....	46
21	Independent Contractor and Indemnification	47
22	Force Majeure.....	48
23	Approvals and Waivers	48
24	Notices.....	49
25	Entire Agreement and Amendment.....	49
26	Severability and Construction	49
27	Applicable Law and Dispute Resolution.....	50
28	Acknowledgments.....	52

Exhibits

A	Data Addendum	D	ACH - Authorization Agreement for Prearranged Payments (Direct Debits)
B	Guarantee, Indemnification, and Acknowledgement	E	Telephone Number Assignment Agreement and Power of Attorney
C	List of Principals	F	Sample Form of Non-Disclosure and Non-Competition Agreement

PG Group CA LLC Franchise Agreement

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the “**Effective Date**” that we have indicated on the signature page of this Agreement by and between:

- PG Group CA LLC, a Delaware limited liability company with its principal place of business at 1133 St. George Blvd., Suite 50, Moncton, New Brunswick E1E 4E1 Canada (“**we**,” “**us**,” or “**our**”); and
- _____ a [resident of] [corporation organized in] [limited liability company organized in] the state of _____ and having offices at _____ (“**you**” or the “**Franchisee**”).

Introduction

*We are the non-exclusive licensee in the United States of a format and system relating to the establishment and operation of businesses providing the right to offer goods and services to those selling property in what is known as the “For Sale By Owner” (FSBO) market, and to others selling or buying real estate, under the trade name “PropertyGuys.com” (“**PropertyGuys.com Businesses**”).*

*Among the distinguishing characteristics of a PropertyGuys.com Business are that it operates under our “PropertyGuys.com” system. Our System includes (among other things) a distinctive brand, flexible marketing packages, 24/7 internet exposure, access to branded “For Sale” signs, operating support, and a network of other franchised businesses (together, the “**System**”).*

*We identify the System by means of our Proprietary Marks. Our proprietary marks include certain trade names (for example, the mark “PROPERTYGUYS.COM” and logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as our “**Proprietary Marks**”). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System’s high standards of quality, appearance, and service.*

We are in the business of developing and awarding franchise rights to third party franchisees, such as you, to operate PropertyGuys.com Businesses. You will be in the business of operating a PropertyGuys.com Business, using the same brand and Proprietary Marks as other independent businesses that operate other PropertyGuys.com Businesses under the System. We will not operate your PropertyGuys.com Business for you, although we have (and will continue) to set standards for PropertyGuys.com Businesses that you will have chosen to adopt as yours by signing this Agreement and by your day-to-day management of your PropertyGuys.com Business to our brand standards.

You have asked to enter into the business of operating a PropertyGuys.com Business under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of our high standards of quality, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

Therefore, recognizing all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

1 GRANT

1.1 *Rights and Obligations.* We grant you the right, and you accept the obligation, all under the terms and conditions of this Agreement:

- 1.1.1 To operate one PropertyGuys.com Business under the System (referred to as the **"Business"** or **"Franchised Business"**);
- 1.1.2 To use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and
- 1.1.3 To do all of those things only at and from: (a) the Approved Office (as defined in Section 1.2 below); and (b) locations in your Protected Territory (as defined in Section 1.3 below) (collectively, **"Permitted Locations"**).

1.2 *Office.* The address of the office from which you will operate your Franchised Business is specified in Exhibit A to this Agreement, and is referred to as the **"Approved Office."**

- 1.2.1 You may offer services locations within the Protected Territory (without our prior written approval), so long as you conduct services and offer products only at or from a Permitted Location.
- 1.2.2 If you wish to operate your Franchised Business from any location other than the Permitted Locations in your Protected Territory, then you must ask for and obtain our prior written approval (which we have the right to grant or not grant). Among other things, you must be in compliance with the terms of this Agreement in order to be approved.

1.3 *Protected Territory and Exclusions.*

- 1.3.1 The term **"Protected Territory"** means the area that we have designated in Exhibit A to this Agreement. During the term of this Agreement, we will not operate, or grant the right to any other party to operate, a PropertyGuys.com Business in the Protected Territory, except as otherwise provided in this Section 1.3 and in Section 1.5 below.
- 1.3.2 We retain all other rights, including the right, among other things, on any terms and conditions we deem advisable, and without granting you any rights in these matters, to do any or all of the following (and, in each case, despite their actual or threatened impact on sales at the Franchised Business):
 - 1.3.2.1 Establish, and franchise others to establish, PropertyGuys.com Businesses to serve customers anywhere outside the Protected Territory.
 - 1.3.2.2 Establish (and license others to establish) businesses offering products and services under names that are not the Proprietary Marks (including businesses that provide goods and services to those selling property in what is known as the "For Sale By Owner" (FSBO) market), whether or not under the System, and no matter where those business are located.

- 1.3.2.3 Acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Protected Territory.
- 1.3.2.4 Sell and distribute, or license others to sell and distribute, directly or indirectly, any products from any location or to any purchaser (including, but not limited to, the sale of items at wholesale and to purchasers in the Protected Territory through mail order, and on the Internet, under our Proprietary Marks or as private-labeled items), so long as these sales are not made from a PropertyGuys.com Business operated inside the Protected Territory.

1.4 *Territorial Rules.*

- 1.4.1 You may offer, advertise, and market the services and products of the Franchised Business, and directly solicit customers, inside (but only inside) your Protected Territory (subject to our right to approve all advertising and marketing materials as set forth in Section 13.7 below), except as otherwise provided below. The terms “**direct solicitation**” and “**directly solicit**” include, but are not limited to, solicitation in person, by telephone, by mail, by e-mail or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials.
- 1.4.2 You may not directly solicit customers located outside of the Protected Territory unless you receive our prior written consent to do so. We will review and we have the right to approve or deny each such request on a case-by-case basis. We also reserve the right at any time to withdraw any consent previously provided.
- 1.4.3 If we grant our consent for you to directly solicit customers outside of your Protected Territory, you may only perform such direct solicitation, and accept customers from or offer services and products from the Franchised Business, outside of the Protected Territory if you do so in compliance with this Section 1.4 (including the conditions if any that we place on your solicitation of customers outside the Protected Territory).
- 1.4.4 Upon your request, and only if we determine that it is appropriate, we have the right to grant (or deny) permission for you to directly solicit customers from areas located outside the Protected Territory, provided that those customers are not within the protected territory of another PropertyGuys.com Business (an “**Open Area**”). We will have the right (for example, if another PropertyGuys.com Business opens to serve an Open Area) to require that you stop directly soliciting customers from within that area and that you immediately stop offering services and products from the Franchised Business to any customers in that area. Even if we grant you approval to serve one or more customers in an Open Area, nothing in this Agreement or otherwise will give you any rights with respect to any Open Area and with respect to any customer in an Open Area (even if that customer is closer to your Protected Territory than to another PropertyGuys.com Business).
- 1.4.5 If any of your advertising within the Protected Territory is in media that will or may reach a significant number of persons outside of the Protected Territory, you must notify us and obtain our prior written consent (in addition to the requirements in Section 13.8 below). We may periodically establish rules and policies in the Manual (defined below) and otherwise in writing regarding such advertising, including, as an example, that such advertising include the contact information for all of the PropertyGuys.com Businesses that are affected by the advertising.

- 1.4.6 You acknowledge that: **(a)** other PropertyGuys.com Businesses will operate under restrictions similar to those set out in this Section 1.4 (the “**Territorial Rules**”), which means that in some instances, other PropertyGuys.com Businesses may sponsor advertising that reaches persons in your Protected Territory; and **(b)** we do not represent or guarantee that other PropertyGuys.com Businesses will always abide by the Territorial Rules, and we will have no liability to you for such violations.
- 1.5 *Permitted Locations.* We mutually anticipate that you will operate your PropertyGuys.com Business from a home office. If you wish to establish an operational office from another location, then you must seek our prior written approval and that location must meet our specifications and criteria as set out in our Manual. If you lease on a more permanent basis (weekly or monthly) at which you will perform services, then you must submit to us a copy of your proposed lease for our prior written review. For any lease we have approved, you must provide us with written notice of your default of any such lease and you agree, subject to any landlord’s consent, that we will have the right (but not the obligation, in either case) to cure any default of the lease, and/or assume any such lease. The term “operational office” as used here means an office from which you will manage the Franchised Business, but does not include a Retail Outlet, as specified in Section 1.6 below.
- 1.6 *No Retail Outlet.* You may not offer or sell any products or services to customers through a brick-and-mortar facility of any sort (a “**Retail Outlet**”) without our prior written consent. If you wish to operate a Retail Outlet as part of your Franchised Business, then you agree to: (a) give us written notice at least ninety (90) days before opening (in any case, your Retail Outlet must be located within your Protected Territory); (b) meet our reasonable requirements as to opening and operating a Retail Outlet; and (c) obtain our prior written approval as to the location, lay-out, construction, design, and maintenance (among other things) of the Retail Outlet by signing our current form of Retail Outlet Addendum. We have the right to withhold our approval to any proposed Retail Outlet in our sole discretion. If you lease on a more permanent basis (weekly or monthly) the premises for the Retail Outlet, then you must submit to us a copy of your proposed lease for our prior written review. For any lease we have approved, you must provide us with written notice of your default of any such lease and you agree, subject to any landlord’s consent, that we will have the right (but not the obligation, in either case) to cure any default of the lease, and/or assume any such lease.

2 TERM AND RENEWAL

- 2.1 *Term.* The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire five (5) years from the Effective Date.
- 2.2 *Renewal.* You will have the right to renew your rights to operate the Franchise Business for two (2) additional successor term of five (5) years, so long as you have satisfied all of the conditions specified in Sections 2.2.1 through 2.2.9 before each such renewal:
- 2.2.1 You agree to give us written notice of your election to renew at least six (6) months before the end of the term of this Agreement (but not more than one (1) year before the term expires).
- 2.2.2 You must upgrade and refresh the materials used for the Franchised Business (including any vehicles that you operate in connection with the Franchised Business) to comply with our then-current standards in effect for new PropertyGuys.com Businesses (if necessary and not already meeting those standards).

- 2.2.3 At the time of renewal, you must be in material compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us (and our affiliates); you must have met our minimum performance standards that we periodically require; and in our reasonable judgment, you must have been in material compliance during the term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.
- 2.2.4 You must have timely met all of your financial obligations to us, our affiliates, and the Communications Fund, as well as your vendors, throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations).
- 2.2.5 You must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which will not supersede this Section 2), and which you acknowledge and agree may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage royalty fee and advertising contribution). If you are an entity, then your owners (whether direct, indirect, and/or beneficial owners) must sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement. (In this Agreement, the term “**entity**” includes a corporation, limited liability company, partnership, and a limited liability partnership.)
- 2.2.6 Instead of a new initial franchise fee, you agree to pay to us a renewal fee in the amount of Seven Thousand Five Hundred Dollars (\$7,500).
- 2.2.7 You (and your owners, whether direct, indirect or beneficial) agree to sign and deliver to us a release, in a form that we will provide (which will be a mutual release with limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, members, managers, agents, and employees. If you are an entity, then your affiliates and your direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.
- 2.2.8 You and your personnel must meet our then-current qualification and training requirements.
- 2.2.9 You must be current with respect to your financial and other obligations to your lessor, suppliers, and all other parties with whom you do business.

3 OUR DUTIES

- 3.1 *Training.* We will provide you with the training specified in Section 6 below.
- 3.2 *Opening and Additional Assistance.* We may provide a representative to be present at the opening of the Franchised Business if you request one and we think it is advisable to do so. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Manual.
- 3.3 *Manual.* We will loan to you one (1) copy of (or provide you with access to), during the term of this Agreement, our confidential brand manuals and other written instructions relating to the

operation of a PropertyGuys.com Business (collectively, the “**Manual**”), in the manner and as described in Section 10 below.

- 3.4 *Marketing Materials.* We have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below.
- 3.5 *Communications Fund.* We will administer the Communications Fund (as defined in Section 13 below) in the manner set forth in Section 13 below.
- 3.6 *Inspection Before Opening.* We will evaluate the Franchised Business before it first opens for business. You acknowledge that we may conduct any such evaluations either virtually or physically, as we deem advisable, and as may be described in the Manual. You agree to not open the Franchised Business or otherwise start operations until you have received our prior written approval.
- 3.7 *Periodic Assistance.* We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine.
- 3.8 *Services Performed.* You acknowledge and agree that any of our designees, employees, agents, or independent contractors (such as an “area representative”) may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).
- 3.9 *Our Decision-Making.* In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: **(a)** to take into account, as we see fit, the effect on, and the interests of, other franchised and company-owned or affiliated businesses and systems; **(b)** to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; **(c)** to test market various items in some or all parts of the System; **(d)** to introduce new proprietary items and non-proprietary items or operational equipment; and/or **(e)** to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section, and that nothing in this Section will in any way affect your obligations under this Agreement.
- 3.10 *Confirmation of Performance.* After we have performed our pre-opening obligations to you under this Agreement, we may ask that you execute and deliver to us a confirmation (the “**Confirmation of Performance**”), in a form we reasonably request, confirming that we have performed those obligations. If we ask you to provide us with such a certificate, you agree to execute and deliver the Confirmation of Performance to us within three (3) business days after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same three (3) day period, provide us with written notice specifically describing the obligations that we have not performed. Not later than three (3) business days after we complete all the obligations that you specified in that notice, you agree to execute and deliver the Confirmation of Performance to us. You agree to do so even if we performed such obligations after the time performance was due under this Agreement. The term “pre-opening obligations” means the obligations we have to you under this Agreement that must be performed before the date when your Franchised Business starts operating.

4 FEES; SALES REPORTING

- 4.1 *Initial Franchise Fee.* You agree to pay us an initial franchise fee in the amount as set out in the Data Addendum (Exhibit A) (the “**Initial Franchise Fee**”). The Initial Franchise Fee is due and payable to us on the day that you sign this Agreement. The Initial Franchise Fee is not refundable in consideration of administrative and other expenses that we incur in granting this franchise and for our lost or deferred opportunity to grant a franchise to other parties.
- 4.2 *Royalty Fee and Sales Reports.* For each Month during the term of this Agreement, you agree to (a) pay us a continuing royalty fee in the amount equal to seven percent (7%) of the Gross Sales (as defined below) of the Franchised Business (“**Royalty Fees**”); and (b) report to us, in the form and manner that we specify, your Gross Sales (a “**Sales Report**”). As used in this Agreement:
- 4.2.1 the term “**Month**” means a calendar month or such other four (4) to five (5) week period that we may designate (provided that there will not be more than 13 “Months” during any year); and
- 4.2.2 the term “**Gross Sales**” means all revenue from the sale of all services and products and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. In certain locations (such as certain community centers), registration revenue is collected by a third party and remitted net of rent or a percentage share of revenue held by the third party; and in those cases, the net revenue shall be regarded as “Gross Sales.” Gross Sales excludes: (a) any legitimate and reasonable discounts and/or refunds that you provide to customers; and (b) sales taxes or other taxes that you collect from your customers and actually pay to the appropriate taxing authorities.
- 4.3 *Due Date and Payment Method.* The parties acknowledge and agree that:
- 4.3.1 Royalty Fees based on amounts (including marketing fees and payments for other products, services, and packages) that home sellers purchase from you will be due and payable at the same time as you activate the listing in our “source portal” (or such other substitute registry that we prescribe) based on the marketing charges that you collect from the home seller for the corresponding listing (which shall be deemed “Gross Sales” as provided above).
- 4.3.2 Unless otherwise specified, all other payments required by this Section 4 and Section 13 below must be made by ACH (as specified below) (and, to the extent not made by ACH, you must pay and submit those funds so that they are received by us, in our offices), so that they are received by us, in our offices, by 5:00pm (Moncton time) on the fifteen (15th) day of each Month. All Sales Reports required under Section 4.2 above must be submitted by 5:00pm (Moncton time) on the fifteen (15th) day of each Month.
- 4.3.3 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments we require under Sections 4 or 13 of this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of “ACH - Authorization Agreement for Prearranged Payments (Direct Debits),” a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form that we deem to be periodically needed to implement this

Section 4.3.2) (together “**ACH**” arrangements), and you agree to; **(a)** comply with the payment and reporting procedures that we may specify in the Manual or otherwise in writing; and **(b)** maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH withdrawal to sweep payment of fees, then you will not be required to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due.

- 4.3.4 You acknowledge and agree that your obligations to make full and timely payment of Royalty Fees and Communications Fund Contributions (and all other sums due to us) are absolute, unconditional, fully-earned (by us), and due when you are open and in operation.
- 4.3.5 You agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us, the Communications Fund, affiliates, suppliers, or others.
- 4.3.6 You agree that if you do not provide us, as requested, with access to your computer system to obtain sales information or, if we require pursuant to Section 12.1.4 below or otherwise, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Month(s) that we choose (which may be those with your highest grossing sales), and that you agree to pay the royalties on that amount (whether by check or by our deduction of that amount from your direct debit account).
- 4.3.7 You agree that you will not, whether on grounds of alleged non-performance by us or others, withhold payment of any fee, including, without limitation, Royalty Fees or Communications Fund Contributions, nor withhold or delay submission of any reports due under this Agreement.
- 4.3.8 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12 below, at the time and in the format that we reasonably request.
- 4.4 *Service Fee.* For each Month during the term of this Agreement, you agree to pay us a service fee of Eight Hundred Dollars (\$800) to cover the administrative costs of the services we provide to you (“**Service Fee**”). The Resource Center Fee will be due on the fifteenth (15th) day of each Month and payable in the manner specified in Section 4.3.2 above.
- 4.5 *Resource Center Fee.* For each Month during the term of this Agreement, you agree to pay us a monthly resource center fee of Three Hundred Ninety Dollars (\$390) to cover costs associate with your use of our Resource Center (“**Resource Center Fee**”). The Resource Center Fee will be due on the first (1st) day of each Month and payable in the manner specified in Section 4.3.2 above.
- 4.6 *Tech Bundle Fee.* You agree to pay us a quarterly, continuing and non-refundable technology fee of One Thousand Five Hundred Dollars (\$1,500) to reimburse us for our third-party costs and expenses in connection with implementing and providing technology solutions for the Franchised Business (“**Tech Bundle Fee**”). You agree that the Tech Bundle Fee will be due

on the first day of the first Month of each calendar quarter (that is, January 1, April 1, July 1, and October 1) and paid to us in the manner specified in Section 4.3.2 above.

