

# FRANCHISE DISCLOSURE DOCUMENT



## BERKSHIRE HATHAWAY HOMESERVICES

### BHH AFFILIATES, LLC

a Delaware limited liability company  
18500 Von Karman Avenue, Suite 400  
Irvine, California 92612  
(949) 794-7900

[info@berkshirehathawayhs.com](mailto:info@berkshirehathawayhs.com)  
[www.berkshirehathawayhs.com](http://www.berkshirehathawayhs.com)

The franchisee will establish and operate a Berkshire Hathaway HomeServices® residential real estate brokerage business. The business will be operated from an office or offices, under an existing real estate broker's credentials, and the franchisee will promote and support customer acquisition, a professional referral system, and advertising and public relations for its real estate sales associates.

The total investment necessary to begin operation of a Berkshire Hathaway HomeServices franchise ranges from \$45,300 to \$90,375. This includes \$25,000 for a franchisee's first office in a market area. Each additional location is \$2,500 and each restricted purpose location is \$1,000 in that market area and must be paid to the franchisor or affiliate.

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

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.

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 the Network Support Department at 18500 Von Karman Avenue, Suite 400, Irvine, CA 92612 and (949) 794-7900.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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 1, 2023, as amended November 28, 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	Answer
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Berkshire Hathaway HomeServices franchise in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Berkshire Hathaway HomeServices franchisee?</b>	Item 20 or Exhibit B list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

## Some States Require Registration

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

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

See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

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

1. Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Orange County, California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with franchisor in California than in your own state.
2. Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

**ADDENDUM TO THE BHH AFFILIATES, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MICHIGAN**

**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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its 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.**

Any questions regarding this Notice shall be directed to the Office of the Attorney General, Consumer Protection Division, P.O. Box 30213, Lansing, Michigan 48909 and (517) 373-1140.

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## ITEM 1

### **THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

The franchisor is BHH Affiliates, LLC (“BHHS”), a limited liability company established on November 14, 2012, under the laws of the State of Delaware. To simplify the language in this disclosure document, the franchisor is referred to as “we,” “us,” “our” or “BHHS”. These shorthand terms do not include corporate officers, employees, directors, managers, or members of BHHS, but may include subsidiaries and affiliates when referring to activities undertaken and performed by BHHS or such related entities generally. We will refer to the person or entity that is considering the purchase of the franchise as “you”. If you are a corporation, partnership or limited liability company, some provisions of the franchise agreement also will apply to certain shareholders, general partners and members.

Our principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612. Our agents for service of process in selected states are listed at Exhibit E to this disclosure document.

#### **Our Business**

We franchise the right to use the *Berkshire Hathaway HomeServices* name and the System (defined below) in the operation of a residential real estate brokerage business (a “BHHS Brokerage”). We began offering franchises as of March 8, 2013. We conduct business under the name *Berkshire Hathaway HomeServices*. We may use the words “Berkshire Hathaway HomeServices Network” to describe our franchise system and network of franchisees.

The Berkshire Hathaway HomeServices franchise includes the right to use the “Berkshire Hathaway HomeServices” service mark and other trademarks as well as our training programs and materials, advertising, marketing, and promotional programs (together, the “System”).

If your application to become a franchisee is approved, we will enter into a franchise agreement with you for the establishment and operation of a BHHS Brokerage under our name, marks, and System (a “Franchise Agreement”). Your BHHS Brokerage will be operated at a specific location (“Location”), and we may permit you to operate Additional Locations and Restricted Purpose Locations that we approve and that will be set out in the Franchise Agreement. The term “Additional Location” includes office premises other than your initial BHHS Brokerage office, from which you operate your BHHS Brokerage, regardless of the size or the number of employees, real estate brokers, salespersons or sales agents that are located at the premises. The term “Restricted Purpose Location” includes only subdivision sales offices, administrative offices, service centers and information kiosks.

Unless we enter into a written amendment to modify the Franchise Agreement, you will not have a protected territory. Some of the factors we will consider before granting a protected territory include your reputation in the marketplace, the size, market share and expected Gross Revenue of your existing real estate business and the benefit of having you as a part of the System.

All franchised BHHS brokerages are part of a single system and we will perform all of our Franchise Agreement obligations. We do not have any predecessors. We do not operate Berkshire Hathaway HomeServices real estate brokerages ourselves, nor do we now or have we ever conducted any other business activities or offered franchises in any other line of business.