- 4.7 *Open Area Fees.* As described in Section 1.4.4 above, we may grant you the temporary right to service customers and/or otherwise operate your Franchised Business in an Open Area. If you operate in an Open Area, you agree that you must pay us the following additional monthly fees (the “**Open Area Fees**”):
- 4.7.1 You must pay us a separate, augmented royalty fee in an amount equal to nine percent (9%) of any Gross Sales that you derive from Open Areas; and
- 4.7.2 The Open Area Fees payable under this Section 4.7 will be due and payable in the same manner and at the same time as the Royalty Fees, using the same formula established above.
- 4.8 *No Subordination.* You agree not to subordinate to any other obligation your obligation to pay us the royalty fee and/or any other amount payable to us, whether under this Agreement or otherwise.
- 4.9 *Late Payment.* If we do not receive any payment due under this Agreement (and if the appropriate marketing fund does not receive payment due) on or before the due date, then that amount will be deemed overdue. If any payment is overdue, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum (but not more than the maximum rate permitted by law, if any such maximum rate applies). Our entitlement to such interest will be in addition to any other remedies we may have. Any report that we do not receive on or before the due date will also be deemed overdue.
- 4.10 *Other Funds Due.* You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.
- 4.11 *Index.* We have the right to adjust, for inflation, all fixed-dollar amounts under this Agreement (except for the Initial Franchise Fee) to reflect changes in the Index from the year in which you signed this Agreement. For the purpose of this Section 4.11, the term “**Index**” means the Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics (“**BLS**”). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

5 FRANCHISED BUSINESS COMMENCEMENT

- 5.1 *Opening the Franchised Business.* You or your Operating Principal (defined in Section 6.2 below) must complete our initial training program within sixty (60) days after the Effective Date. You must begin operation of the Franchised Business within thirty (30) days after you or your Operating Principal successfully completes (to our satisfaction) our initial training program. **Time is of the essence.**
- 5.2 *Relocation.* You agree not to relocate the Franchised Business without our prior written consent. We will have the right to grant or to withhold our approval of any proposed location or relocation and, if our approval is granted, you understand that our approval will not be deemed to be our guarantee, representation, or assurance that your Franchised Business will be profitable or successful at that location or elsewhere.

- 5.3 *Pre-Opening.* Before opening for business, you agree to meet all of the pre-opening requirements specified in this Agreement, the Manual, and/or that we may otherwise specify in writing. Among other things, this includes purchasing and wrapping a vehicle for your use in connection with the Franchised Business as provided in Section 8.8 below.

6 OPERATING PRINCIPAL, PERSONNEL, AND TRAINING

6.1 *Operating Principal and Management.*

- 6.1.1 If you are a corporation, partnership or LLC, you must have an individual owner serve as your “**Operating Principal**.” The Operating Principal must supervise the operation of the Franchised Business and must own and control at least fifty-one percent (51%) of the voting and ownership interests in the franchisee entity. The Operating Principal must have qualifications reasonably acceptable to us to serve in this capacity, complete our training program as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit B. You may not change your Operating Principal without our prior written approval.

- 6.1.2 The Franchised Business must at all times be under the active full-time management of either you or the Operating Principal who has successfully completed (to our satisfaction) our initial training program. You must, at all times, actively promote the services and products offered by the Franchised Business, and use best efforts to cultivate, develop and expand the market for these services and products within the Protected Territory. You (or, if you are an entity, the Operating Principal) shall devote full time and best efforts to the management and operation of the Franchised Business.

- 6.1.3 The term “**Specially Trained Management Personnel**” is agreed to mean the Operating Principal and any other individuals who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such performs in the Franchised Business.

- 6.2 *Initial Management Training.* Before opening your Business, you (or if you are an entity, your Operating Principal) must attend and successfully complete, to our satisfaction, the initial training program we offer for PropertyGuys.com Business franchisees at our headquarters in Moncton, New Brunswick or another location that we specify. You may send up to one (1) additional individual (including the Specially Trained Management Personnel) to the initial management training program. If you ask to send more than two (2) individuals to the initial management training program, you agree to pay us a training fee in the amount of up to Two Thousand Five Hundred Dollars (\$2,500) for each individual to be trained (so long as training for these individuals takes place simultaneously with the training we provide for the other two individuals), with payment to be made in full before training starts. For replacement training for a Specially Trained Management Personnel, you agree to pay us a training fee in the amount of up to Two Thousand Five Hundred Dollars (\$2,500) for each individual to be trained, with payment to be made in full before training starts.

6.3 *Additional Obligations and Terms Regarding Training.*

- 6.3.1 If you (or your Operating Principal) cease active management or employment at the Franchised Business, or if we disapprove of the service of you (or your Operating Principal) in a specific role (but not as an employee), or if we revoke the certification

of you (or your Operating Principal) to serve in that capacity, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within thirty (30) days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so.

- 6.3.2 We may require that you and your Specially Trained Management Personnel attend such refresher courses, seminars, and other training programs as we may reasonably require periodically.
- 6.3.3 We may require you to enroll each of your employees in web-based training programs relating to the services and products that each will assist in providing to customers of the Business.
- 6.3.4 All of your trainees must sign and deliver to us a personal covenant of confidentiality in substantially the form of Exhibit F to this Agreement.
- 6.3.5 Training Costs and Expenses.
 - 6.3.5.1 We will bear the cost of providing the instruction and required materials, except as otherwise provided in Sections 6.2 and 6.3 of this Agreement.
 - 6.3.5.2 You agree to bear all expenses incurred in connection with any training, including without limitation the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance for you and your employees.
 - 6.3.5.3 You also agree to cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 below.
 - 6.3.5.4 We have the right to reduce the duration or content of the training program for any trainee who has prior experience with our System or in similar businesses.
- 6.4 *Additional On-Site Training.* You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses. Additionally, if we determine that you are not operating the Franchised Business in accordance with our standards as set forth in the Manual, we may place you in default of this Agreement and/or require you and/or your employees to complete additional training at the Franchised Business or a location that we designate, at your expense, which will include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business.
- 6.5 *Conventions and Meetings.* You (or your Operating Principal) must attend the conventions and meetings that we may periodically require and to pay a reasonable fee for each person who is required to attend (and, if applicable, additional attendees that you choose to send as well). You will also be responsible for all of the other costs of attendance for you and your employees, including travel, room and board, and your employees' wages, benefits and other expenses.

7 PURCHASING AND SUPPLY OF PRODUCTS

While your Business will focus principally on the provision of services, you will also offer certain products at your Business. This Section 7 addresses those items.

- 7.1 *Products.* You agree to buy all products, equipment, supplies, materials, and other products used or offered for sale at or from the Franchised Business only from suppliers as to whom we have given you our prior written approval (and that we have not later disapproved). In this regard, the parties further agree:
- 7.1.1 In determining whether we will approve any particular supplier, we will consider various factors, including: **(a)** whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such items; **(b)** whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; **(c)** whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and **(d)** whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, recipes, and/or formulae).
 - 7.1.2 For the purpose of this Agreement, the term “**supplier**” includes, but is not limited to, manufacturers, distributors, resellers, and other vendors.
 - 7.1.3 You acknowledge and agree that we have the right to appoint only one supplier for any particular product or item (which may be us or one of our affiliates).
 - 7.1.4 You agree to offer and sell only services and products at the Franchised Business. You may not offer or sell anything at the Franchised Business that is not a service or a product.
 - 7.1.5 If you want to buy any product, service, or any item from an unapproved supplier (except for proprietary items, which are addressed in Section 7.2 below), then you must first submit a written request to us asking for our prior written approval. You agree not to buy from any such supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier’s facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. We are not required to approve any particular supplier, nor to make available our standards, specifications, or formulas to prospective suppliers, which we have the right to deem confidential.
 - 7.1.6 You agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some PropertyGuys.com Businesses with some or all of the

products and/or services that we require for use and/or sale in the development and/or operation of PropertyGuys.com Businesses, notwithstanding anything to the contrary contained in this Agreement. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all products and other products and services, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of PropertyGuys.com Businesses. We have the right to approve or disapprove of the suppliers who may be permitted to sell products to you. Any of our affiliates that sell products to you will do so at our direction. If you are in default of this Agreement, we reserve the right to direct our affiliates not to sell products to you, or to withhold certain discounts which might otherwise be available to you.

- 7.1.7 You acknowledge and agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of products and other goods and services. These Allowances include those based on purchases of products, other products, beverages, and other items. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction.
- 7.1.8 If we require you to offer and sell items that bear our Proprietary Marks, or to use items that bear our Proprietary Marks, then you must buy, use, and sell only the items that we require, and you must buy those items only from our approved suppliers.
- 7.2 *Proprietary Items.* You acknowledge and agree that: (a) we have the right to require that certain items that you offer at the Franchised Business must be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates), and that such items are our proprietary products; and (b) we have the right to require that you purchase and offer branded non-proprietary private-label products at your Business. In order to maintain the high standards of quality and uniformity associated with proprietary items, and other products and packaging bearing the Proprietary Marks, you agree to purchase those proprietary items and products, as well as any packaging bearing the Proprietary Marks (and any other products we may now or in the future designate), only from us, our affiliates, and/or our approved suppliers, and not to offer or sell any other such products at or from the Franchised Business. We have the right to determine whether any particular item will be a "Proprietary Item."
- 7.3 *Use of the Marks.* You must require all marketing materials, signs, decorations, paper goods (including, without limitation, and all forms and stationery used in the Franchised Business), and other items which we may designate to bear the Proprietary Marks in the form, color, location, and manner we prescribe (and subject to our prior written approval, for example as provided in Section 13.8 below).

8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, for the sake of brand enhancement and protection, you agree to all of the following:

- 8.1 *Importance of Following Standards.* You understand and acknowledge that every detail of the Franchised Business is important to you, to us, and to other "PropertyGuys.com" franchisees and licensees in order to develop and maintain high operating standards, to provide superior customer service to customers, to increase the demand for the services and products sold, by

all franchisees, and to protect and enhance the reputation and goodwill associated with our brand.

8.2 *Opening.* In connection with the opening of the Franchised Business:

- 8.2.1 You agree to conduct, at your expense, such promotional and marketing activities as we may require.
- 8.2.2 You agree to open the Franchised Business by the date specified in Section 5.1 above.
- 8.2.3 You agree not to commence operations of the Franchised Business until: (a) the Specially Trained Management Personnel have successfully completed all training that we require; (b) we have approved that your any vehicle and vehicle wrapping conforms to our standards; and (c) the Initial Franchise Fee and any other amounts due to us (and our affiliates) have been paid as required under this Agreement.

8.3 *Staffing.*

- 8.3.1 You agree to maintain a competent, conscientious staff in numbers sufficient to promptly service customers and to comply with staffing and service criteria, which may include without limitation specified positions that we may designate from time to time as necessary or appropriate for providing quality member experience according to our standards. We will provide our requirements for service/function positions that we may establish from time to time and which will be set forth in our Manual. We reserve the right to require you to employ additional staff if we determine that you are not meeting our standards with respect to customer service and quality of performance.
- 8.3.2 For the sake of efficiency and to enhance and protect our brand you and your staff must, at all times, cooperate with us and with our representatives, and conduct the operation of the business in a first-class and professional manner in terms of dealing with customers, vendors, and our staff as well. We have the ongoing right, at any time, to conduct and update background checks on you and each of your personnel.
- 8.3.3 Your employees must comply with such dress code or standards as we may require, which may include use of branded (or other "uniform") apparel, and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Manual or otherwise in writing) while on a job for the Franchised Business. We may also require that you and your employees comply with personal appearance standards (including dress code, shoes, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).

8.4 *Operation According to Our Standards.* To insure that the highest degree of quality and service is maintained, you agree to operate your Franchised Business in strict conformity with such methods, standards, and specifications that we may periodically require in the Manual or otherwise in writing. In this regard, you agree to do all of the following:

- 8.4.1 You agree to maintain in sufficient supply, and to offer and/or sell at all times only the services and products, using the PropertyGuys.com System, that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent.

- 8.4.2 You agree: **(a)** to sell or offer for sale only those services and products that we have approved in writing for you to sell at your Franchised Business; **(b)** to sell or offer for sale all those services and products, employing the techniques that we specify in writing; **(c)** not to use any unapproved vehicles and/or unapproved wrapping on your vehicles; **(d)** deviate from our standards and specifications, including manner of maintenance of your equipment and products; **(e)** to stop selling and offering for sale any services or products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and **(f)** that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation will become our property.
- 8.4.3 You agree to permit us, or our agents, at any reasonable time, to inspect the products, equipment and to remove samples of items or products, without payment, in amounts reasonably necessary for testing by us or an independent third party to determine whether the products, equipment, or samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.
- 8.4.4 If a threat or danger to the public results from the maintenance or operation of the Franchised Business, you agree to immediately suspend operation of the Franchised Business, notify us in writing, and not resume operation until the threat or danger is fully remedied.
- 8.5 *Hours and Days of Operation.* You agree to operate the Franchised Business during such hours and days as we may periodically specify in the Manual or as we may otherwise approve in writing.
- 8.6 *Operating Codes.* You agree to fully and faithfully comply with all Operating Codes applicable to your Franchised Business and will have the sole responsibility to do so.
- 8.6.1 We will not review whether you are in compliance with any Operating Codes.
- 8.6.2 The term “**Operating Codes**” means all federal, state, and local laws, codes, ordinances, and/or regulations that apply to the services, products, and other aspects of operating the Franchised Business.
- 8.6.3 You agree to provide to us, within three (3) days of your receipt, a copy of any reports, certificates, warnings, citations, and/or ratings resulting from any government agency or private real estate-related service relating to the Franchised Business (including real estate boards and associations).
- 8.6.4 You must also obtain and maintain during the term of this Agreement all licenses and approvals from any governmental or regulatory agency required for the operation of the Franchised Business or provision of the services you will offer, sell, and provide.
- 8.6.5 Where required, you must obtain the approval of any regulatory authority with jurisdiction over the operation of your Franchised Business. You acknowledge that we will have no liability to you or any regulatory authority for any failure by you to obtain or maintain during the term of this Agreement any necessary licenses or approvals required for the operation of the Franchised Business.

- 8.7 *Maintenance and Upgrading.* You agree to maintain and upgrade the Franchised Business (including any vehicles and vehicle wrapping) at your expense to conform to our then-current standards and requirements concerning presentation of the Proprietary Marks in a manner consistent with the then-current image for new PropertyGuys.com Businesses.
- 8.8 *Vehicles.* With respect to the vehicles that you use in connection with your Franchised Business, you agree to all of the following:
- 8.8.1 You agree to buy and use at your expense, only vehicles that we have approved, wrapped in accordance with our standards.
- 8.8.2 You agree to replace the vehicles (and wrapping) used in connection with the Franchised Business at your expense to conform to our then-current specifications and standards (collectively, “**Vehicle Upgrades**”). A Vehicle Upgrade will not be required more than once every five (5) years (and not in an economically unreasonable amount); however, that we may require Vehicle Upgrades at the time of renewal (as provided in Section 2.2.2 above) and transfer (as provided in Section 10.5.5 below) even if that is sooner than once every five years.
- 8.8.3 If you become aware of any problem with your vehicles (among other things, mechanical, operational, and appearance problems), you agree to correct the problem or replace the vehicles as soon as possible in order for safe operation. You agree to use magnets with our Proprietary Marks on any replacement vehicle that you use for the operation of the Franchised Business (as specified in the Manual) until you return to using a vehicle that conforms with our vehicle wrapping standards.
- 8.9 *Use of the Proprietary Marks.* You will require all marketing and promotional materials, signs, decorations, merchandise, any and all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos in the form, color, location, and manner that we have then-prescribed.
- 8.10 *If You Are an Entity* (in this Agreement, the term “**entity**” includes a corporation, limited liability company, partnership, and a limited liability partnership):
- 8.10.1 *Corporate Franchisee.* If you are a corporation, then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; **(c)** not issue any voting securities or securities convertible into voting securities; and **(d)** maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.
- 8.10.2 *Partnership/LLP Franchisee.* If you are a partnership or a limited liability partnership (LLP), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; **(c)** prepare and furnish to us, upon request, a current list of all of your general and limited partners; and **(d)** consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

- 8.10.3 *LLC Franchisee.* If you are a limited liability company (LLC), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; **(c)** prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and **(d)** maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.
- 8.10.4 *Guarantees.* You agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Exhibit B, from each person who is currently (and who becomes) a direct, indirect, and/or beneficial: **(a)** shareholder of a corporate Franchisee; **(b)** member of a limited liability company Franchisee; **(c)** partner of a partnership Franchisee; and/or **(d)** partner of a limited liability partnership Franchisee.
- 8.11 *Quality-Control and Customer Survey Programs.* We may periodically designate an independent evaluation service to conduct a “mystery shopper,” “customer survey,” and/or similar quality-control and evaluation programs with respect to PropertyGuys.com Businesses. You agree to participate in such programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report in connection with any such program, then you agree to: **(a)** immediately implement any remedial actions we require; and **(b)** reimburse us for the expenses we incur as a result thereof (including the cost of having the evaluation service re-evaluate the Franchised Business, our inspections of the Franchised Business, and other costs or incidental expenses).
- 8.12 *Prices.* You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the services and products offered and sold from the Franchised Business under this Agreement. You will have the right to set the prices that you charge to your customers; provided, however, that (subject to applicable law): **(a)** if we have set a maximum price for a particular item or service, then you may charge any price for that item or service up to and including the maximum price we have set; and **(b)** if we have set a minimum price for a particular item or service, then you may charge any price for that item or service that is equal to or above the minimum price we have set.
- 8.13 *Environmental Matters.* We are committed to working to attain optimal performance of PropertyGuys.com Businesses with respect to environmental, sustainability, and energy performance. We each recognize and agree that there are changing standards in this area in terms of applicable law, competitors’ actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Manual, and you agree to abide by those standards.
- 8.14 *Innovations.* You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the PropertyGuys.com Businesses. All such products, services, concepts, methods, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us. You hereby grant to us (and agree to obtain from your affiliates, owners, employees, and/or

contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in any businesses that we and/or our affiliates, franchisees and designees operate. We will have the right to use those ideas, concepts, methods, techniques, and/or products without making payment to you. You agree not to use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

9 PROPRIETARY MARKS

9.1 *Our Representations.* We represent to you that we own (or have an appropriate license to) all right, title, and interest in and to the Proprietary Marks, and that we have taken (and will take) all reasonably necessary actions to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 *Your Agreement.* With respect to your use of the Proprietary Marks, you agree that:

9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.

9.2.2 You will use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in franchisor-approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).

9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Business only under the name "PropertyGuys.com" without prefix or suffix.

9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as we may designate in writing. You also agree to provide such notice as we may request to your staff to advise them in writing of same.

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof will constitute an infringement of our rights.

9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

9.2.7 You agree not to use the Proprietary Marks:

9.2.7.1 as part of your corporate or other legal name;

9.2.7.2 as part of your identification in any e-mail address, domain name, or other electronic medium (except as otherwise provided in Section 14.11.3 below); and/or

9.2.7.3 in connection with any employment or human-resources (H.R.) documents

(including employment applications, paychecks, pay stubs, and employment agreements).

9.2.8 You agree to execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

9.2.9 With respect to dispute or claim involving the Proprietary Marks, the parties agree that:

9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You acknowledge and agree that we will have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.9.2 If you used the Proprietary Marks in accordance with this Agreement, then we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof. If you used the Proprietary Marks in a manner that does not comply with this Agreement, then we will still defend you, but at your expense, against such third party claims, suits, or demands.

9.2.9.3 We agree to reimburse you for your out-of-pocket travel costs in doing such acts and things, and you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement, unless such litigation is the result of your use of the Proprietary Marks in a manner that does not comply with this Agreement.

9.2.9.4 To the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, then you agree to reimburse us (upon our request, which may be periodic and/or upon the conclusion of the proceedings) for the cost of such litigation and/or upon our written request, pay our legal fees directly (your obligation under this Section includes reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement).

9.2.9.5 If we undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, then you agree to sign any and all documents, and do those acts and things that may, in our counsel's opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).

9.3 *Your Acknowledgements.* You expressly understand and acknowledge that:

9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

- 9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.
- 9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).
- 9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.
- 9.3.5 Any and all goodwill arising from your use of the Proprietary Marks will inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of our System or of our Proprietary Marks.
- 9.3.6 The right and license of the Proprietary Marks that we have granted to you under this Agreement is non-exclusive, and we therefore have the right, among other things:
 - 9.3.6.1 To use the Proprietary Marks ourselves in connection with selling services and products;
 - 9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to existing franchisees; and
 - 9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.
- 9.4 *Change to Marks.* We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Proprietary Marks will be beneficial to the System. In such circumstances, you must immediately cease using any discontinued marks and must immediately begin using such substituted marks (including in your marketing materials), and your right to use the substituted proprietary marks will be governed by (and pursuant to) the terms of this Agreement.

10 CONFIDENTIAL BRAND MANUAL

- 10.1 *You Agree to Abide by the Manual.* In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the written instructions that we provide, including the Manual. We will lend to you (or permit you to have access to) one (1) copy of our Manual, only for the term of this Agreement, and only for your use in connection with operating the Franchised Business during the term of this Agreement.
- 10.2 *Format of the Manual.* We will have the right to provide the Manual in any format we determine is appropriate (including paper and/or by making some or all of the Manual available to you only in electronic form, such as through an internet website or an extranet). If at any time we

choose to provide the Manual electronically, you agree to immediately return to us any and all physical copies of the Manual that we have previously provided to you.

- 10.3 *We Own the Manual.* The Manual will at all times remain our sole property and you agree to promptly return the Manual when this Agreement expires or if it is terminated.

10.4 *Confidentiality and Use of the Manual.*

10.4.1 The Manual contains our proprietary information and you agree to keep the Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will insure that your copy of the Manual will be available in a current and up-to-date manner. Whenever the Manual is not in use by authorized personnel, you agree to maintain secure access to the Manual at the Franchised Business, and you agree to grant only authorized personnel (as defined in the Manual) with access to the security protocols for the Manual.

10.4.2 You agree to never make any unauthorized use, disclosure, and/or duplication the Manual in whole or in part.

- 10.5 *You Agree to Treat Manual as Confidential.* You agree that at all times, you will treat the Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Business, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.

- 10.6 *Which Copy of the Manual Controls.* You agree to keep your copy of the Manual only at the Franchised Business (and as provided in Section 10.4 above) and also to insure that the Manual are kept current and up to date. You also agree that if there is any dispute as to the contents of the Manual, the terms of the master copy of the Manual that we maintain in our home office will be controlling. Access to any electronic version of the Manual will also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.

- 10.7 *Revisions to the Manual.* We have the right to revise the contents of the Manual whenever we deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Manual and to comply with each new or changed standard.

- 10.8 *Modifications to the System.* You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at the time when you and we signed this Agreement; provided the financial burden placed upon you is not substantial). You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and otherwise in this Agreement.

11 **CONFIDENTIAL INFORMATION**

- 11.1 *Confidentiality.*

- 11.1.1 You agree that you will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use (for yourself and/or for the benefit of any other person, persons, partnership, entity, association, or corporation) any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You agree that you will divulge our Confidential Information only to those of your employees as must have access to it in order to operate the Franchised Business.
- 11.1.2 Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure of that information by us; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by another party that has the right to publish or communicate that information.
- 11.1.3 Any employee who may have access to any Confidential Information regarding the Franchised Business must execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. Such covenants must be on a form that we provide, which form will, among other things, designate us as a third party beneficiary of such covenants with the independent right to enforce them.
- 11.1.4 As used in this Agreement, the term “**Confidential Information**” includes, without limitation, our business concepts and plans, PropertyGuys.com System, operating techniques, marketing methods, processes, vendor information, results of operations and quality control information, financial information, demographic and trade area information, market penetration techniques, plans, or schedules, the Manual, customer profiles, preferences, or statistics, itemized costs, franchisee composition, territories, and development plans, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made prior to or at the time any Confidential Information is disclosed to you.
- 11.2 *Consequences of Breach.* You acknowledge and agree that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, without limitation, reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

12 ACCOUNTING, Financial, AND OTHER RECORDS, AND INSPECTIONS

12.1 *Accounting Records and Sales Reports.*

- 12.1.1 With respect to the operation and financial condition of the Franchised Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System. You must also use a third party payroll service provider that we have approved.
- 12.1.2 With respect to the Franchised Business, you agree to maintain for at least seven (7) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts

prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed periodically in the Manual or otherwise in writing, including: **(a)** daily cash reports; **(b)** cash receipts journal and general ledger; **(c)** cash disbursements and weekly payroll journal and schedule; **(d)** monthly bank statements, daily deposit slips and cancelled checks; **(e)** all tax returns; **(f)** supplier's invoices (paid and unpaid); **(g)** dated daily and weekly cash receipt reports in accordance with our standards; **(h)** semi-annual fiscal period balance sheets and fiscal period profit and loss statements; **(i)** operational schedules and weekly inventory records; **(j)** records of promotion and coupon redemption; and **(k)** such other records that we may periodically and reasonably request.

12.1.3 We have the right to specify the accounting software and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us. We have the right to require you to use only a designated bookkeeping service and an approved independent certified public accountant. You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full access to the data and information that you provide to the accounting service provider or through the designated program.

12.1.4 Each Month, you agree to submit to us, in the form we specify and/or utilizing our Required Software, a sales report for the immediately preceding Month. You agree to submit the report to us by whatever method that we reasonably require (whether electronically through your use of our Required Software or otherwise) for our receipt no later than the times required under Section 4.3 above. You agree that if do not submit those reports to us in a timely manner, we will have the right to charge you for the costs that we incur in auditing your records.

12.2 *Periodic Statements.*

12.2.1 You agree to provide us, at your expense, and in a format that we reasonably specify, a complete annual financial statement prepared within ninety (90) days after the end of each fiscal year of the Franchised Business during the term of this Agreement. Your financial statement must be prepared according to generally accepted accounting principles, including a fiscal year-end balance sheet, an income statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year.

12.2.2 You must deliver to us, within thirty (30) days after the last day of each calendar quarter (that is, March 31, June 30, August 31, and December 31), an unaudited profit and loss statement for the most recent season and a seasonal sales report. We reserve the right to revise the content and accounting detail required in such seasonal reports.

12.2.3 In addition, no later than the twentieth (20th) day after each Month (or, if we elect, other periodic time period) during the term of this Agreement after the opening of the Franchised Business, you will submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): **(a)** a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Franchised Business; **(b)** reports of those income and expense items of the Franchised Business that we periodically specify for use in any revenue, earnings, and/or cost summary we choose to furnish to prospective franchisees (provided that

we will not identify to prospective franchisees the specific financial results of the Franchised Business); and **(c)** copies of all state sales tax and federal income tax returns for the Franchised Business.

- 12.2.4 You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2.
- 12.2.5 You agree that upon our request, and for a limited period of time, you will provide us (and/or our agents, such as our auditors) with passwords and pass codes necessary for the limited purpose of accessing your Computer System (defined below) in order to conduct the inspections specified in this Section 12. You also agree that you will change all passwords and pass codes after the inspection is completed.
- 12.3 *Additional Information.* You also agree to submit to us (in addition to the sales reports required pursuant to Section 12.1.4 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified periodically in the Manual or otherwise in writing, including: **(a)** information in electronic format; **(b)** restated in accordance with our financial reporting periods; **(c)** consistent with our then-current financial reporting periods and accounting practices and standards; and/or **(d)** as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section 12.3 will be in addition to, and not in lieu of, the electronic reporting required under Section 14 below.
- 12.4 *PCI Compliance and Credit Cards.* With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:
- 12.4.1 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, **"Payment Vendors"**) that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment, including "Apple Pay", "Google Wallet", as well as other vendors' mobile and other payment applications). The obligations specified in this Section include your agreement to pay the applicable charges imposed by the Payment Vendors for participation in, and transactions conducted through, those methods.
- 12.4.2 You agree not to use any Payment Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.
- 12.4.3 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.
- 12.4.4 You agree to comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (we may set these requirements in the Manual).
- 12.4.5 In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we reasonably require concerning your compliance with data and cybersecurity requirements.

- 12.4.6 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14.3 below.
- 12.4.7 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.
- 12.5 *Our Right to Inspect Your Books and Records.* We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this will constitute a default under this Agreement, and you agree to immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but not more than the maximum rate permitted by law, if any such maximum rate applies). If we conduct an inspection because you did not timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your royalties), by three percent (3%) or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies will be in addition to any other remedies we may have. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

13 COMMUNICATION

- 13.1 *Communications Fund Contribution.* For each Month during the term of this Agreement, you agree to make a continuing contribution in an amount equal to Two Hundred Dollars (\$200) ("**Communications Fund Contribution**") to our System wide communications fund (the "**Communications Fund**"). The following provisions apply to that Communications Fund:
- 13.1.1 We (or our designee) will have the right to direct all marketing and communications programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Communications Fund is intended to maximize general public recognition, acceptance, and use of the System; and that we and our designee are not obligated, in administering the Communications Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Communications Fund.
- 13.1.2 The Communications Fund, all contributions to that fund, and any of that fund's earnings, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, preparing communications, marketing, public relations, and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System (including, among other things, the costs of preparing and conducting marketing and media advertising campaigns;

direct mail advertising; developing and implementing website, social networking/media, search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing marketing personnel (including salaries for personnel directly engaged in consumer-oriented marketing functions), advertising and/or public relations agencies to assist therein; purchasing and distributing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; engaging individuals as spokespersons and celebrity endorsers; purchasing creative content for local sales materials; reviewing locally-produced ads; preparing, purchasing and distributing door hangers, free-standing inserts, coupons, brochures, and trademarked apparel; market research; conducting sponsorships, sweepstakes and competitions; engaging mystery shoppers for PropertyGuys.com Businesses and their competitors; paying association dues (including the International Franchise Association), establishing third-party facilities for customizing local advertising; purchasing and installing signage; and providing promotional and other marketing materials and services to the PropertyGuys.com Businesses operated under the System). You agree that we have no obligation under this Section 13 to conduct any advertising or marketing in any media on behalf of you or the System.

- 13.1.3 You agree to make your Communications Fund Contribution to the Communications Fund in the manner specified in Section 4.3 above. The Communications Fund may also be used to make loans (at reasonable interest rates); and to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System. All sums you pay to the Communications Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Communications Fund and marketing programs for franchisees and the System. The Communications Fund and its earnings will not otherwise inure to our benefit. We or our designee will maintain separate bookkeeping accounts for the Communications Fund.
- 13.1.4 The Communications Fund is not and will not be our asset. We will maintain all sums in the Brand Fund in an account separate from our other monies. We will have the right to charge the Brand Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Brand Fund and marketing programs for franchisees and the System (including salaries and costs of personnel for creating and implementing, administering, advertising, merchandising, promotional and marketing programs). We will prepare and make available to you upon reasonable request an annual statement of the operations of the Communications Fund as shown on our books.
- 13.1.5 Although once established the Communications Fund is intended to be of perpetual duration, we maintain the right to terminate the Communications Fund. The Communications Fund will not be terminated, however, until all monies in the Communications Fund have been expended for marketing purposes.
- 13.2 *Local Marketing and Promotion.* You agree to spend at least ten percent (10%) of your Gross Sales, each Month, on local marketing and promotion of the Franchised Business. As used in this Agreement, the term "local marketing and promotion" will consist only of the direct costs of purchasing and producing marketing materials (including camera ready advertising and

point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that local marketing may not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following:

- 13.2.1 Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons;
 - 13.2.2 Charitable, political, or other contributions or donations; and/or
 - 13.2.3 The value of discounts provided to consumers.
- 13.3 *Materials Available for Purchase.* We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.
- 13.4 *Standards.* All of your local marketing and promotion must: **(a)** be in the media, and of the type and format, that we may approve; **(b)** be conducted in a dignified manner; and **(c)** conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as specified in Section 13.8 below.
- 13.5 *Our Review and Right to Approve All Proposed Marketing.* For all proposed advertising, marketing, and promotional plans, you must submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you have not received our written approval within fourteen (14) days after we have received those proposed samples or materials, then we will be deemed to have disapproved them. You acknowledge and agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.
- 13.6 *Rebates.* You acknowledge and agree that periodic rebates, giveaways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, giveaways, marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.
- 13.7 *Considerations as to Charitable Efforts.* You acknowledge and agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money,

products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

- 13.8 *Additional Marketing Expenditure Encouraged.* You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

14 TECHNOLOGY

- 14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:

- 14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among PropertyGuys.com Businesses, and in accordance with our standards, including without limitation: (a) back office systems; (b) systems to store data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at PropertyGuys.com Businesses, between or among PropertyGuys.com Businesses, and between or among the Franchised Business, and you, and us; (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (e.g., form of telecommunications connection) and speed (collectively, all of the above are referred to as the “**Computer System**”).
- 14.1.2 We will have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (including applications, technology platforms, and other such solutions) (“**Required Software**”), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the media upon which you must record data; and (d) the database file structure of your Computer System. If we require you to use any or all of the above items, then you agree that you will do so.
- 14.1.3 You agree to install and use the Computer System and Required Software at your expense. You agree to pay us or third-party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Computer System.
- 14.1.4 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, “**Computer Upgrades**”).
- 14.1.5 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.
- 14.1.6 You also agree that we will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

14.2 *Data.*

- 14.2.1 You agree that all data that you collect, create, provide, or otherwise develop (including data saved, uploaded from your Computer System to our system, held by a vendor in connection with the Franchised Business, and/or downloaded to our system) is and will be owned exclusively by us, and that we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.
- 14.2.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer information and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, this Agreement.
- 14.2.3 In order to operate your Franchised Business under this Agreement, we hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and for your use in connection with operating the Franchised Business. You acknowledge and agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.
- 14.2.4 You agree to transfer to us all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request when made, whether periodically during the term of this Agreement, upon termination and/or expiration of this Agreement, any transfer of an interest in you, and/or a transfer of the Franchised Business.

14.3 *Data Requirements and Usage.* We may periodically specify in the Manual or otherwise in writing the information that you agree to collect and maintain on the Computer System installed at the Franchised Business, and you agree to provide to us such reports as we may reasonably request from the data so collected and maintained. In addition:

- 14.3.1 You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**").
- 14.3.2 You agree to comply with our standards and policies that we may issue (without any obligation to do so) pertaining to the privacy of consumer, employee, and transactional information. If there is a conflict between our standards and policies and Privacy Laws, you agree to: **(a)** comply with the requirements of Privacy Laws; **(b)** immediately give us written notice of such conflict; and **(c)** promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.
- 14.3.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.
- 14.3.4 You agree to implement at all times appropriate physical and electronic security as is necessary to secure your Computer System, including complex passwords that you change periodically, and to comply any standards and policies that we may issue (without obligation to do so) in this regard.

14.4 *Extranet.* You agree to comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we

may reasonably require. The term “**Extranet**” means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). If we establish an Extranet, then you agree to comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of your Franchised Business. The Extranet may include, without limitation, the Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You agree to purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet.

- 14.5 *No Separate Digital Sites.* Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Digital Site. The term “**Digital Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Snapchat, Pinterest, Instagram, etc.), the metaverse, blogs, vlogs, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). However, if we give you our prior written consent to have some form of separate Digital Site (which we are not obligated to approve), then each of the following provisions will apply:
- 14.5.1 You agree that you will not establish or use any Digital Site without our prior written approval.
 - 14.5.2 Any Digital Site owned or maintained by or for your benefit will be deemed “marketing” under this Agreement, and will be subject to (among other things) our approval under Section 13.8 above.
 - 14.5.3 Before establishing any Digital Site, you agree to submit to us, for our prior written approval, a sample of the proposed Digital Site domain name, format, visible content (including, without limitation, proposed screen shots, links, and other content), and non-visible content (including, without limitation, meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.
 - 14.5.4 You may not use or modify such Digital Site without our prior written approval as to such proposed use or modification.
 - 14.5.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Manual or otherwise in writing (including requirements pertaining to designating us as the sole administrator or co-administrator of the Digital Site). You further agree that we may require you to use us or a third party we designate to provide the platform for any Digital Sites you maintain.
 - 14.5.6 If we require, you agree to establish such hyperlinks to our Digital Site and others as we may request in writing.

- 14.5.7 If we require you to do so, you agree to make weekly or other periodic updates to our Digital Site to reflect information regarding specials and other promotions at your Franchised Business.
- 14.5.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.
- 14.6 *Recordation of Gross Sales.* You agree to record all sales and transactions for the Franchised Business on computer-based systems that we have approved in writing or on such other types of equipment that we may designate in the Manual or otherwise in writing, which will be deemed part of your Computer System. You agree to utilize computer-based systems that are fully compatible with any program or system (which we will have the right to require) and you agree to record all Gross Sales and all sales information on such equipment.
- 14.7 *Electronic Identifiers; E-Mail.*
- 14.7.1 You agree not to use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, social network or social media name or address, and/or any other identification of you and/or your business in any electronic medium.
- 14.7.2 You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic method without obtaining our prior written consent as to: **(a)** the content of such electronic advertisements or solicitations; and **(b)** your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication (including the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the Federal Telephone Consumer Protection Act, as well as laws that apply from outside the U.S., such as the Canadian Anti-Spam Law, or CASL.) (As used in this Agreement, the term "**electronic communication**" includes all methods for sending communication electronically, whether or not currently invented or used, including without limitation e-mails, text messages, internet-based communication, and faxes.)
- 14.8 *Outsourcing.* You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent. The term "**AI Source**" means any resource, online or otherwise, that is for the purpose of gathering, implementing, or otherwise using information from you using artificial intelligence technology and/or machine learning technology, including ChatGPT, OpenAI, and other sources.