### **Berkshire Hathaway HomeServices - Its Parent Company and Affiliates**

#### Our Parent Company

Our parent company is HSF Affiliates LLC (“HSF”). Its principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612. All the outstanding ownership interests of HSF are held by HS Franchise Holding, LLC. HS Franchise Holding, LLC is a wholly-owned subsidiary of HomeServices of America, Inc. The principal business address for each of HS Franchise Holding, LLC and HomeServices of America, Inc. is 333 South Seventh Street, 27th Floor, Minneapolis, Minnesota 55402.

HomeServices of America, Inc. is a wholly-owned subsidiary of Berkshire Hathaway Energy Company. Its principal business address is 666 Grand Avenue, Suite 500, Des Moines, Iowa 50309.

#### Our Affiliates

We have several affiliates that offer franchises similar to ours:

Real Living Real Estate, LLC (“RLRE”), has operated the “Real Living Real Estate” real estate brokerage franchise system since November 2009. From March 2000 until November 2009, RLRE offered franchises to operate under the name GMAC Real Estate. RLRE previously operated real estate brokerage businesses in select markets, but it stopped doing so as of December 31, 2009. RLRE does not currently offer, nor did it previously offer, franchises in any other line of business. In September 2021, RLRE ceased offering new franchises and is in the process of winding down its franchise operations. RLRE is a Delaware limited liability company whose principal place of business is 18500 Von Karman, Suite 400, Irvine, CA 92612.

Reece & Nichols Alliance, Inc. (“RNA”) is the franchising subsidiary operation of Reece & Nichols Realtors, Inc. and offers franchises in the States of Kansas and Missouri. RNA began offering franchises in 2001. Its predecessor, J.C. Nichols Residential Alliance, Inc., began offering franchises in 1993. RNA does not currently offer, nor did it previously offer, franchises in any other line of business. Its principal business address is 11601 Granada Lane, Leawood, Kansas 66211.

Roy H. Long Realty Company, Inc. (“LRC”) has operated the “Long Realty” real estate brokerage franchise system since 1997. LRC does not currently offer, nor did it previously offer, franchises in any other line of business. Its principal business address is 900 E. River Road, Suite 100, Tucson, Arizona 85718.

Iowa Realty Co., Inc. (“IRC”), has operated the “Iowa Realty” real estate brokerage franchise system since August 1972. IRC does not currently offer, nor did it previously offer, franchises in

any other line of business. Its principal business address is 3501 Westown Parkway, West Des Moines, Iowa 50266.

BHH Iowa Affiliates, LLC (“BIA”) is the franchisor of the “Berkshire Hathaway HomeServices” franchisees in the state of Iowa with its principal business address at 18500 Von Karman Ave., Ste. 400, Irvine, CA 92612. We provide the franchisor services under those franchise agreements pursuant to a service agreement we entered into with BIA.

Ebby Halliday Alliance, LLC (“EHA”) operates the “Ebby Halliday” real estate brokerage franchise system primarily in the states of Oklahoma and Texas, USA. EHA does not currently offer, nor did it previously offer, franchises in any other line of business. Its principal business address is 5560 Tennyson Parkway, Suite 100, Plano TX 75024.

Intero Franchise Services, Inc. is the franchising affiliate of Interio Real Estate Services, Inc., and franchises real estate brokerages using the “Interio Real Estate” and “Interio Resorts” service marks. Interio Franchise Services, Inc. has offered franchises since June 2007. Its principal business address is 10275 North DeAnza Blvd., Cupertino, California 95014.

As of the date of this disclosure document, certain subsidiaries of our indirect parent company, HomeServices of America, Inc., operate twenty (20) BHHS Brokerages, with others that may follow. Other than the affiliates disclosed above, we do not have any parents or affiliates that offer franchises in this or any other line of business that are required to be disclosed in this disclosure document.

### **Industry-Specific Regulations**

There are specific state and federal laws and standards that regulate the real estate industry. See Exhibit H for a list of state laws. All states have laws that regulate real estate operations and that require real estate brokers and their salespersons or sales agents to hold state licenses. These laws and standards vary from state to state and could affect your BHHS Brokerage.

You may also be required to comply with local laws and regulations and you may need to obtain other general or specific licenses to operate your BHHS Brokerage. These may include laws affecting the terms of your real estate and employment agreements and that require you to obtain a business or similar license. In addition, most states require every person who actively participates in the real estate activities of your BHHS Brokerage, and every employee or independent contractor who acts as a salesperson or sales agent, to hold a valid real estate license. Your BHHS Brokerage will also be subject to the federal Real Estate Settlement Procedures Act of 1974 (commonly known as RESPA) and the Fair Housing Act.