14.9 *Telephone Service and Directories.*

- 14.9.1 You must use our authorized supplier to obtain all of the phone number(s) for the Franchised Business and to install your telephones, and you acknowledge that your telephone numbers (and any facsimile numbers, if applicable) and any listings (including directory and Internet listings) for the Franchised Business shall be our property and must therefore remain with us following termination or expiration of this Agreement.
- 14.9.2 You must participate in our centralized resource center program for lead generation and customer bookings, under the terms and conditions of the program as defined in the Manual. You must utilize our designated phone numbers in all advertisements. If you are engaged in businesses other than the Franchised Business, you must maintain different telephone numbers and may make no reference to the Franchised Business in any telephone directory listings of such other businesses.
- 14.9.3 Upon termination of this Agreement for any reason, or expiration of this Agreement, your telephone and any fax numbers shall remain with us, and in the event that we elect to disconnect any such numbers, you shall not provide a call forwarding or telephone number referral with respect to any such disconnected telephone number (except to a telephone number designated by us) and shall not indicate in any manner you were previously affiliated with us.
- 14.9.4 You further agree to execute any applicable telephone number transfer forms relating to telephone numbers for the Franchised Business that we require. Also, you hereby irrevocably appoint and designate us as your attorney-in-fact to transfer any listed telephone numbers and directory listings relating to the Franchised Business if necessary, and to discontinue telephone and other directory listings using the fictitious name or assumed name, in the event of termination or expiration of this Agreement. In order to facilitate this requirement, you agree to execute the "Telephone Number Assignment Agreement and Power of Attorney" attached to this Agreement as Exhibit E. You must answer the telephones for the Franchised Business solely in the manner prescribed in the Manual.
- 14.10 *Changes.* You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards we establish as this Section 14 were periodically revised by us for that purpose.
- 14.11 *Electronic Communications.* You acknowledge and agree that exchanging information with us by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of electronic communications as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, "**Official Senders**") to you during the term of this Agreement.
- 14.11.1 In order to implement the terms of this Section 14.11, you agree that: **(a)** Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and

others; **(b)** you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and **(c)** you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

14.11.2 The consent given in this Section 14.11 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

14.11.3 We may permit or require you to use a specific e-mail address (or address using another communications method) (for example, one that will contain a Top Level Domain Name that we designate, such as "jan.jones@PropertyGuys.com.com") (the "**Permitted E-mail Address**") in connection with the operation of the Franchised Business, under the standards that we set for use of that Permitted E-mail Address. You will be required to sign the form E-Mail authorization letter that we may specify for this purpose. If we assign you a Permitted E-mail Address, then you agree that you (and your employees) will use only that e-mail account for all business associated with your Franchised Business.

15 INSURANCE

15.1 *Required Insurance Coverage.* Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your expense, at least the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the establishment or operation of the Franchised Business. Such policy or policies must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and must include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for all franchisees periodically in the Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

15.1.1 Comprehensive general liability insurance, with fire, vandalism and extended coverage insurance with primary and excess limits of not less than the full replacement value of the furniture, fixtures and equipment of the Franchised Business in the amount of One Million Dollars (\$1,000,000);

15.1.2 Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which you are located and operated;

15.1.3 Automobile liability insurance (including non-owned auto and hired auto liability insurance and hired car physical damage coverage, as well as lease gap coverage for

leased vehicles) to cover liability and physical damages of any vehicles used in connection with the Franchised Business including the value of any vehicle wraps (Coverage Symbol 1, Any Auto), with a combined single limit of liability of not less than One Million Dollars (\$1,000,000) and, if available under state law, uninsured motorist and under-insured motorist coverage in the amount of One Million Dollars (\$1,000,000);

15.1.4 Errors and omissions liability insurance in an amount not less than One Million Dollars (\$1,000,000); and

15.1.5 Any other insurance coverage that is required by federal, state, or municipal law.

15.2 *Endorsements.* All policies listed in Section 15.1 above (unless otherwise noted below) must contain the endorsements that we require as periodically listed in the Manual. All policies must waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).

15.3 *Notices to us.* In the event of cancellation, material change, or non-renewal of any policy, sixty (60) days' advance written notice must be provided to us in the manner provided in Section 24 below.

15.4 *Our Insurance Does Not Impact your Obligation.* Your obligation to obtain and maintain the policy or policies noted above, in the amounts specified, will not be limited in any way by reason of any insurance that we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions specified in Section 21.4 below. Additionally, the requirements of this Section 15 will not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including other PropertyGuys.com Businesses that you (and/or your affiliates) operate under the System.

15.5 *Additional Named Insured.* All public liability and property damage policies must list our company as an additional named insured, and must also contain a provision that we, although named as an insured, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees.

15.6 *Certificates of Insurance.* At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy, you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates must expressly provide that we will receive at least thirty (30) days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and must expressly provide that any interest of same therein will not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

15.7 *Proof of Coverage.* In addition to your obligations under Section 15.6 above, on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date, you agree to provide us with proof of insurance evidencing the proper coverage with limits not less than those required under this Agreement, in such form as we may reasonably require. If you for any reason fail to procure or maintain the insurance required by this Agreement, as

revised from time to time for all franchisees by the Manual or otherwise in writing, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance and to charge the same to you, which charges, together with a reasonable fee for our expenses in so acting, including attorneys' fees, shall be payable by you to us immediately upon your receipt of written notice.

- 15.8 *Coverages are Minimums.* You acknowledge and agree that the specifications and coverage requirements in this Section 15 are minimums, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Franchised Business.
- 15.9 *Changes.* We will have the right, periodically, to make such changes in minimum policy limits and endorsements as we may determine are necessary or appropriate; provided, however, all changes will apply to all of our franchisees who are similarly situated.

16 TRANSFER OF INTEREST

- 16.1 *By Us.* We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.
- 16.2 *Your Principals.* If you are an entity, then each party that holds any interest (direct, indirect, and/or beneficial) in you (each, a "**Principal**"), and the interest that each such Principal holds, is identified in Exhibit C to this Agreement. You represent and warrant to us, and agree, that your owners are accurately set forth on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners and/or their respective interests in you, to change without complying with this Agreement.
- 16.3 *Principals.* We will have a continuing right to designate any person or entity that owns a direct or indirect interest in you as a Principal, and Exhibit C will be so amended automatically upon written notice to you.
- 16.4 *By You.* You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:
- 16.4.1 You agree not to make a transfer (and not to permit any other party to make a transfer) without our prior written consent.
- 16.4.1.1 As used in this Agreement, the parties agree that the term "**transfer**" means any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any interest (including direct, indirect, and beneficiary interests) in: **(a)** this Agreement; **(b)** you (if you are an entity); **(c)** any or all of your rights and/or obligations under this Agreement; and/or **(d)** all or any significant portion of the assets of the Franchised Business.
- 16.4.1.2 Any purported transfer for which we did not provide our prior written consent as required by this Section 16 shall be null and void and shall also constitute a breach for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.

- 16.4.2 If you are an entity (other than a partnership or a limited liability partnership), then you agree that: **(a)** without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and **(b)** the recipient of any such security or other interest will become a Principal under this Agreement, if we designate them as such.
- 16.4.3 If you are a partnership or limited liability partnership, then the partners of that partnership will not, without our prior written consent, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership will automatically be deemed to be a Principal.
- 16.4.4 No Principal may transfer, pledge, and/or otherwise encumber their interest in you without our prior written consent.
- 16.5 *Transfer Conditions.* We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:
- 16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective officers, directors, members, managers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us, and/or our respective affiliates, and federal, state, and local laws and rules.
- 16.5.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us.
- 16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.
- 16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and marketing fee.
- 16.5.5 If we request, then you must upgrade the Franchised Business to conform to the then-current standards and specifications of new PropertyGuys.com Businesses then-

being established in the System, and you agree to complete the upgrading and other requirements specified above in Sections 8.7 and 8.8 within the time period that we specify.

- 16.5.6 You agree to pay in full all of your monetary obligations to us and our affiliates, and to all vendors (whether arising under this Agreement or otherwise), and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).
- 16.5.7 The transferor must remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute any and all instruments that we reasonably request to evidence such liability.
- 16.5.8 A principal of the transferee whom we designate to be a new Operating Principal, and those of the transferee's Specially Trained Management Personnel as we may require, must successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee will be responsible for the salary and all expenses of the person(s) that attend training).
- 16.5.9 You agree to pay us a transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer. The transfer fee will be in an amount equal to Ten Thousand Dollars (\$10,000), plus any applicable broker or commission fees.
- 16.5.10 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Sections 19.3 through 19.5 below.
- 16.6 *Right of First Refusal.* If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following will apply:
 - 16.6.1 You (or the Principal who proposes to sell his/her interest) must promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase will occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.
 - 16.6.2 Any material change in the terms of the offer before closing will constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6 that will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.
 - 16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or

conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you will promptly designate another independent appraiser and those two appraisers will, in turn, promptly designate a third appraiser; and all three appraisers will promptly confer and reach a single determination, which determination will be binding upon both you and us. Both parties will equally share the cost of any such appraisal.

- 16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you (including one-half (½) of the cost of an appraisal, if any, conducted under Section 16.6.3 above) against any payment to you.
- 16.7 *Death or Incapacity.* If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer if you reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting a your proposed transaction, including our attorneys' fees.
- 16.7.1 In addition, if the deceased or incapacitated person is the Operating Principal, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.
- 16.7.2 For purposes of this section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: **(a)** for a period of thirty (30) or more consecutive days; or **(b)** for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.
- 16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.
- 16.8 *Consent to Transfer.* If we provide our consent to a transfer, that will not constitute a waiver of any claims that we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.
- 16.9 *No Transfers to a Non-Franchisee Party to Operate a Similar Business.* You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a similar business but not under the System and the Proprietary Marks, and not under a franchise agreement with us.

- 16.10 *Bankruptcy Issues.* If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including without limitation the terms of Sections 16.4, 16.5, and 16.6 above.
- 16.11 *Securities Offers.* All materials for an offering of stock, ownership, and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.
- 16.11.1 You agree that: (a) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (b) our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (c) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.
- 16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other customers in the offering must fully indemnify us and all of the Franchisor Parties (as defined in Section 21.4 below) in connection with the offering.
- 16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of Five Thousand Dollars (\$5,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering, documenting our approval, and addressing those and related issues with you and your counsel.
- 16.11.4 You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.11 commences. Any such offering will be subject to all of the other provisions of this Section 16, including without limitation the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.
- 16.11.5 You also agree that after your initial offering, described above, for the remainder of the term of the Agreement, you will submit to us for our review and prior written approval all additional securities documents (including periodic reports, such as quarterly, annual, and special reports) that you prepare and file (or use) in connection with any such offering. You agree to reimburse us for our reasonable costs and expenses (including legal and accounting fees) that we incur in connection with our review of those materials.

17 DEFAULT AND TERMINATION

- 17.1 *Automatic.* If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you: (a) if you will become insolvent or makes a general assignment for the benefit of creditors; (b) if a bill in equity or other proceeding for the appointment of a

receiver for you or another custodian for your business or assets is filed and consented to by you; **(c)** if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(d)** if proceedings for a composition with creditors under any state or federal law is instituted by or against you; **(e)** if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); **(f)** if you are dissolved; or if execution is levied against your business or property; **(g)** if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or **(h)** if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

- 17.2 *With Notice.* If any one or more of the following events occur, then you will be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner provided in Section 24 below):
- 17.2.1 If you do not commence operation of the Franchised Business within the time limits specified in Section 5.1 above, and within the requirements specified in Sections 5 and 8.2 above;
 - 17.2.2 If you at any time cease to operate or otherwise abandon the Franchised Business for two (2) consecutive business days (during which you are otherwise required to be open, and without our prior written consent to do so), or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located;
 - 17.2.3 If you, any of your Principals or personnel are charged with and/or convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;
 - 17.2.4 If a threat or danger to the public results from the maintenance or operation of the Franchised Business;
 - 17.2.5 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;
 - 17.2.6 If you fail to comply with the requirements of Section 19 below;
 - 17.2.7 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Manual or other confidential information that we provide to you;
 - 17.2.8 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Sections 16.7 above;
 - 17.2.9 If you knowingly maintain false books or records, or submit any false reports (including information provided as part of your application for this franchise) to us;
 - 17.2.10 If you commit three (3) or more defaults under this Agreement in any fifty-two (52) week period, whether or not each such default has been cured after notice;

- 17.2.11 If, after receipt of notice from us of a violation of the provisions of Sections 7.1 and/or 8.4 above, you continue to purchase any products from an unapproved supplier, or sell any products or services from the Business that are not products or services, as prohibited under Sections 7.1 and 8.4 above;
- 17.2.12 If you or any of your Specially Trained Management Personnel fail to attend and successfully complete any mandatory training program unless attendance is excused or waived, in writing, by us;
- 17.2.13 If your bank or credit card issuer (if we have required you to provide us with a valid credit card on which to charge continuing fees due hereunder) has declined or denied a charge by us three (3) times during the term of this Agreement;
- 17.2.14 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice;
- 17.2.15 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so; and/or
- 17.2.16 You (or your Operating Principal) fail to attend any conventions or meetings we require under Section 6.5 above without our prior approval.
- 17.3 *With Notice and Opportunity to Cure.*
- 17.3.1 Except as otherwise provided above in Sections 17.1 and 17.2 above, if you are in default of your obligations under this Agreement, then we may terminate this Agreement by giving you written notice of termination (in the manner provided under Section 24 below) stating the nature of the default at least ten (10) days before the effective date of termination; provided, however, that you may avoid termination by: **(a)** immediately initiating a remedy to cure such default; **(b)** curing the default to our satisfaction; and **(c)** promptly providing proof of the cure to us, all within the ten (10) day period. If you do not cure any such default within the specified time (or such longer period as applicable law may require), then this Agreement will terminate without further notice to you effective immediately upon the expiration of the ten (10) day period (or such longer period as applicable law may require).
- 17.3.2 If you are in default under the terms of any other franchise agreement or other contract between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.1 above.
- 17.4 *Bankruptcy.* If, for any reason, this Agreement is not terminated pursuant to this Section 17, and the Agreement is assumed, or assignment of the same to any person or entity who has made a *bona fide* offer to accept an assignment of the Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: **(a)** the name and address of the proposed assignee; and **(b)** all of the terms and conditions of the proposed assignment and assumption; must be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of the Agreement;

and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will then have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions that may be payable by you out of the consideration to be paid by such assignee for the assignment of the Agreement.

- 17.5 *Our Rights Instead of Termination.* If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement, including terminating, modifying, or eliminating completely, the Protected Territory described in Section 1.3 above.
- 17.6 *Reservation of Rights under Section 17.5.* If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.5 above, such action will be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.
- 17.7 *Damages.* You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you will forthwith terminate, and all of the following will take effect:

- 18.1 *Cease Operation.* You agree to: **(a)** immediately and permanently stop operating the Franchised Business; and **(b)** never directly or indirectly represent to the public that you are a present or former franchisee of ours.
- 18.2 *Stop Using Marks and Intellectual Property.* You agree to immediately and permanently cease to use, in any manner whatsoever, all aspects of the System, including the Program Materials and any other confidential methods, procedures and techniques associated with the System, the mark "PropertyGuys.com" and any and all other Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the foregoing, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that make any use of, reference to, and/or display of the Proprietary Marks.
- 18.3 *Cancel Assumed Names.* You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "PropertyGuys.com" and any and all other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.
- 18.4 *Our Option to Buy Your Assets.* We will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under this

Agreement and/or default under your lease/sublease for the premises of any retail location that you may have established, to buy from you (and/or your affiliates) any or all of the tangible assets related to the operation of the Franchised Business, at the lesser of your cost or fair market value. The parties agree that "cost" will be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value is deemed to be ten percent (10%) of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section, we will have the right to set off all amounts due from you.

- 18.5 *No Use of the Marks in Other Businesses.* You agree, if you continue to operate or subsequently begin to operate any other business, that you will not use any reproduction, counterfeit copy, and/or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the equipment, and/or the Proprietary Marks.
- 18.6 *Pay All Sums Due.* You agree to promptly pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums will include all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.
- 18.7 *Pay Damages.* You agree to pay us all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18, which will be in addition to amounts due to us under Section 18.11 below.
- 18.8 *Return Confidential Information.* You agree to immediately return to us the Manual, the Program Materials, and all other manuals, records, and instructions containing confidential information (including, without limitation, any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property. You further agree to transfer all telephone numbers and directories to us pursuant to the terms of Section 14.9.4 above.
- 18.9 *Right to Continue Operations.* In order to preserve the goodwill of the System following expiration and/or termination, we (or our designee) will have the right (without liability to you, your Principals, or otherwise) to continue (or delegate to a third party the right to continue) to operate the Franchised Business' operation and maintaining the goodwill of the business.
- 18.10 *Lost Future Royalties.* If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, then in addition to all other amounts due to us under this Agreement and otherwise, you agree to pay to us, as liquidated damages, an amount calculated as follows: **(a)** the average of your monthly Royalty Fees that are due under this Agreement for the twelve (12) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than twelve (12) months, the average of your monthly Royalty Fees for the number of months you have operated the Business); **(b)** multiplied by the lesser of twenty-four (24) or the number of months remaining in the then-current term of this Agreement under Section 2 above. You agree that the liquidated damages as provided above are a reasonable pre-estimate of the amounts that we will lose if

such a termination, abandonment, or other similar act occurs, and that the liquidated damages are not a penalty.

- 18.11 *Our Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.
- 18.12 *Offsets.* We have the right to offset amounts that you owe to us against any payment that we may be required to make under this Agreement.

19 COVENANTS

- 19.1 *Full Time Efforts.* You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Operating Principal) will devote full time, energy, and best efforts to the management and operation of the Franchised Business.
- 19.2 *Understandings.*
 - 19.2.1 You acknowledge and agree that: **(a)** pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our system if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.
 - 19.2.2 As used in this Section 19, the term “**Competitive Business**” is agreed to mean any “for sale by owner” or other real estate business, as well as any other business that offers, or solicits others to offer, products and/or services that are generally offered at that time in “PropertyGuys.com” businesses.
- 19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:
 - 19.3.1 Divert or attempt to divert any actual or potential business, customer of any PropertyGuys.com Business to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.
 - 19.3.2 Disparage to, or otherwise share negative opinions with, any third parties regarding us, the System or any PropertyGuys.com Businesses specifically or generally.
 - 19.3.3 Own, maintain, develop, operate, engage in, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.

- 19.4 *Where Restrictions Apply.* During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement and/or a transfer as contemplated under Section 16 above, these restrictions will apply only within the Protected Territory, within (a) five (5) miles of the Protected Territory; and also (b) five (5) miles of any then-existing or planned PropertyGuys.com Business operated elsewhere (except as we may otherwise approve in writing). These restrictions will not apply to businesses that you operate that we (or our affiliates) have franchised to you pursuant to a valid franchise agreement.
- 19.5 *Post-Term.* You further covenant and agree that, for a continuous period of two (2) years after (a) the expiration of this Agreement, (b) the termination of this Agreement, and/or (c) a transfer as contemplated in Section 16 above:
- 19.5.1 you will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, and/or transfer any or all of the Franchised Business to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business in the Protected Territory
- 19.5.2 You agree that, by the terms of any conveyance, selling, assigning, leasing or transferring your interest in the Franchised Business, you shall include these restrictive covenants as necessary to ensure that a Competitive Business that would violate this Section is not operated at in the Protected Territory for this two-year period, and you will take all steps necessary to ensure that these restrictive covenants become a matter of public record.
- 19.6 *Periods of Non-Compliance.* Any period of non-compliance with the requirements of this Section 19, whether such non-compliance takes place after termination, expiration, and/or a transfer, will not be credited toward satisfying the two-year obligation specified above.
- 19.7 *Publicly-Held Entities.* Section 19.3.3 above will not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term “**publicly-held corporation**” will be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.
- 19.8 *Personal Covenants.* You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Specially Trained Management Personnel and other managerial and/or executive staff, as well as your Principals. The covenants required by this section must be in the form provided in Exhibit F to this Agreement. If you do not obtain execution of the covenants required by this section and deliver to us those signed covenants, that failure will constitute a default under Section 17.2.6 above.
- 19.9 *Construction.* The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce in writing the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.
- 19.10 *Claims Not a Defense.* You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including without

limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.

- 19.11 *Covenant as to Anti-Terrorism Laws.* You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.
- 19.12 *Defaults.* You acknowledge and agree that your violation of the terms of this Section 19 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

20 TAXES, PERMITS, AND INDEBTEDNESS

- 20.1 *Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.
- 20.2 *Payment of Trade Creditors.* You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business.
- 20.3 *Your Right to Contest Liabilities.* If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.
- 20.4 *Compliance with Law.* You agree to comply with all federal, state, and local laws, rules, and regulations, and to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any such laws are in conflict with the terms of this Agreement, the Manual, or our other instructions, you agree to: **(a)** comply with said laws; **(b)** immediately provide us with written notice describing the nature of the conflict; and **(c)** cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.
- 20.5 *Notice of Violations and Actions.* You agree to notify us in writing within five (5) days after you receive notice of any safety violation, the commencement of any action, suit, or proceeding,

and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 *Independent Contractor Relationship.* The parties acknowledge and agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 you are the only party that will be in day-to-day control of your franchised business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, computer programs, processes, or requirements under which you operate alter that basic fact;

21.1.3 nothing in this Agreement and nothing in our course of conduct is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and

21.1.4 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa

21.2 *Notice of Status.* At all times during the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Approved Office, on your vehicles, and/or in communications with your customers and your employees, the content of which we reserve the right to specify.

21.3 *No Contracts in our Name.* It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 *Indemnification.* You agree to indemnify, defend, and hold harmless each of the Franchisor Parties against any and all Damages arising directly or indirectly from any Asserted Claim as well as from your breach of this Agreement. Your indemnity obligations will survive the expiration or termination of this Agreement, and will not be affected by any insurance coverages that you or we may maintain. As used in this Section 21.4 above, the following terms have the following meanings:

21.4.1 **"Asserted Claim"** means any allegation, claim or complaint that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including any claim associated with your operation of the Franchised Business, claims raised by your staff and/or any real estate broker, seller, buyer, and/or otherwise), or any default by you under this Agreement, notwithstanding any claim that any Franchisor Party was or may have been negligent.

21.4.2 **"Damages"** means all claims, demands, causes of action, suits, damages, liabilities, fines, penalties, assessments, judgments, losses, and expenses (including without limitation expenses, costs and lawyers' fees incurred for any indemnified party's primary defense or for enforcement of its indemnification rights).

21.4.3 **"Franchisor Parties"** means us, our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, members, manager, employees, and agents.

21.5 *Indemnification Procedure.* We will give you reasonable notice of any Assert Claim for which the Franchisor Parties intend to seek indemnification; however, the failure to give notice will not relieve you of any obligation except to the extent of any actual prejudice to you. You will have a reasonable opportunity to assume the defense of the Asserted Claim, at your expense and through legal counsel reasonably acceptable to us, provided that you must proceed in good faith, expeditiously, and diligently, and that the defense that you undertake does not jeopardize any of the Franchisor Parties' defenses. We will have the right: (i) to participate in any defense that you undertake with counsel of our own choosing, at our expense; and (ii) to undertake, direct, and control the defense and settlement of the Asserted Claim (at your expense) we determine that you have not properly and competently assumed defense of the Asserted Claim within a reasonable time and/or if, in our sole judgment, there would be a conflict of interest between us and you.

21.6 We will indemnify you with respect to disputes and claims involving the Proprietary Marks as set forth in Section 9.2.9 above.

22 FORCE MAJEURE

22.1 *Impact.* Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: **(a)** acts of nature; **(b)** acts of war, terrorism, or insurrection; **(c)** strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or **(d)** our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any services or products used in the operation of the Franchised Business.

22.2 *Transmittal of Funds.* The inability of either party to obtain and/or remit funds will be considered within control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

23 APPROVALS AND WAIVERS

23.1 *Request for Approval.* Whenever this Agreement requires our prior approval or consent, agree to make a timely written request to us therefor, and such approval or consent must be obtained in writing.

23.2 *No Warranties or Guarantees.* You acknowledge and agree that we will make, and thus far have not made, no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any

request therefor. (Nothing in this Agreement is a disclaimer of anything in the franchise disclosure document that we gave to you.)

- 23.3 *No Waivers.* No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement. No course of dealings or course of conduct will be effective to amend the terms of this Agreement.

24 NOTICES

- 24.1 Any and all notices required or permitted under this Agreement must be in writing, sent in the English language, and personally delivered, sent by certified U.S. mail, or by another method that affords the sender evidence of delivery, of rejected delivery, or attempted delivery to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party).
- 24.2 Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.
- 24.3 The Manual, any changes that we make to the Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 24.

25 ENTIRE AGREEMENT AND AMENDMENT

- 25.1 *Entire Agreement.* This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements. The parties confirm that: **(a)** they were not induced by any representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and **(b)** they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Agreement is intended as, nor will it be interpreted to be, a disclaimer by us of any representation made in our Franchise Disclosure Document (“**FDD**”), including the exhibits and any amendments to the FDD.
- 25.2 *Amendment.* Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

26 SEVERABILITY AND CONSTRUCTION

- 26.1 *Introductory Paragraphs.* The parties agree that the introductory paragraphs of this Agreement, under the heading “Introduction,” are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here.

- 26.2 *Severability.* Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.
- 26.3 *No Third-Party Rights.* Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.4 above, any rights or remedies under or by reason of this Agreement.
- 26.4 *Captions Don't Amend Terms.* All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.
- 26.5 *Including.* The parties agree that when used in this Agreement, the terms "includes" and "including" means "*including but not limited to*".
- 26.6 *Survival.* All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.
- 26.7 *How We Exercise Our Rights.* Although we may exercise any of our rights, carry out any of our obligations, or otherwise discharge any of our duties under this Agreement directly, through the use of employees, independent contractors, professional advisors (for example, a CPA), or otherwise, we will still remain responsible for the proper performance of our obligations to you under this Agreement. You agree that any exercise of our rights under this Agreement (including those under Section 18.10 above) will be without impact, limitation, or otherwise diminishing our rights under this Agreement, at law, and in equity.
- 26.8 *Expenses.* Each party will bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.
- 26.9 *Counterparts.* This Agreement may be signed in counterparts, and signature pages may be exchanged digitally, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

27 APPLICABLE LAW AND DISPUTE RESOLUTION

- 27.1 *Choice of Law.* The parties agree that the State of New York has a deep body of law that will aid in interpreting and understanding the terms of this Agreement and that they therefore have agreed that this Agreement will be interpreted and construed exclusively under the laws of the State of New York (which laws will prevail in the event of any conflict of law, without applying New York choice-of-law rules); provided, however, that if the covenants in Section 19 of this Agreement would not be enforced as written under New York law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 27.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant,

unfair competition, fiduciary, and/or other doctrine of law of the State of New York (or any other state) that would not otherwise apply without the words of this Section 27.1.

- 27.2 *Choice of Venue.* The parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within the courts that have jurisdiction over New York County, New York (subject to Section 27.3 below). Any action that we bring against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business.
- 27.2.1 The parties agree that this Section 27.2 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above.
- 27.2.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.
- 27.2.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.
- 27.3 *Mediation.* Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.5 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in or nearest to Washington, D.C.
- 27.4 *Parties Rights Are Cumulative.* No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.
- 27.5 *Injunctions.* Nothing contained in this Agreement will bar our right to obtain injunctive relief in a court of competent jurisdiction against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.
- 27.6 **WAIVER OF JURY TRIALS. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**
- 27.7 **MUST BRING CLAIMS WITHIN ONE YEAR. EACH PARTY TO THIS AGREEMENT AGREES THAT ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES' RELATIONSHIP, AND/OR YOUR OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER, SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR, IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED.**
- 27.8 **WAIVER OF PUNITIVE DAMAGES. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.**

- 27.9 *Payment of Legal Fees.* You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: **(a)** obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or **(b)** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.
- 27.10 *When Agreement Takes Effect.* This Agreement takes effect only when all of the parties have signed this document.

28 ACKNOWLEDGMENTS

- 28.1 *No Disclaimers or Waivers.* Nothing in this Agreement is meant nor may it be construed to be: **(a)** a waiver of any statutory right that you have under applicable state franchise laws and/or the regulations issued pursuant to those laws; and/or **(b)** a disclaimer of any statement that we have made in our FDD.
- 28.2 *Your Investigation of the Restaurant Possibilities.* We have recommended that you conduct an independent investigation of the business franchised under this Agreement.
- 28.3 *No Warranties or Guarantees.* We do not make (and do not permit anyone speaking on our behalf) to make any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business contemplated by this Agreement.
- 28.4 *Your Advisors.* We recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement.
- 28.5 *No Conflicting Obligations.* Each party represents and warrants to the other party that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict that party from: **(a)** negotiating and entering into this Agreement; **(b)** exercising its rights under this Agreement; and/or **(c)** fulfilling its obligations and responsibilities under this Agreement.
- 28.6 *Your Responsibility for the Choice of the Accepted Location.* You agree that you have sole and complete responsibility for the choice of the Accepted Location; that we have not (and will not be deemed to have, even by our requirement that you use a location service and/or our approval of the site that is the Accepted Location) given any representation, promise, or guarantee of your success at the Accepted Location; and that you will be solely responsible for your own success at the Accepted Location.
- 28.7 *Your Responsibility for Operation of the Franchised Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Restaurant, you have and will retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.
- 28.8 *Different Franchise Offerings to Others.* We may modify the terms under which we offer franchises to other parties (which may differ from the terms, conditions, and obligations in this Agreement).

- 28.9 *Our Advice.* You agree that our advice is only that; that our advice is not a guarantee of success; and that you must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.
- 28.10 *Your Independence.* You agree that:
- 28.10.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);
 - 28.10.2 we are not your employer nor are we the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);
 - 28.10.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;
 - 28.10.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including our System and the requirements under this Agreement); and
 - 28.10.5 you have made (and will remain always responsible for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting our standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.
- 28.11 *General Release.* If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

*You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, members, managers, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release (and covenant not to sue) us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Restaurants and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand as well that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that "[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.”). You agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete, and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise affect any claims arising after the date of this Agreement.

IN WITNESS WHEREOF, the parties, who intend to be legally bound by this Agreement, have duly signed and delivered this Agreement to one another as of the Effective Date.

PG Group CA LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Address for Notices:

Address for Notices:

Fax: _____

Fax: _____

Attn: _____

Attn: _____

PG GROUP CA LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA ADDENDUM

¶	Section Cross- Reference	Item
1	1.2	The Approved Office will be at: _____ _____
2	1.3	The Protected Territory under this Agreement will be: _____ _____
3	4.1	The Initial Franchise Fee is: _____

_____	Initials	_____
Franchisee		Franchisor

PG GROUP CA LLC
FRANCHISE AGREEMENT
EXHIBIT B
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce PG Group CA LLC ("**Franchisor**") to sign the PropertyGuys.com Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____, 202__ (the "**Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations (monetary and otherwise) under the Agreement as well as any other contract between you and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract with Franchisor and/or its affiliates.
- S/he waives any right to require Franchisor to: **(a)** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Franchisee; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or **(d)** give notice of demand for payment by Franchisee.
- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any of Franchisee's indebtedness or obligations, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).
- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any of its obligations under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.
- S/he will be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement.
- S/he agrees to be individually bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following portions of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.
- S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Franchisor's marks such as the "PropertyGuys.com" marks) and/or the system licensed to Franchisee under the Agreement; **(b)** that they have read, in full, and understand, all of the provisions of the Agreement that are

referred to above in this Guarantee, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** s/he has had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of New York, and that in the event of any conflict of law, New York law will prevail (without applying New York conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

(in his/her personal capacity)

Printed
Name: _____

Date: _____

Home Address:

(in his/her personal capacity)

Printed
Name: _____

Date: _____

Home Address:

(in his/her personal capacity)

Printed
Name: _____

Date: _____

Home Address:

PG GROUP CA LLC
FRANCHISE AGREEMENT
EXHIBIT C
LIST OF PRINCIPALS

Name of Principal	Home Address	Interest %

Initials

you

Franchisor

PG GROUP CA LLC
FRANCHISE AGREEMENT
EXHIBIT D

**AUTHORIZATION AGREEMENT FOR ACH PAYMENTS
(DIRECT DEBITS FOR ROYALTY, COMMUNICATIONS FUND CONTRIBUTION, AND OTHER
FEES)**

_____ (Name of Person or Legal Entity)

_____ (ID Number)

The undersigned depositor ("**Depositor**" or "**you**") hereby authorizes PG Group CA LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to our instructions.

Depository

Branch

City

State

Zip Code

Bank Transit/ABA Number

Account Number

This authorization is to remain in full and force and effect until sixty days after we have received written notification from you of its termination.

Printed Name
of Depositor: _____

Signed By: _____

Printed Name: _____

Title: _____

Date: _____

PG GROUP CA LLC
FRANCHISE AGREEMENT
EXHIBIT E

TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the undersigned (“**you**” or the “**Franchisee**”) irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination or expiration of the Franchise Agreement described below to PG Group CA LLC (“**Franchisor**”) upon the following terms:

1. This assignment is made under the terms of the PG Group CA LLC Franchise Agreement dated , 202____(the “**Franchise Agreement**”) between Franchisor and you authorizing you to do business as a “PropertyGuys.com” franchisee, which in part pertains to the telephone listing and numbers that you used in the operation of the PropertyGuys.com Business authorized under the Franchise Agreement.

2. you retains the limited right to use the Numbers and Listings (defined and identified below) only for transactions and advertising under the Franchise Agreement while the Franchise Agreement remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee’s limited right of use of the Numbers and Listings also terminates. In this event, you agrees to immediately discontinue use of the Numbers and Listings. At Franchisor’s request, you will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the Numbers and Listings to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are: _____ and all numbers on the rotary series and all numbers that you use in the Franchise in the future (the “**Numbers and Listings**”).

4. You shall pay all amounts owed for the use of the Numbers and Listings it incurs. On termination or expiration of the Franchise Agreement, you shall immediately pay all amounts owed for the Numbers and Listings, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. You appoint Franchisor as your attorney-in-fact to act in your place, for the purpose of assigning any telephone number covered by Paragraph 3 above to Franchisor or Franchisor’s designees or transferees. You grants Franchisor full authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the Numbers and Listings, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for five (5) years from the date of expiration, cancellation, and/or termination of your rights under the Franchise Agreement for any reason.

You intend that this power of attorney be coupled with an interest. You declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by your later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below.

PG Group CA LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

PG GROUP CA LLC
FRANCHISE AGREEMENT
EXHIBIT F

SAMPLE FORM OF
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
(to be signed by franchisee with its executive/management personnel)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made this ____ day of _____, 202__, by and between _____ (the "**you**"), and _____, who is a Principal, manager, supervisor, member, partner, or a person in an executive or managerial position with, you (the "**Member**").

Background:

A. PG Group CA LLC ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of "PropertyGuys.com" businesses providing the right to offer goods and services to those selling property in what is known as the "For Sale By Owner" (FSBO) market,, under its Proprietary Marks, as defined below (each, a "**PropertGuys.com Business**").

B. Franchisor identifies PropertyGuys.com Businesses by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "PropertyGuys.com") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Franchisor and you have executed a Franchise Agreement ("**Franchise Agreement**") granting you the right to operate a "PropertyGuys.com" Business (the "**Franchised Business**") and to offer and sell products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Member, by virtue of his or her position with you, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that you is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. During the time that Member is engaged by Franchisee, and after that engagement ends, Member will not communicate, divulge, or use for the benefit of any other party the methods of operation of the Franchised Business that the Member learns about during the Member's engagement by Franchisee. Any and all information, knowledge, know-how, and techniques that are deemed confidential are will be deemed confidential for purposes of this Agreement.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with you, Member will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Franchised Business or of any Franchised Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Proprietary Marks and the System; or

(ii) Either directly or indirectly for him/herself or on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business that is the same as or similar to the Franchised Business.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member will not own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business and which business is, or is intended to be, located within the Protected Territory (and also within a five-mile radius outside that Protected Territory) under the Franchise Agreement.

(d) As used in this Agreement, the term "same as or similar to the Franchised Business" will include, but not be limited to, any "for sale by owner" or other real estate business, as well as any other business that offers, or solicits others to offer, products and/or services that are generally offered at that time in PropertyGuys.com Businesses.

(e) As used in this Agreement, the term "Post-Term Period" means a continuous uninterrupted period of two (2) years after the date when the Member's employment or association with Franchisee terminates (except as may otherwise be required under applicable law). Any period of non-compliance with this requirement shall not count toward satisfying this requirement.

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. Delay. No delay or failure by the Franchisor or you to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with you.