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

### **Competition**

You will operate in a well-developed and highly competitive marketplace. Your competitors include other residential real estate companies including other national and international real estate

company networks. The market for your services will depend on the number of active buyers and sellers in your area, the condition of the market and the number of other established real estate companies in your area. Other external factors such as global conflict or pandemic may also affect residential real estate activity.

## ITEM 2

### **BUSINESS EXPERIENCE**

#### **Berkshire Hathaway HomeServices**

##### **Eugene “Gino” A. Blefari – Chairman**

On January 16, 2019, Gino Blefari was appointed Chairman of our parent company, HSF, as well as Chief Executive Officer of HSF’s indirect parent company, HomeServices of America, Inc. From April 2017 until January 2019, Mr. Blefari served as Chief Executive Officer and President of BHHS, as well as Chief Executive Officer of HSF. From January 2015 until April of 2017, Mr. Blefari was President of BHHS and Chief Executive Officer of HSF. From June 2014 to December 2014, Mr. Blefari served as a Senior Vice President of HSF in Irvine, California. Previously, Mr. Blefari was the founder of Intero Real Estate Services, Inc., located in Cupertino, California, and served as that company’s President and Chief Executive Officer from October 2002 to May 2014.

##### **Christy Budnick - Chief Executive Officer and President**

On May 24, 2021, Christy Budnick was appointed Chief Executive Officer of our parent company, HSF, and President and Chief Executive Officer of BHHS. Ms. Budnick also serves as President of BIA and Vice Chair of RLRE. From September 2018 until May 2021, Ms. Budnick was the President and CEO of Berkshire Hathaway HomeServices Florida Network Realty, and from April 2005 to September 2018, she served as its Executive Vice President for Residential Real Estate. Ms. Budnick maintains an office in Irvine, California.

##### **Mark Borysiewicz - Senior Vice President of Domestic Business Development**

In August 2022, Mark Borysiewicz was named Senior Vice President of Domestic Business Development for our parent company, HSF. From November 2013 until August 2022, Mr. Borysiewicz served as a Director of Franchise Sales for HSF.

##### **Rosalie Warner – Senior Vice President, Network Services**

On January 20, 2020, Rosalie Warner was named Senior Vice President, Network Services for our parent company, HSF. Ms. Warner served as the Vice President of Network Services for HSF, with responsibility for overseeing franchisee service for the Berkshire Hathaway HomeServices and Real Living franchise networks from August 2015 until January 2020. Ms. Warner also served as the President of Prudential Real Estate from January, 2015 to May, 2018. Ms. Warner has an office in Irvine, California.

##### **Steven Ladd – Senior Vice President, Chief Financial Officer**

Mr. Ladd was named Senior Vice President and Chief Financial Officer of HSF in April 2020. He is located in Irvine, California, USA. From October 2012 to March 2020, Mr. Ladd served as Vice President and Controller of HSF.

**David S. Beard** – Vice President and General Counsel, Corporate

Mr. Beard was appointed as General Counsel, Corporate in January 2022. He previously has served as a Vice President and Corporate Counsel since October 2012. He is based in Irvine, California, USA. He has also served as a Vice President and Corporate Counsel of RLRE since December 2011 and of BIA since January 2020.

**Operating Committee of HSF**

The following individuals are members of the Operating Committee of our parent company, HSF Affiliates, LLC.

**Eugene “Gino” A. Blefari** – Member of the Operating Committee of HSF

Mr. Blefari was named a member of the Operating Committee of HSF on May 24, 2021. As of January 16, 2019, Mr. Blefari is Chairman of our parent company, HSF, as well as Chief Executive Officer of HSF’s indirect parent company, HomeServices of America, Inc. From April 2017 until January 2019, Mr. Blefari served as Chief Executive Officer and President of BHHS, as well as Chief Executive Officer of HSF.

**Dana D. Strandmo** – Member of the Operating Committee of HSF

Mr. Strandmo became a member of the Operating Committee of HSF in October 2012. Mr. Strandmo was named the Senior Vice President and Chief Administrative Officer of HomeServices of America, Inc., located in Minneapolis, Minnesota, in May 2015. From September 2003 to April 2015, Mr. Strandmo was the Senior Vice President, Legal and General Counsel of HomeServices of America, Inc.