IN WITNESS WHEREOF, the Franchisee and the Member confirm that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE

MEMBER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT B
List of State Administrators

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner Dep’t of Financial Protection & Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	NEW YORK New York State Dep’t of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, NY 10005 (212) 416-8236
HAWAII Commissioner of Securities Dep’t of Commerce & Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 / (808) 586-2722	NORTH DAKOTA North Dakota Securities Dep’t State Capitol – Dep’t 414 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second St. Springfield, IL 62706 (217) 782-4465	RHODE ISLAND Dep’t of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681	SOUTH DAKOTA Div. of Insurance Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Div. 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Div. of Securities and Retail Franchising 1300 East Main St., 9th Floor Richmond, VA 23219 (804) 371-9051
MICHIGAN Florida Attorney General’s Office Corporate Oversight Div., Franchise Section 525 West Ottawa St., 1st Floor Lansing, MI 48913 (517) 335-7567	WASHINGTON Dep’t of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, WA 98501 (360) 902-8760
MINNESOTA Minnesota Dep’t of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	WISCONSIN Div. of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139

EXHIBIT C
Agents for Service of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner Dep’t of Financial Protection & Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	NEW YORK Secretary of State One Commerce Plaza 99 Washington Av., 6 th Floor Albany, NY 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Dep’t of Commerce & Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 / (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second St. Springfield, IL 62706 (217) 782-4465	RHODE ISLAND Director of Dep’t of Business Regulation Dep’t of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681	SOUTH DAKOTA Div. of Insurance Director of the Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main St., 1 st Floor Richmond, VA 23219 (804) 371-9733
MICHIGAN Florida Attorney General’s Office Corporate Oversight Div., Franchise Section 525 West Ottawa St., 1st Floor Lansing, MI 48913 (517) 335-7567	WASHINGTON Director of Dep’t of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, WA 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Dep’t of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	WISCONSIN Div. of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139

EXHIBIT D
PropertyGuys.com Franchisees and Former Franchisees
(as of the date of this Disclosure Document)

Franchisees

Outlet Name	Franchisee	Street Address	City	State	Zip Code	Phone Number
Pompano Beach	Tata Capital Holdings, LLC	7901 4th St. N., Suite 300	St. Petersburg	Florida	33702	(506) 588-8484
Coral Springs	Tata Capital Holdings, LLC	7901 4th St. N., Suite 300	St. Petersburg	Florida	33702	(506) 588-8484
Mission Bay	Tata Capital Holdings, LLC	7901 4th St. N., Suite 300	St. Petersburg	Florida	33702	(506) 588-8484
Coconut Creek	Tata Capital Holdings, LLC	7901 4th St. N., Suite 300	St. Petersburg	Florida	33702	(506) 588-8484

Former Franchisees

None.

EXHIBIT E-1
PG Group CA LLC Audited Financial Statements



Financial Statements

PG Group CA LLC

(Expressed in US dollars)

December 31, 2022 and 2021

Contents

	Page
Independent Auditor's Report	1-2
Balance Sheets	3
Statements of Loss and Comprehensive Loss	4
Statements of Changes in Member's Deficiency	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-16



Independent auditor's report

Grant Thornton LLP
450-633 rue Main Street
PO Box 1005
Moncton NB E1C 8P2

T +1 506 857 0100
F +1 506 857 0105

To the Member of

PG Group CA LLC

Opinion

We have audited the financial statements of PG Group CA LLC (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of loss and comprehensive loss, changes in member's deficiency, and cash flows for the year then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PG Group CA LLC as of December 31, 2022, and the results of operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with US GAAP, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with US GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Moncton, Canada
May 8, 2023

The signature of Grant Thornton LLP is written in a cursive, handwritten style.

Chartered Professional Accountants

PG Group CA LLC

Balance Sheets

(Expressed in US dollars)

December 31, 2022

2022

2021

Assets

Current

Cash	\$ 116,066	\$ 212,357
Accounts receivable (Note 7)	-	62,500
Prepaid expenses	7,038	7,197
Deferred contract costs (Note 7)	40,300	72,763
Total current assets	163,404	354,817

Deferred contract costs (Note 7)

203,639 237,609

Deferred tax asset (Note 6)

146,216 98,900

Total assets

\$ 513,259 \$ 691,326

Liabilities

Current

Accounts payable and accruals	\$ 27,239	\$ 15,049
Deferred franchise revenue (Note 7)	98,217	134,259
Due to related party (Note 8)	541,164	488,164
Income taxes payable (Note 6)	1,164	11,200
Total current liabilities	667,783	648,672

Deferred franchise revenue (Note 7)

309,138 378,605

Total liabilities

976,921 1,027,277

Member's deficiency

Member equity (Note 3)

1,000 1,000

Deficit

(464,663) (336,951)

Total member's deficiency

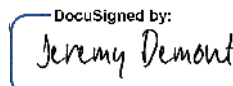
(463,663) (335,951)

Total liabilities and member's deficiency

\$ 513,259 \$ 691,326

Economic dependence (Note 1)

Contingent liabilities (Note 5)

DocuSigned by:
 nber
 4BBD90BBFDD34A8... Officer

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

PG Group CA LLC

Statements of Loss and Comprehensive Loss

(Expressed in US dollars)

Year ended December 31, 2022	2022	2021
Revenues		
Franchise license fees	\$ 156,028	\$ 77,592
Royalties	-	44
Other	<u>2,600</u>	<u>7,890</u>
	158,628	85,526
Expenses		
Advertising and promotion	-	3,912
Dues and license	5,362	6,087
Franchise development	178,875	131,825
Office	5,640	-
Insurance	11,232	10,983
Professional fees	61,339	123,182
Contract costs	<u>83,678</u>	<u>30,209</u>
Total expenses	\$ 346,126	\$ 306,198
Net loss before income taxes and other items	(187,498)	(220,672)
Other income (expense)		
Derecognition of deferred contract revenues (Note 7)	49,481	-
Derecognition of deferred contract costs (Note 7)	(36,304)	-
Bad debt	<u>-</u>	<u>(4,818)</u>
Net loss before income taxes and other items	(174,321)	(225,490)
Income tax expense (recovery) (Note 6)		
Current	707	11,200
Future	<u>(47,316)</u>	<u>(56,100)</u>
	(46,609)	(44,900)
Net loss and comprehensive loss	\$ (127,712)	\$ (180,590)

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

PG Group CA LLC

Statements of Changes in Member's Deficiency

(Expressed in US dollars)
Year ended December 31

	<u>Member's Equity</u>	<u>Deficit</u>	<u>Total Member's Deficiency</u>
January 1, 2022	\$ 1,000	\$ (336,951)	\$ (335,951)
Net loss and comprehensive loss for the year	<u>-</u>	<u>(127,712)</u>	<u>(127,712)</u>
December 31, 2022	<u>\$ 1,000</u>	<u>\$ (464,663)</u>	<u>\$ (463,663)</u>

	<u>Member's Equity</u>	<u>Deficit</u>	<u>Total Member's Deficiency</u>
January 1, 2021	\$ 1,000	\$ (156,361)	\$ (155,361)
Net loss and comprehensive loss for the year	<u>-</u>	<u>(180,590)</u>	<u>(180,590)</u>
December 31, 2021	<u>\$ 1,000</u>	<u>\$ (336,951)</u>	<u>\$ (335,951)</u>

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

PG Group CA LLC

Statements of Cash Flows

(Expressed in US dollars)

Year ended December 31, 2022

2022**2021**

Cash provided by (used in)

Operating		
Net loss	\$ (127,712)	\$ (180,590)
Adjustments to reconcile net income to net cash		
Deferred income tax	(47,316)	(56,100)
Amortization of deferred contract costs	<u>119,432</u>	<u>30,200</u>
	(55,596)	(206,481)
Change in operating assets and liabilities		
Accounts payable and accruals	12,190	(156,970)
Income and other taxes payable	(10,036)	11,249
Accounts receivable	62,500	122,881
Prepaid expenses	160	(389)
Due to related party (Note 8)	53,000	40,000
Deferred contract costs	(53,000)	(40,000)
Long term receivable	-	62,500
Deferred franchise revenue	<u>(105,509)</u>	<u>(2,591)</u>
Cash (used in) operating activities	<u>(96,291)</u>	<u>(169,801)</u>
Net decrease in cash	(96,291)	(169,801)
Cash, beginning of year	<u>212,357</u>	<u>382,158</u>
Cash, end of year	<u>\$ 116,066</u>	<u>\$ 212,357</u>

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

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2022

1. Nature of operations and economic dependence

PG Group CA LLC (the "LLC") was incorporated under the laws of the State of Delaware on November 7, 2016 as a limited liability LLC. The LLC was created to sell PropertyGuys.com franchise rights for the operation of businesses. As of December 31, 2022, the LLC franchised 1 master franchise that operates in the state of Florida and 2 area representatives that operate in the States of Massachusetts and Connecticut.

The LLC is dependent upon PropertyGuys.com Inc., an LLC incorporated under the Canada Corporations Act, for financial and administrative support (Note 8). PropertyGuys.com and the LLC are under common control.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

These financial statements have been prepared on a going concern basis, which assumes that the LLC will continue in operation for the foreseeable future and accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

The financial statements were approved for issue by the member on April 28, 2023.

Cash

The LLC's policy is to present bank balances under cash, including bank overdrafts. The LLC continually monitors its position with, and the credit quality of, the financial institution with which it invests. As of the balance sheet date, there were no balances of cash exceeding the federally insured limit.

Income taxes

The LLC has elected to be a taxable entity. The LLC follows the liability method of accounting for income taxes. Under this method, current taxes are recognized for the estimated income taxes payable for the current period. Deferred income taxes are provided based on the estimated future tax effects of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases as well as the benefit of losses available to be carried forward to future years for tax purposes.

Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets when it is more likely than not that such deferred tax assets will not be realized.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2022

2. Summary of significant accounting policies (continued)

Income taxes (continued)

The LLC recognizes the benefit of a tax position in the financial statements only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Revenue recognition

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue, when, or as, the Company satisfies a performance obligation.

Revenue arises mainly from the sale of franchise rights and licenses.

Franchise license fees

Franchise revenue consists of initial franchise fees and ongoing royalties which are stipulated in the master franchise agreements ("MFA").

License revenue consists of initial license fees and ongoing trainings which are stipulated in the area representative agreements ("ARA").

Under the MFAs, the LLC provides master franchisees with (i) franchise rights, which includes a license to use the intellectual property, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials and marketing materials. The MFAs also provide the master franchisees with the right to renew the agreement for additional ten-year terms. The LLC determined that the renewal options provide the master franchisees with material rights.

Under the ARAs, the LLC provides area representatives with (i) training, which includes initial training for Area Representatives and its members who will actively participate in Area Representative Business; (ii) Sample Materials, which includes materials or guidelines for promoting the sale of franchises to prospective System Franchisees; (iii) review of applicants, such as processing all applications; (iv) access to manuals, such as electronic access to the manuals; and (v) franchise training, which includes training for all system franchisees with access to training programs and procedures regarding developing and operating franchised business.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2022

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

The services provided under the MFAs and ARAs are highly interrelated and dependent upon the franchise and representative rights. The upfront and ongoing services do not represent individually distinct performance obligations under ASC 606. Consequently, the franchise rights and promises to provide upfront and ongoing services are bundled into a single performance obligation. The material rights related to the renewal options are each considered separate performance obligations.

The LLC is entitled to receive the initial franchise fees, which is non-refundable, when a new franchise is open, minus the commission paid to the master franchisee and area representative. The master franchisees are required under the MFA to open a minimum number of franchises each year. At inception of each MFA the LLC determines the minimum amount of initial franchise fees that it expects to receive and includes it in the estimate of the transaction price only if it is highly probable that a significant reversal of revenue is not expected to occur. The total transaction price is allocated to the separate performance obligations on a relative standalone selling price basis.

The initial franchise fees are recognized on a straight-line basis over the expected term of the MFA or ARA as this is the best measure of performance obligation. Revenue related to the material rights is recognized at the earlier of when:

- a) The master franchisee or area representative renews the contract for the specified term;
- b) The renewal option expires.

The Company determined it acts as the principal for its franchise and license performance obligation. Therefore, franchise license fees is presented on a gross basis in the statements of loss and comprehensive loss.

Royalties

Royalties, which are calculated as a percentage of the franchisee gross sales over the term of the franchise agreement, are recognized in accordance with the sales and usage based royalty exemption under ASC 606.

Other revenues

The LLC also sells products and supplies to the franchisees at amounts that approximate stand-alone fair value. The LLC is acting as an agent in these sales transactions. Revenue is recognized upon transfer of control over ordered items, generally upon delivery to the franchisee, typically when franchisee obtains possession of the goods, legal title has transferred, the franchisee has all the risk and rewards of ownership and the obligation to pay for the goods is created.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)

December 31, 2022

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Deferred contract costs and deferred franchise revenue

(i) Costs of obtaining a contract

Direct and indirect incremental costs solely related to obtaining revenue contracts are capitalized as costs of obtaining a contract, when they are incremental and if they are expected to be recovered. Such costs consist primarily of fees for licensing the trademark and franchise rights, service fees, and brokerage fees. Contract costs, which are presented as deferred contract costs on the balance sheets, are amortized on a straight-line basis over the average expected contract life.

(ii) Accounts receivable and other deferred contract costs

If the LLC satisfies a performance obligation before it receives the consideration, it recognizes revenue as well as either a contract asset or an accounts receivable, depending on whether something other than the passage of time is required before the consideration is due.

The LLC will assess deferred contract costs for impairment when facts and circumstances suggesting possible impairment arise. An impairment loss is recognized when it is probable that an asset is impaired and the amount of the loss is reasonably estimable.

(iii) Deferred franchise revenue

The LLC defers consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred franchise revenue in the balance sheets. When the Company receives a non-refundable payment, and it has determined that the Company has no further performance obligations, the non-refundable payment is recognized in revenue at the time that determination is made (see Note 7).

Related party transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2022

2. Summary of significant accounting policies (continued)

Accounts receivable

The LLC has accounts receivable from certain customers. Management evaluates a customer's credit risk prior to extending credit and does not require collateral. Management considers receivables to be past due between 30 and 60 days after billing, depending upon the customer, and assesses the need for an allowance for uncollectible receivables based on historical write-offs and current past due accounts. Management writes off trade receivables only with the approval of designated individuals and when all attempts to collect, including legal action, have proved ineffective. The LLC normally does not charge interest on accounts receivable.

Subsequent events

The Company has evaluated subsequent events through to April XX, 2023, the date that the financial statements were available for issue. No subsequent events noted.

Foreign currency transactions and reporting

The functional currency of the LLC is the United States dollar.

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenue and expense items denominated in foreign currencies are translated using the monthly average exchange rate. Exchange gains and losses, if any, are recognized in the statements of operations and comprehensive loss.

Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses for the year being reported.

Significant estimates include the deferred income tax asset and related benefit. Actual results may differ significantly from these estimates.

3. Member's equity

Since incorporation, the LLC has one thousand membership units, issued and authorized with a par value of \$1,000. The membership units are owned by PG Group USA Inc., an LLC incorporated under the laws of Delaware, United States of America.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2022

4. Financial instruments

Fair value

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and due to related party amounts, approximate their fair values due to the short-term maturities of these instruments.

Credit risk

The LLC is exposed to credit related losses in the event of non-performance by counterparties to the financial instruments with a maximum exposure equal to the carrying amount of the assets. The LLC's exposure to credit risk consists of accounts receivable balances. Credit exposure on accounts receivable is minimized by dealing with only creditworthy counterparties. The LLC performs ongoing credit evaluations of its counterparties' financial condition and limits the amount of credit extended when deemed necessary.

Management does not believe that the LLC's financial instruments are exposed to any significant interest rate risk or foreign exchange risk.

5. Contingent liabilities

The LLC may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Management believes that adequate provisions have been made in the accounts where required and that the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the LLC.

The LLC has issued a guarantee as security for a loan in PropertyGuys.com Inc., an LLC under common control. The outstanding amount of the loan at December 31, 2022 is \$500,000 and at December 31, 2021 for \$650,000.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

6. Income taxes

The net long-term deferred tax asset in the accompanying balance sheet includes the following:

	<u>2022</u>	<u>2021</u>
Deferred tax asset	206,957	172,100
Deferred tax liability	<u>(60,741)</u>	<u>(73,200)</u>
Net deferred tax asset	<u>\$ 146,216</u>	<u>\$ 98,900</u>

Temporary differences and carryforwards giving rise to a significant portion of deferred tax assets and liabilities are as follows:

	<u>2022</u>	<u>2021</u>
Deferred contract costs	22,015	35,000
Loss carry forwards	<u>124,201</u>	<u>63,900</u>
Total	<u>\$ 146,216</u>	<u>98,900</u>

Components reflected in the statement of income and comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>
Current	707	11,200
Deferred		
Deferred federal	(33,322)	(64,400)
Deferred state and local	<u>(13,994)</u>	<u>8,300</u>
Total deferred	<u>(47,316)</u>	<u>(56,100)</u>
Total	<u>\$ (46,609)</u>	<u>\$ (44,900)</u>

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

7. Revenue recognition

Receivables, deferred contract costs and deferred franchise revenue

The following table summarizes the opening and closing balances of the LLC's accounts receivables, contract costs and contract liabilities:

	<u>Accounts Receivable</u>	<u>Deferred contract costs</u>	<u>Deferred franchise revenue</u>
Beginning balance as of January 1, 2022	\$ 62,500	\$ 310,372	\$ 512,864
Additions during the year	102,500	53,000	100,000
Collected during the year	(165,000)	-	-
Recognized into revenue during the year	<u>-</u>	<u>(119,433)</u>	<u>(205,509)</u>
Closing balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 243,939</u>	<u>\$ 407,355</u>

During 2022, one of the ARA entered into during 2021 was terminated. Included in the table above is acceleration of \$35,754 and \$49,481 of deferred contract costs and deferred franchise revenue, respectively.

During 2021, one of the MFA entered into during 2020 was terminated. This contract was immediately replaced with a new ARA contract with the same third party, which was accounted for as a new contract asset and liability. This transaction qualifies as a contract modification, therefore the unamortized deferred contract costs and deferred franchise revenue were carried as the opening contract balances of the new contract. This resulted in acceleration of \$100,259 and \$138,750 of deferred contract costs and deferred franchise revenue, respectively.

Deferred contract costs

The deferred contract costs are amortized over the term of the license fee to which they relate. The terms in question have between two years and eight years remaining.

For the year ended December 31, 2022 and 2021, no impairment loss related to contract balances was recognized in the statement of operations.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2022

7. Revenue recognition (continued)

Deferred franchise revenue

The remaining performance obligations relate to the following:

- 1) MFA's require the LLC to provide master franchisees with the licensing rights, access to systems and support throughout the term of the agreements. Initial MFA fees are recognized as the LLC satisfies the performance obligation over the initial MFA term, which is generally 10 years. The MFA's usually require payment of the initial MFA fee at the time of signing or payment of a portion of the initial MFA fee at signing and the remainder within the first year of operations. Payment terms for fees related to the master franchisees opening sub-franchisees are due by the 10th day of the following month that the sub-franchisee is opened.

ARA's require the LLC to provide area representatives with the licensing rights, access to systems and support throughout the term of the agreements. Initial ARA fees are recognized as the LLC satisfies the performance obligation over the initial ARA term, which is generally 2 years. The ARA's usually require payment of the initial ARA fee at the time of signing of the agreement.

- 2) The MFAs include renewal rights that are separate performance obligations as they are considered a material right. The MFAs include a renewal right for one additional 10-year term at a significantly reduced fee (as compared to the initial MFA fee), and then three renewal periods of 10 years each for no additional fee.

The ARAs generally do not include renewal rights unless agreed otherwise.

Derecognition of deferred contract costs and deferred franchise revenue

During the year, an ARA entered into during 2021 was terminated resulting in the derecognition of the deferred contract costs as an expense during the period and the contract liability as revenue as the Company has no performance obligation remaining.

Transaction price allocated to the remaining performance obligations

The estimated revenue expected to be recognized in the future related to the performance obligation that are unsatisfied (or partially unsatisfied) at the end of the report period are:

2023	\$	98,217
2024		76,967
2025		43,217
2026		34,884
2027		34,884
Thereafter		119,185
Total	\$	407,355

PG Group CA LLC
Notes to the Financial Statements
(Expressed in US dollars)
December 31, 2022

8. Related party transactions

The LLC periodically enters into transactions with its Parent and other affiliated companies, the transactions are as follows:

	<u>2022</u>	<u>2021</u>
Affiliated company		
Deferred contract costs paid to PropertyGuys.com Inc.	\$ 40,000	\$ 40,000
Management fees paid to PropertyGuys.com Inc.	\$ 75,000	\$ -

The amounts due to affiliated company do not have set repayment terms and relate to outstanding contract costs and expenses paid on behalf of the LLC. Management expects the amounts to be repaid in the year.



Grant Thornton

Financial Statements

PG Group CA LLC

(Expressed in US dollars)

December 31, 2021 and 2020

Contents

	Page
Report of the Independent Auditors	1 - 2
Balance Sheets	3
Statements of Income and Comprehensive Income	4
Statements of Changes in Member's Deficiency	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 15

Report of the Independent Auditors

Grant Thornton LLP
450-633 rue Main Street
PO Box 1005
Moncton NB E1C 8P2

T +1 506 857 0100
F +1 506 857 0105

To the Member of
PG Group CA LLC

Opinion

We have audited the financial statements of PG Group CA LLC (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

Moncton, Canada
April 28, 2022

The signature of Grant Thornton LLP is written in a cursive, handwritten style.

Chartered Professional Accountants

PG Group CA LLC

Balance Sheet

(Expressed in US dollars)

December 31, 2021

2021

2020

Assets

Current

Cash	\$ 212,357	\$ 382,158
Accounts receivable (Note 7)	62,500	185,381
Prepaid expenses	7,197	6,808
Deferred contract costs (Note 7)	<u>72,763</u>	<u>11,933</u>
Total current assets	<u>354,817</u>	<u>586,280</u>

Long-term receivable	-	62,500
Deferred contract costs (Note 7)	237,609	288,648
Deferred tax asset (Note 6)	<u>98,900</u>	<u>42,800</u>

Total assets	<u>\$ 691,326</u>	<u>\$ 980,228</u>
--------------	-------------------	-------------------

Liabilities

Current

Accounts payable and accruals (Note 5)	\$ 15,049	\$ 171,970
Deferred franchise revenue (Note 7)	134,259	149,884
Due to related party (Note 8)	488,164	448,164
Income taxes payable (Note 6)	<u>11,200</u>	<u>-</u>
Total current liabilities	<u>648,672</u>	<u>770,018</u>

Deferred franchise revenue (Note 7)	<u>378,605</u>	<u>365,571</u>
-------------------------------------	----------------	----------------

Total liabilities	<u>1,027,277</u>	<u>1,135,589</u>
-------------------	------------------	------------------

Member's deficiency

Member equity (Note 3)	1,000	1,000
Deficit	<u>(336,951)</u>	<u>(156,361)</u>

Total member's deficiency	<u>(335,951)</u>	<u>(155,361)</u>
---------------------------	------------------	------------------

Total liabilities and member's deficiency	<u>\$ 691,326</u>	<u>\$ 980,228</u>
---	-------------------	-------------------

Economic dependence (Note 1)

Contingent liabilities (Note 5)

COVID-19 impacts (Note 9)

On behalf of the Member

Officer

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

PG Group CA LLC**Statements of Income and Comprehensive Income**

(Expressed in US dollars)

Year ended December 31, 2021

2021**2020**

Revenues

Franchise revenue	\$ 77,592	\$ 1,132,024
Royalties	44	51,304
Other	7,890	15,850
	85,526	1,199,178

Expenses

Advertising and promotion	3,912	-
Dues and license	6,087	5,413
Franchise development	131,825	531,422
Insurance	10,983	14,981
Professional fees	123,182	152,626
Contract cost	30,209	4,419

Total expenses

\$ 306,198 \$ 708,861

Net (loss) income before income taxes and other items

(220,672) 490,317

Other items

Bad debt	(4,818)	(302,323)
Termination costs (Note 5)	-	(125,000)

Net (loss) income before income taxes and other items

(225,490) 62,994

Income tax expense (income) (Note 6)

Current	11,200	-
Future	(56,100)	16,800
	(44,900)	16,800

Net (loss) income and comprehensive (loss) income

\$ (180,590) \$ 46,194

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

PG Group CA LLC

Statements of Changes in Member's Deficiency

(Expressed in US dollars)
Year ended December 31

	<u>Member's Equity</u>	<u>Deficit</u>	<u>Total Member's Deficiency</u>
January 1, 2021	\$ 1,000	\$ (156,361)	\$ (155,361)
Net loss and comprehensive loss for the year	<u>-</u>	<u>(180,590)</u>	<u>(180,590)</u>
December 31, 2021	<u>\$ 1,000</u>	<u>\$ (381,951)</u>	<u>\$ (335,951)</u>
	<u>Member's Equity</u>	<u>Deficit</u>	<u>Total Member's Deficiency</u>
January 1, 2020	\$ 1,000	\$ (202,555)	\$ (201,555)
Net income and comprehensive income for the year	<u>-</u>	<u>46,194</u>	<u>46,194</u>
December 31, 2020	<u>\$ 1,000</u>	<u>\$ (156,361)</u>	<u>\$ (155,361)</u>

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

PG Group CA LLC

Statements of Cash Flows

(Expressed in US dollars)

Year ended December 31, 2021

2021

2020

Cash provided by (used in)

Operating

Net (loss) income

\$ (180,590) \$ 46,194

Items not affecting cash

Deferred income tax

(56,100)	16,800
<u>(236,690)</u>	<u>62,994</u>

Change in non-cash working capital items

Accounts payable and accruals

(156,970) 158,996

Income and other taxes payable

11,249 -

Accounts receivable and prepayments

122,881 62,363

Prepaid expenses

(389) 4,270

Due to related party (Note 8)

40,000 154,544

Deferred contract costs

(9,791) 322,699

Long term receivable

62,500 (62,500)

Deferred franchise revenue

(2,591) (557,025)

Cash provided by operating activities

(169,801) 146,341

Net increase in cash

(169,801) 146,341

Cash, beginning of year

382,158 235,817

Cash, end of year

\$ 212,357 \$ 382,158

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

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

1. Nature of operations and economic dependence

PG Group CA LLC (the "LLC") was incorporated under the laws of the State of Delaware on November 7, 2016 as a limited liability LLC. The LLC was created to sell PropertyGuys.com franchise rights for the operation of businesses. The LLC is dependent upon PropertyGuys.com Inc., an LLC incorporated under the Canada Corporations Act, for financial and administrative support. Propertyguys.com Inc. and the LLC are under common control. As of December 31, 2021, the LLC franchised 1 master franchise that operates in the state of Florida and 2 area representatives that operate in the States of Massachusetts and Texas.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The financial statements were approved for issue by the member on April 28, 2022.

Cash

The LLC's policy is to present bank balances under cash, including bank overdrafts. The LLC continually monitors its position with, and the credit quality of, the financial institution with which it invests. As of the balance sheet date, there were no balances of cash exceeding the federally insured limit.

Income taxes

The LLC has elected to be a taxable entity. The LLC follows the liability method of accounting for income taxes. Under this method, current taxes are recognized for the estimated income taxes payable for the current period. Deferred income taxes are provided based on the estimated future tax effects of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases as well as the benefit of losses available to be carried forward to future years for tax purposes.

Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets when it is more likely than not that such deferred tax assets will not be realized.

The LLC recognizes the benefit of a tax position in the financial statements only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

The LLC recognizes interest and penalties related to certain tax positions in income tax expense.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

2. Summary of significant accounting policies (continued)

Revenue recognition

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue, when, or as, the Company satisfies a performance obligation.

Revenue arises mainly from the sale of franchise rights and licenses. Franchise revenue consists of initial franchise fees and ongoing royalties which are stipulated in the master franchise agreements ("MFA"). License revenue consists of initial license fees and ongoing trainings which are stipulated in the area representative agreements ("ARA").

Under the MFAs, the LLC provides master franchisees with (i) franchise rights, which includes a license to use the intellectual property, (ii) pre-opening services, such as training and inspections, and (iii) ongoing services, such as development of training materials and marketing materials. The MFAs also provide the master franchisees with the right to renew the agreement for additional ten-year terms. The LLC determined that the renewal options provide the master franchisees with material rights.

Under the ARAs, the LLC provides area representatives with (i) training, which includes initial training for Area Representatives and its members who will actively participate in Area Representative Business; (ii) Sample Materials, which includes materials or guidelines for promoting the sale of franchises to prospective System Franchisees; (iii) review of applicants, such as processing all applications; (iv) access to manuals, such as electronic access to the manuals; and (v) franchise training, which includes training for all system franchisees with access to training programs and procedures regarding developing and operating franchised business.

The services provided under the MFAs and ARAs are highly interrelated and dependent upon the franchise and representative rights. The upfront and ongoing services do not represent individually distinct performance obligations under ASC 606. Consequently, the franchise rights and promises to provide upfront and ongoing services are bundled into a single performance obligation. The material rights related to the renewal options are each considered separate performance obligations.

In addition to the up-front fee, the LLC is entitled to receive the initial franchise fees earned when a new franchise is open, minus the commission paid to the master franchisee and area representative. The master franchisees are required under the MFA to open a minimum number of franchises each year. At inception of each MFA the LLC determines the minimum amount of franchise fees that it expects to receive and includes it in the estimate of the transaction price only if it is highly probable that a significant reversal of revenue is not expected to occur. The total transaction price is allocated to the separate performance obligations on a relative standalone selling price basis.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue from the sale of franchise rights and licenses are recognized on a straight-line basis over the expected term of the MFA or ARA as this is the best measure of performance obligation. Revenue related to the material rights is recognized at the earlier of when:

- a) The master franchisee or area representative renews the contract for the specified term;
- b) The renewal option expires.

Royalties, which are calculated as a percentage of the franchisee gross sales over the term of the franchise agreement, are recognized as the franchisees sales occur.

The LLC also sells products and supplies to the franchisees at amounts that approximate stand-alone fair value. The LLC is acting as an agent in these sales transactions. Revenue is recognized upon transfer of control over ordered items, generally upon delivery to the franchisee, typically when franchisee obtains possession of the goods, legal title has transferred, the franchisee has all the risk and rewards of ownership and the obligation to pay for the goods is created.

Contract assets and deferred franchise revenue

(i) *Costs of obtaining a contract*

Direct and indirect incremental costs solely related to obtaining revenue contracts are capitalized as costs of obtaining a contract, when they are incremental and if they are expected to be recovered. Such costs consist primarily of fees for licensing the trademark and franchise rights, service fees, and brokerage fees. Contract costs, which are presented as contract assets on the balance sheet, are amortized on a straight-line basis over the average expected contract life.

(ii) *Accounts receivable and other contract assets*

If the LLC satisfies a performance obligation before it receives the consideration, it recognizes revenue as well as either a contract asset or an accounts receivable, depending on whether something other than the passage of time is required before the consideration is due.

The LLC will assess contract assets for impairment when facts and circumstances suggesting possible impairment arise.

(iii) *Deferred franchise revenue*

The LLC defers consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred franchise revenue in the balance sheets. When the Company receives an upfront non-refundable payment, and it has determined that the Company has no further performance obligations, the upfront non-refundable payment is recognized in revenue at the time that determination is made (see Note 7).

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)

December 31, 2021

2. Summary of significant accounting policies (continued)

Related party transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivable

The LLC has accounts receivable from certain customers. Management evaluates a customer's credit risk prior to extending credit and does not require collateral. Management considers receivables to be past due between 30 and 60 days after billing, depending upon the customer, and assesses the need for an allowance for uncollectible receivables based on historical write-offs and current past due accounts. Management writes off trade receivables only with the approval of designated individuals and when all attempts to collect, including legal action, have proved ineffective. The LLC normally does not charge interest on accounts receivable.

Foreign currency transactions and reporting

The functional currency of the LLC is the United States dollar.

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenue and expense items denominated in foreign currencies are translated using the monthly average exchange rate. Exchange gains and losses, if any, are recognized in the statements of operations and comprehensive loss.

Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses for the year being reported.

Significant estimates include the deferred income tax asset and related benefit. Actual results may differ significantly from these estimates.

3. Member's equity

Since incorporation, the LLC has one thousand membership units with a par value of \$1,000. The membership units are owned by PG Group USA Inc., an LLC incorporated under the laws of Delaware, United States of America.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

4. Financial instruments

Fair Value

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these instruments.

Credit risk

The LLC is exposed to credit related losses in the event of non-performance by counterparties to the financial instruments with a maximum exposure equal to the carrying amount of the assets. The LLC's exposure to credit risk consists of accounts receivable balances. Credit exposure on accounts receivable is minimized by dealing with only creditworthy counterparties. The LLC performs ongoing credit evaluations of its counterparties' financial condition and limits the amount of credit extended when deemed necessary.

Management does not believe that the LLC's financial instruments are exposed to any significant interest rate risk or foreign exchange risk.

5. Contingent liabilities

The LLC may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Management believes that adequate provisions have been made in the accounts where required and that the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the LLC.

The entity incurred termination costs related to a former master franchisee during the year.

The LLC has issued a guarantee as security for a loan in PropertyGuys.com Inc., an LLC under common control. The outstanding amount of the loan at December 31, 2021 is \$650,000.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

6. Income taxes

The net long-term deferred tax asset in the accompanying balance sheet includes the following:

	<u>2021</u>	<u>2020</u>
Deferred tax asset	172,100	106,900
Deferred tax liability	<u>(73,200)</u>	<u>(64,100)</u>
Net deferred tax asset	<u>\$ 98,900</u>	<u>\$ 42,800</u>

Temporary differences and carryforwards giving rise to a significant portion of deferred tax assets and liabilities are as follows:

	<u>2021</u>	<u>2020</u>
Contract assets	35,000	(64,100)
Loss carry forwards	<u>63,900</u>	<u>106,900</u>
Total	<u>\$ 98,900</u>	<u>42,800</u>

Components reflected in the statement of income and comprehensive income are as follows:

	<u>2021</u>	<u>2020</u>
Current	11,200	-
Deferred		
Deferred federal	(64,400)	13,200
Deferred state and local	<u>8,300</u>	<u>3,600</u>
Total deferred	<u>(56,100)</u>	<u>16,800</u>
Total	<u>\$ (44,900)</u>	<u>\$ 16,800</u>

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)

December 31, 2021

7. Revenue recognition

Receivables, contract assets and contract liabilities

The following table summarizes the opening and closing balances of the LLC's accounts receivables, contract costs and contract liabilities:

	<u>Accounts Receivable</u>	<u>Deferred contract costs</u>	<u>Deferred franchise revenue</u>
Beginning balance as of			
January 1, 2021	\$ 245,000	\$ 300,581	\$ 515,455
Additions during the year	75,000	140,259	213,750
Collected during the year	(257,500)	-	-
Recognized into earnings during the year	<u>-</u>	<u>(130,468)</u>	<u>(216,341)</u>
Closing balance as of			
December 31, 2021	<u>\$ 62,500</u>	<u>\$ 310,372</u>	<u>\$ 512,864</u>

During 2021, one of the MFA entered into during 2020 was terminated. This contract was immediately replaced with a new ARA contract with the same third party, which was accounted for as a new contract asset and liability. This transaction qualifies as a contract modification, therefore the unamortized contract assets and liabilities are carried as the opening contract balances of the new contract. Included in the table above is acceleration of \$100,259 and \$138,750 of contract assets and liabilities, respectively.

During 2020, MFA's entered into during 2018 and 2019 were terminated with cause resulting in acceleration of the expense of the related contract asset, and acceleration as revenue of the related contract liability. This resulted in acceleration of revenue of \$1,072,480 and acceleration of expense of \$478,672 as the Company has no performance obligation remaining.

Contract assets

The contract assets are amortized over the term of the license fee to which they relate. The terms in question have between two years and eight years remaining.

For the year ended December 31, 2021, no impairment loss related to contract balances was recognized in the statement of operations.

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

7. Revenue recognition (continued)

Contract Liabilities

The remaining performance obligations relate to the following:

- 1) MFA's require the LLC to provide master franchisees with the licensing rights, access to systems and support throughout the term of the agreements. Initial MFA fees are recognized as the LLC satisfies the performance obligation over the initial MFA term, which is generally 10 years. The MFA's usually require payment of the initial MFA fee at the time of signing or payment of a portion of the initial MFA fee at signing and the remainder within the first year of operations. Payment terms for fees related to the master franchisees opening sub-franchisees are due by the 10th day of the following month that the sub-franchisee is opened.

ARA's require the LLC to provide area representatives with the licensing rights, access to systems and support throughout the term of the agreements. Initial ARA fees are recognized as the LLC satisfies the performance obligation over the initial ARA term, which is generally 2 years. The ARA's usually require payment of the initial ARA fee at the time of signing of the agreement.

- 2) The MFAs include renewal rights that are separate performance obligations as they are considered a material right. The MFAs include a renewal right for one additional 10-year term at a significantly reduced fee (as compared to the initial MFA fee), and then three renewal periods of 10 years each for no additional fee.

The ARAs generally do not include renewal rights unless agreed otherwise.

Transaction price allocated to the remaining performance obligations

The estimated revenue expected to be recognized in the future related to the performance obligation that are unsatisfied (or partially unsatisfied) at the end of the report period are:

2022	\$ 112,457
2023	89,332
2024	21,832
2025	13,081
2026	13,081
Thereafter	<u>263,081</u>
Total	\$ 512,864

PG Group CA LLC

Notes to the Financial Statements

(Expressed in US dollars)
December 31, 2021

8. Related party transactions

The LLC periodically enters into transactions with its Parent and other affiliated companies, the transactions are as follows:

	<u>2021</u>	<u>2020</u>
Affiliated company		
Contract costs paid to PropertyGuys.com Inc.	\$ 40,000	\$ 305,000

The amounts due to affiliated company control relate to outstanding contract costs and expenses paid on behalf of the LLC. Management expects the amounts to be repaid in the year.