### ITEM 3

#### LITIGATION

BHH Affiliates, LLC, and its parent company, HSF Affiliates LLC, are defendants in four putative class action matters challenging the long-standing practice of the United States residential real estate brokerage industry of requiring selling brokers to make a uniform offer of compensation to any broker representing a buyer for a listed residential property. BHHS's indirect parent company, HomeServices of America, Inc., is also a defendant in each of these matters, as are several other real estate brokerages that are affiliates of BHHS's described in Item 1.

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

On March 6, 2019, plaintiff Christopher Moehrl filed a putative class action against the National Association of REALTORS® (“NAR”) and other named defendants, in the United States District Court for the Northern District of Illinois. On June 14, 2019, an amended class action complaint was filed (the “Amended Moehrl Complaint”). The Amended Moehrl Complaint named additional plaintiffs, added to, amended and supplemented the facts and allegations set forth in the original complaint, and included BHHS and its parent company, HSF Affiliates LLC (“HSF”), as additional defendants. The Moehrl plaintiffs, who are individuals who previously engaged in the sale of residential real estate, claim on behalf of sellers of residential real estate in multiple geographic locations that the defendants have engaged in a continuing conspiracy to unreasonably restrain trade and commerce in violation of Section 1 of the Sherman Act, and that these actions artificially inflated the amount of commissions paid to brokers and agents representing buyers of residential real estate. The plaintiffs allege that NAR established mandatory anticompetitive policies for multiple listing services and their respective member brokers by requiring listing brokers to offer a commission to buyer brokers pursuant to NAR’s “Buyer Broker Commission Rule” in order for properties for sale to appear on Multiple Listing Services. Plaintiffs further allege that the defendant franchisors, including BHHS, aided in these anticompetitive practices by requiring their respective franchisees to comply with NAR’s policies and Code of Ethics. Plaintiffs seek a determination that the defendants have engaged in illegal conduct, as well as a permanent injunction enjoining the defendants from requiring listing brokers to pay a commission to buyer brokers or to otherwise restrict competition among buyer brokers, and an award of damages and/or restitution, attorneys’ fees and costs of suit. Fact discovery is substantially complete, pending resolution of specific outstanding issues by the court. On March 29, 2023, the court granted the plaintiffs’ motion for class certification and appointment of class counsel. On April 7, 2023, BHHS, along with its direct and indirect parent company and certain other defendants, filed motions to compel arbitration with respect to those members of the plaintiff class who executed arbitration agreements in connection with the listing and sale of their properties. On April 12, 2023, BHHS and the other defendants filed a petition for permission to appeal the court’s certification decision, which appeal was rejected in May 2023. No trial date has been set, but it is



expected that trial will be scheduled in late 2024. In September 2023, defendants Realogy Holdings Corp. (now known as Anywhere Real Estate, Inc.) and RE/Max LLC entered into settlement agreements with the plaintiffs in which no liability was admitted, but each agreed to pay money damages and to change certain business practices. The settlement agreement remains subject to approval by the court.

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

On April 29, 2019, plaintiffs Joshua Sitzer, Amy Winger, Scott and Rhonda Burnett, and Ryan Hendrickson a putative class action against the following defendants: National Association of REALTORS®, HomeServices of America, Inc., RE/MAX Holdings, Inc. and Keller Williams, Inc. On June 21, 2019, the plaintiffs filed their First Amended Class Action Complaint, amending their April 29 complaint in order to name additional plaintiffs and defendants (including BHHS and HSF), and to amend the facts and allegations set forth in the original complaint. Joshua Sitzer and Amy Winger later removed themselves as class representatives pursuant to the Second Amended Class Action Complaint filed on June 30, 2021.

A Third Amended Class Action Complaint was filed on May 6, 2022. The claims made and relief sought by the plaintiffs are virtually identical to the Amended Moehrle Complaint except that (i) the lawsuit only purports to cover transactions listed using any one of four Multiple Listing Services operating in the state of Missouri, whereas the Moehrle action is a putative nationwide class action complaint, and (ii) the plaintiffs allege that the defendants have violated the Missouri Merchandising Practices Act. The plaintiffs' motion for class certification was granted on April 22, 2022. Motions for summary judgment made by BHHS, its direct and indirect parent companies, and the other defendants were denied by the court on December 16, 2022. BHHS and its direct and indirect parent companies appealed the court's denial of their motion to require arbitration with respect to those members of the plaintiff class who executed arbitration agreements in connection with the listing and sale of their properties, but their appeals were denied in August 2023. In September 2023, defendants Realogy Holdings Corp. (now known as Anywhere Real Estate, Inc.) and RE/Max LLC entered into settlement agreements with the plaintiffs in which no liability was admitted, but each agreed to pay money damages and to change certain business practices. The settlement agreement remains subject to approval by the court.