EXHIBIT E-2
PG Group CA LLC Unaudited Financial Statements

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

Interim Compiled Financial Information

PG Group CA LLC
(Expressed in US dollars)

From January 1, 2023 to April 30, 2023

Contents

	Page
Compilation Engagement Report	1
Interim Statements of Loss and Deficit	2
Interim Balance Sheet	3
Note to the Interim Compiled Financial Information	4

Grant Thornton LLP
Suite 450
633 rue Main Street, PO Box
1005
Moncton, NB
E1C 8P2

T +1 506 857 0100
F +1 506 857 0105
www.GrantThornton.ca

Compilation Engagement Report

To the Management of
PG Group CA LLC

On the basis of information provided by Management, we have compiled the interim balance sheet of PG Group CA LLC as at April 30, 2023, the interim statements of loss and deficit for the period from January 1, 2023 to April 30, 2023, and Note 1, which describes the basis of accounting applied in the preparation of the compiled interim financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the interim financial information may not be appropriate for their purposes.

Moncton, Canada
May 25, 2023



Chartered Professional Accountants

PG Group CA LLC**Interim Statements of Loss and Deficit**

Period from January 1, 2023 to April 30

2023

Revenue	
Advertising revenue	\$ 4,521
Franchise license revenue	<u>32,739</u>
	<u>37,260</u>
Expenses	
Contract costs	13,433
Dues and licences	7,206
Insurance	3,641
Management fees	58,848
Professional fees	<u>20,542</u>
	<u>103,670</u>
Net loss	<u>\$ (66,410)</u>
Deficit, beginning of period	\$ (464,662)
Net loss	<u>(66,410)</u>
Deficit, end of period	<u>\$ (531,072)</u>

PG Group CA LLC

Interim Balance Sheet

April 30

2023

Assets

Current

Cash	\$ 6,915
Accounts receivable	4,521
Prepaid expenses	3,396
Deferred contract costs	<u>40,300</u>
	55,132

Deferred contract costs	137,207
Deferred tax asset	<u>146,216</u>
	<u>\$ 338,555</u>

Liabilities

Current

Accounts payable and accruals	\$ 44,309
Income taxes payable	1,164
Due to related party	448,539
Deferred franchise revenue	<u>98,217</u>
	592,229

Deferred franchise revenue	<u>276,398</u>
	<u>868,627</u>

Shareholder's deficiency

Member equity	1,000
Deficit	<u>(531,072)</u>
	<u>(530,072)</u>
	<u>\$ 338,555</u>

On behalf of the Board

Director

Director

PG Group CA LLC

Note to the Interim Compiled Financial Information

April 30, 2023

1. Basis of accounting

The preparation of the balance sheet of PG Group CA LLC as at April 30, 2023 and the statement of loss and deficit for the year then ended is on the cash basis of accounting with the addition of the following: :

- (a) accounts receivable are accrued as at the reporting date
 - (b) accounts payable and accrued liabilities are accrued as at the reporting date
 - (c) current income taxes payable are accrued as at the reporting date
 - (d) franchise revenue is deferred and recognized over the term of the contract
 - (e) contract costs are deferred and recognized over the term of the contract
-

EXHIBIT F
Table of Contents for the Manual



Operations Manual

PropertyGuys.com Inc.

Table of Contents

PropertyGuys.com Inc.	1
Table of Contents	2
<i>Definitions</i>	6
Chapter 1: COMPANY OVERVIEW	1
<i>Our History</i>	2
<i>Business Philosophy</i>	4
Chapter 2: INTRODUCTION TO THE MANUAL	5
<i>Ownership of Manual and Confidentiality</i>	5
<i>Keeping the Manual Current</i>	6
<i>Acknowledgment of System Change</i>	6
<i>System Enhancements</i>	6
<i>Adhering to the Manual</i>	7
<i>System Compliance</i>	7
<i>Defaults</i>	7
<i>Termination</i>	7
<i>System Resources</i>	7
Franchise Support	7
The Hub	8
PGPro Shop	8
Zoho	8
Chapter 3: SETTING UP YOUR BUSINESS	9
<i>Business Entity</i>	9
<i>Sole Proprietorship</i>	9
<i>Partnership</i>	10
<i>Corporation</i>	10
<i>Business Name Registration</i>	11
<i>Government Filings</i>	12
<i>Business Insurance</i>	12
<i>Workplace Safety and Insurance (WSI)</i>	12
<i>Business Startup Checklist</i>	13
Chapter 4: OUR CUSTOMERS	14
<i>Residential</i>	14
<i>Commercial</i>	14
<i>Builders and Developers</i>	14
Chapter 5: OUR SERVICES	15
<i>Online</i>	15
<i>Online + Sign</i>	15
<i>RealEstatePro</i>	15
ExposurePro	15
Mere Postings	15
Sold/Hold - Handling Them Right	17
Facebook	17
Hot Property	17
PricePro	17
ContactPro	18
LegalPro	19

<i>Client Agreements</i>	19
Advertising Agreements	19
Privacy Policy Consent Form	20
LegalPro Registration Form	20
ContactPro Agreement	20
Residential Listing Form	21
<i>Approved Vendors & System Partnerships</i>	21
ListNow.PayLater.	21
MortgagePro	22
Chapter 6: KEY FUNCTIONS IN YOUR BUSINESS	23
Function 1 - Sales Team	23
Function 2 - Logistics & Administration	23
Function 3 - Franchise Owner/General Manager	24
Team	24
Employees vs. Contractors	24
Obligations to Employees - Human Rights	24
Hiring	25
Self Directed Recruiting	25
Feet On The Street Program	25
Employment Standards	25
Joining and Leaving the Business	26
Factors Affecting When To Expand Your Team	26
Dwelling Count / X-Factor	27
Performance Targets	27
Geographic Considerations	27
Skill Gap	27
Time Void	27
Home Office Requirement	27
Types of Positions in Your Business	28
Property Marketing Associate (PMA) or Expert (PMA)	28
Administrator	28
Sign Post Construction / Installation	28
Bookkeeping and Accounting	28
Chapter 7: Marketing Your Business	30
Marketing Activities	30
Lead Generating	30
Website Mining	31
Signage	31
Referrals & Testimonials	32
Playbook365	33
Canvassing	33
Door Hangers	33
Did You Know Campaign	34
5-5-10 Campaign	34
Vehicle Wrap	34
Community Involvement	36
Local Advertising & Social Media	37

Custom Marketing Requests	38
Creative Brief	38
Logo Requests	39
Chapter 8: SALES PROCEDURE	40
<i>Sales Funnel</i>	40
<i>Zoho Modules</i>	40
<i>Listing Targets</i>	41
<i>Information Appointment</i>	41
Action Selling	41
Presentation Folder	42
Consultation	43
Chapter 9: Administration	44
<i>FRANCHISE RESOURCE CENTRE (RC)</i>	44
Customer Service / NPS	44
Lead Generation	44
<i>MATERIAL ORDERING / QUALITY CONTROL</i>	44
Start-up Materials	44
Re-ordering Materials	44
Shipping	45
Pricing	45
Returns	45
<i>REVENUE AND FINANCIAL OBLIGATIONS</i>	46
Terms of Customer Payments	46
Offline Revenue	46
Online Revenue	46
Out of Territory Listings	47
Royalties	47
Pay at Source	47
Invoices	48
Automated Payment Set Up	48
Accounts Receivable / Overdue Accounts	48
Technology Bundle	49
Bookkeeping and Accounting	49
Chapter 9: ANNUAL CONFERENCE AND REGIONAL MEETINGS	51
<i>Conference Fee</i>	51
<i>Conference Travel</i>	51
<i>Regional Meetings</i>	51
Chapter 10: PROPERTYGUYS.COM CODE OF CONDUCT	52
<i>Who must follow our Code?</i>	52
<i>Disruptive Client</i>	52
<i>Serveour Users</i>	53
Honesty	53
Sensibility	53
Confidentiality	53
Responsiveness	53
<i>Respect Each Other</i>	53

<i>Protect Our Brand</i>	54
<i>Follow the Rules</i>	54
Industry Compliance	55
MLS Contracts	55
MLS Hold-Over Clause	56
Do Not Call List (DNCL)	56
Canadian Anti-Spam Legislation (CASL)	56
Implied Consent	57
PRIVACY LAW Federal Regulation	57
Chapter 11: COMMUNICATIONS AND PUBLIC RELATIONS	59
<i>Your Status as a Franchisee</i>	59
<i>Identifying yourself to the Public</i>	59
<i>Answering the Phone</i>	59
<i>Email</i>	60
Email Addresses	60
Email Signature	60
<i>Public Relations</i>	60
<i>PFAC</i>	61
Chapter 12: MARKS AND BRAND	62
<i>Use of Marks and Brands</i>	62
<i>Color Standards</i>	62
<i>Dark Blue:</i>	62
<i>Green:</i>	62
<i>Light Blue:</i>	62
<i>Orange:</i>	62
<i>Logo Standards</i>	63
<i>Name Standards</i>	63
Chapter 13: FRANCHISE TRANSFER/RESALE	64
<i>Conditions for Transfer/Resale</i>	64
GLOSSARY OF TERMS	66
Total Number of Pages	66

EXHIBIT G
State-Specific Disclosures

Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for PG Group CA LLC for use in the State of Maryland shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

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

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

2. Pursuant to the Interpretive Opinion "Adopting NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments" dated January 23, 2023 (the "Interpretive Opinion"), issued by the State of Maryland Office of the Attorney General Securities Division (the "Division"), the Division requires franchisors selling franchises that are subject to the Maryland Franchise Registration and Disclosure Law to include the following statement in their franchise agreements: "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."

Accordingly, (a) Sections 28.2, 28.3, 28.4, and 28.9 of the Franchise Agreement are deleted in their entirety and shall have no force or effect, and (b) any other statement, questionnaire, or acknowledgment in the Franchise Agreement that is not permitted under the Interpretive Opinion is deleted in its entirety and shall have no force or effect.

3. This addendum applies only if the Maryland Franchise Registration and Disclosure Law would apply on its own, even if this addendum were not included in this disclosure document.

Michigan Disclosure

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, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 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. (* - DESPITE THIS PROVISION OF THE STATE LAW, WE INTEND TO SEEK ENFORCEMENT OF THE ARBITRATION CLAUSE,

AS PROVIDED IN THE FRANCHISE AGREEMENT, TO THE FULLEST EXTENT PERMITTED UNDER THE FEDERAL ARBITRATION ACT.)

(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 FRANCHISEE 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 OBLIGATIONS 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.

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000, THE FRANCHISOR MUST, AT THE

REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: DEPT. OF ENERGY, LABOR, & ECONOMIC GROWTH, CORPORATIONS DIVISION, P.O. BOX 30054, LANSING, MICHIGAN 48909; 7150 HARRIS DRIVE, LANSING, MICHIGAN 48909.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE SECTION
525 W. OTTAWA ST., FIRST FLOOR
LANSING, MICHIGAN 48913
(517) 373-7117

THIS ADDENDUM WILL APPLY ONLY IF THE MICHIGAN FRANCHISE INVESTMENT LAW WOULD APPLY ON ITS OWN WITHOUT REFERRING TO THIS ADDENDUM.

New York Disclosure

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action

brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” description in 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 N.Y. General Business Law and the regulations issued thereunder shall remain in force; it being the intent of this clause that the non-waiver provisions of N.Y. General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language is added to the end of the “Summary” description in Item 17(d), titled **“Termination by franchisee”**:

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

7. The following is added to the end of the “Summary” portion of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. This addendum applies only if the New York franchise law would apply on its own, even if this addendum were not included in this disclosure document.

STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

Rhode Island Disclosure

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document for PG Group CA LLC for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This addendum applies only if the Rhode Island Franchise Investment Act would apply on its own, even if this addendum were not included in this disclosure document.

Virginia Disclosure

In recognition of the requirements contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document of PG Group CA LLC is amended as follows:

Item 5, Additional Disclosure. The following statement is added to Item 5:

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

Item 17, Additional Disclosure. The following statements are added to Item 17.h:

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

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

This addendum applies only if the Virginia Retail Franchise Act would apply on its own, even if this addendum were not included in this disclosure document.

EXHIBIT H
State-Specific Amendments

Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached PG Group CA LLC Franchise Agreement (the "Agreement") agree as follows:

1. Fees and Compensation. Section 4 of the Agreement shall be amended by the additional of the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisee shall be deferred until franchisor has completed its pre-opening obligations under the Franchise Agreement and the business is opened.

2. Releases. Sections 2(b)(iv) and 14(c)(vi)(H) are each amended to add the following:

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.

3. Entire Agreement. Section 25(d) is amended by adding the following:

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.

4. Time Limit on Filing. Section 23(f) is amended by adding the following:

The limit on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Acknowledgments. Section 28 is supplemented with the following:

Pursuant to the Interpretive Opinion "Adopting NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments" dated January 23, 2023 (the "Interpretive Opinion"), issued by the State of Maryland Office of the Attorney General Securities Division (the "Division"), the Division requires franchisors selling franchises that are subject to the Maryland Franchise Registration and Disclosure Law to include the following statement in their franchise agreements: "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."

Accordingly: (a) Sections 28.2, 28.3, 28.4, and 28.9 of this Agreement are deleted in their entirety and shall have no force or effect, and (b) any other statement,

questionnaire, or acknowledgment in this Agreement that is not permitted under the Interpretive Opinion is deleted in its entirety and shall have no force or effect.

6. This amendment will only if the Maryland Franchise Registration and Disclosure Law would apply on its own, even if this amendment were not signed by the parties.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

PG Group CA LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16) (the "NY Franchise Law"), the parties to the attached PG Group CA LLC Franchise Agreement (the "Agreement") agree as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.
2. Releases. Sections 2(b)(iv) and 14(c)(vi)(H) are each amended to add the following:

The foregoing release of claims against Franchisor does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

3. Assignment by Franchisor. Section 14 is amended by adding the following:

Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement.

4. Termination by Franchisee. Section 19 is amended by adding the following:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the franchise will be opening in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

6. This amendment will only if the NY Franchise Law would apply on its own, even if this amendment were not signed by the parties.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment on the same date as the Franchise Agreement was executed.

PG Group CA LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Rhode Island Franchise Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached PG Group CA LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 23 (b) of the Agreement, under the heading "Governing Law" shall be amended by the addition of the following paragraph:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment will only if the Rhode Island Franchise Investment Act would apply on its own, even if this amendment were not signed by the parties

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

PG Group CA LLC
Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Virginia Franchise Agreement Amendment

In recognition of the requirements contained in Section 13.1-564 of the Virginia Retail Franchising Act, the parties to the attached PG Group CA LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Fees and Compensation. Section 4 of the Agreement shall be amended by the additional of the following:

Based upon the franchisor's financial condition, the Virginia State Corporation Commission's Division of Securities and Retail Franchising has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until franchisor has completed its pre-opening obligations under the Agreement.

2. This amendment will only apply if the Virginia Retail Franchising Act would apply on its own, even if this amendment were not signed by the parties.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Virginia amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

PG Group CA LLC

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT I
General Release

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the form of this release.

[Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the “**Franchisor Group**”) from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the Franchised Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys’, accountants’ and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Franchised Business. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. This includes the waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that “[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”). No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

EXHIBIT J
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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
Maryland	Pending
New York	August 17, 2023
Rhode Island	May 5, 2023
Virginia	June 16, 2023

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 K: Receipts

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 PG Group CA LLC ("**PGGC**") offers you a franchise, it must provide this Disclosure Document to you: **(a)** 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or **(b)** in New York, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or **(c)** in Iowa, at the earlier of the first personal meeting or 14 days before signing the franchise or other agreement or pay any consideration that relates to the franchise relationship, or **(d)** in Michigan, at least 10 business days before you sign any binding franchise or other agreement or pay any consideration, whichever occurs first.

If PGGC 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed in Exhibit C. PGGC authorizes the agents listed in Exhibit C to receive service of process.

The franchisor is PG Group CA LLC, located at 1133 St. George Blvd., Suite 50, Moncton, NB E1E 4E1 Canada, telephone (506) 860-3433.

The issuance date of this Franchise Disclosure Document is May 8, 2023.

The franchise seller for this offering is ☐ Ken LeBlanc ☐ Jeremy Demont ☐ Walter Melanson ☐ Daina Hernden ☐ Paige Hernden ☐ Other _____, PG Group CA LLC, 1133 St. George Blvd., Suite 50, Moncton, NB E1E 4E1 Canada, telephone (506) 860-3433.

I received a Franchise Disclosure Document dated May 8, 2023, and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following Exhibits:

A	Franchise Agreement and Related Exhibits	F	Table of Contents for the Manual
B	List of Administrators	G	State-specific Disclosures
C	Agents for Service of Process	H	State-specific Agreement Amendments
D	List of Current and Former Franchisees	I	General Release
E	Financial Statements	J	State Effective Dates
		K	Receipts (2 copies)

Date Received

Prospective Franchisee

Printed Name

Home Address

Please keep this copy of the receipt for your records.

EXHIBIT K: Receipts

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 PG Group CA LLC ("**PGGC**") offers you a franchise, it must provide this Disclosure Document to you: **(a)** 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or **(b)** in New York, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or **(c)** in Iowa, at the earlier of the first personal meeting or 14 days before signing the franchise or other agreement or pay any consideration that relates to the franchise relationship, or **(d)** in Michigan, at least 10 business days before you sign any binding franchise or other agreement or pay any consideration, whichever occurs first.

If PGGC 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to the appropriate state agency listed in Exhibit C. PGGC authorizes the agents listed in Exhibit C to receive service of process.

The franchisor is PG Group CA LLC, located at 1133 St. George Blvd., Suite 50, Moncton, NB E1E 4E1 Canada, telephone (506) 860-3433.

The issuance date of this Franchise Disclosure Document is May 8, 2023.

The franchise seller for this offering is ☐ Ken LeBlanc ☐ Jeremy Demont ☐ Walter Melanson ☐ Daina Hernden ☐ Paige Hernden ☐ Other _____, PG Group CA LLC, 1133 St. George Blvd., Suite 50, Moncton, NB E1E 4E1 Canada, telephone (506) 860-3433.

I received a Franchise Disclosure Document dated May 8, 2023, and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following Exhibits:

A	Franchise Agreement and Related Exhibits	F	Table of Contents for the Manual
B	List of Administrators	G	State-specific Disclosures
C	Agents for Service of Process	H	State-specific Agreement Amendments
D	List of Current and Former Franchisees	I	General Release
E	Financial Statements	J	State Effective Dates
		K	Receipts (2 copies)

Date Received

Prospective Franchisee

Printed Name

Home Address

Please sign and date this copy of the receipt and then send it to us