A jury trial commenced on October 16, 2023, and on October 31, 2023, the jury returned a verdict for the class plaintiffs, finding that the remaining defendants, including BHH, HSF, and HomeServices of America, Inc., engaged in a conspiracy to follow and enforce the Buyer Broker Commission Rule enacted by the National Association of REALTORS®, and that this activity had the purpose or effect of raising, inflating or stabilizing real estate broker commission rates paid by home sellers in the state of Missouri during the period from April 29, 2015, through June 30, 2022. The jury further found that the class plaintiffs had proved damages in the amount of \$1.8 billion. Federal law authorizes trebling of damages and the award of pre-judgment interest and attorney fees. Joint and several liability applies for the co-defendants. BHHS, HSF and HomeServices of

America, Inc. intend to vigorously appeal on multiple grounds the jury's findings and damage award. The appeals process and further actions could take several years.

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

On December 18, 2020, plaintiffs Gary Bauman, Mary Jane Bauman, and Jennifer Nosalek filed a putative class action against the following defendants: MLS Property Information Network, Inc., Realogy Holdings Corp., HomeServices of America, Inc., BHHS, HSF, RE/MAX LLC, and Keller Williams Realty, Inc. Gary and Mary Jane Bauman later removed themselves as class representatives, and plaintiffs Nosalek, and Randy and Tracey Hirschorn filed a Class Action Amended Complaint on March 1, 2022 (the "Amended Nosalek Complaint"). The allegations in this lawsuit are made on behalf of home sellers of residences located in Massachusetts, but are otherwise virtually identical to those made in the Moehrl and Burnett lawsuits described above; namely, that a requirement to offer and share commissions between listing and buyer brokers inflates home seller costs and is a conspiracy in restraint of trade in violation of the Sherman Antitrust Act, as well as state antitrust laws. Rather than NAR, however, the plaintiffs named the regional Multiple Listing Service (MLS) for Massachusetts, Rhode Island and New Hampshire as the defendant through which the alleged conspiracy to inflate commissions via MLS rules was perpetrated. A Second Amended Complaint was filed on January 9, 2023, to which BHHS and HSF filed their answer on January 23, 2023. The Second Amended Complaint added additional defendants that were affiliated with Realogy (now known as Anywhere Real Estate Inc.) including the following franchisors: Century 21 Real Estate LLC; Coldwell Banker Real Estate LLC; Sotheby's International Realty Affiliates LLC; Better Homes and Gardens Real Estate LLC; and ERA Franchise Systems LLC; as well as the following entities affiliated with Re/Max: P&S Holdings, Integra Enterprises, RE/MAX New England, and RE/MAX Integrated. Under the current scheduling order, plaintiffs' motion for class certification is due in February 2024, defendants' response is due in August 2024, and discovery is scheduled to close in November 2024. No trial date has been set. In October 2023, defendants Realogy Holdings Corp. (now known as Anywhere Real Estate, Inc.) and RE/Max LLC entered into settlement agreements with the plaintiffs in which no liability was admitted, but each agreed to pay money damages and to change certain business practices. Subsequently, the United States Department of Justice filed its Statement of Interest of the United States and Motion to Extend Deadlines to Review the Settlement. Plaintiffs and the Department of Justice then agreed to extend the time for motions in support of and opposing the settlement agreement, with a final approval hearing scheduled for March 7, 2024.

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

On January 25, 2021, plaintiff Judah Leeder filed a putative class action against the following defendants: The National Association of REALTORS®, Realogy Holdings Corp., HomeServices of America, Inc., BHH Affiliates, LLC, HSF Affiliates LLC, The Long & Foster Companies, Inc., RE/MAX LLC, and Keller Williams Realty, Inc. Mr. Leeder is an individual who purchased a home located in the State of New Jersey in October 2020. Many of the factual allegations in the

Leeder complaint are taken word-for-word from those detailed in originally in the Moehrl lawsuit described above; namely, that a requirement to offer and share commissions between listing and buyer brokers pursuant to the “Buyer Broker Commission Rule” promulgated by NAR is a conspiracy in restraint of trade in violation of the Sherman Antitrust Act. The Leeder lawsuit is different from the other lawsuits referenced above in that (i) the complaint incorporates fact allegations from a Department of Justice complaint and proposed settlement with NAR that was filed in late 2020; (ii) the plaintiffs seek class action status on behalf of purchasers of residential real estate, rather than sellers; and (iii) Mr. Leeder alleged that all of the defendants have been unjustly enriched by these allegedly illegal practices. The defendants filed a joint motion to dismiss the Leeder lawsuit on April 20, 2021. Thereafter, plaintiffs sought to transfer the case to Judge Andrea R. Wood, who is presiding over the Moehrl case described above. On February 28, 2022, Judge Wood accepted the request to transfer the case, and the case was reassigned effective March 1, 2022. Judge Wood granted the defendants’ motion to dismiss with leave to amend on May 2, 2022. An Amended Class Action Complaint was thereafter timely filed on July 6, 2022; among other things, the Amended Class Action Complaint removed Mr. Leeder as a plaintiff to the action and substituted several new plaintiffs (Mya Batton, Aaron Bolton, Michael Brace, Do Yeon Kim, Anna James, James Mullis, Theodore Bisbicos, and Daniel Parsons) who were purchasers of properties using a buyer-agent representative in the states of Tennessee, Florida, Kansas, Florida, North Carolina, Massachusetts, Massachusetts, and New Mexico respectively. The amended lawsuit dropped its claim for damages under the federal antitrust laws and instead now seeks damages from defendants for alleged violations of numerous state antitrust statutes and consumer protection laws; otherwise, it makes substantially the same allegations as set forth in Mr. Leeder’s original complaint. On September 7, 2022, the defendants filed their motions to dismiss the Amended Class Action Complaint for failure to state a claim; the defendants affiliated with HomeServices of America (including BHHS) filed an additional motion to dismiss for lack of personal jurisdiction. The court’s decision on the motions to dismiss remains pending. On September 21, 2023, the caption of the case was altered to Batton v. The National Association of REALTORS® et al, as Mya Batton is now the lead plaintiff. No trial date is set.

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

**ITEM 4**

**BANKRUPTCY**

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

## **ITEM 5**

### **INITIAL FEES**

Franchisees pay an initial franchisee fee of \$25,000 for their first BHHS Brokerage location, \$2,500 for each Additional Location and \$1,000 for each Restricted Purpose Location.

The term “Additional Location” includes office premises other than your initial BHHS Brokerage office, from which you operate your BHHS Brokerage, regardless of the size or the number of employees, real estate brokers, salespersons or sales agents that are located at the premises. The term “Restricted Purpose Location” includes only subdivision sales offices, administrative offices, service centers and information kiosks.

The initial franchise fee is paid in full when you sign the Franchise Agreement. All initial franchise fees are nonrefundable. In certain circumstances we permit new franchisees to finance the initial franchise fee with us. See Item 10.

**ITEM 6**

**OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Continuing Royalty	Declining percentage of Gross Revenue or, after your first year of operations, the greater of the stated percentage of Gross Revenue or \$15,000	On the business day after Gross Revenue must be reported Gross Revenue must be reported within 7 days after the closing of every transaction	See Note 1
Marketing Fee	Declining percentage of Gross Revenue, with a monthly minimum of \$500	Monthly, in arrears on the 1 <sup>st</sup> of the month	See Note 2
Annual Referral Channel Development Fee	\$750 to \$7,500	Varies	See Note 3
Additional Location Fee	\$2,500	Upon opening any Additional Locations	See Note 4
Restricted Purpose Location Fee	\$1,000	Upon opening any Restricted Purpose Locations	See Note 5
Sales Convention Registration Fee	Standard registration fee for 1 person: \$569 to \$600	Periodically	See Note 6
Examination Fee	All costs incurred by us in connection with the cancellation, by you, of an examination of your books and records or a finding of an understatement of Gross Revenue	Upon receipt of invoice from us	See Note 7
Indemnification	Will vary based on circumstances	As incurred	See Note 8
Attorney's Fees	Will vary based on circumstances	As incurred	See Note 9

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Fees connected with cure of defaults	Costs incurred if we cure a default for you	When cured	-----
Late Fee	12.5% per annum or the highest rate permitted by law, whichever is lower	When incurred	-----
Transfer Fee	\$1,000, plus reimbursement of Franchisor's direct costs associated with the request.	Upon request to transfer your franchise	See Note 10
Transfer Fee (with public offering)	\$10,000 plus reimbursement of all of our expenses including legal fees	Upon request to transfer your franchise with a public offering	See Note 10
Optional: Orion Commercial Real Estate Subscription Fee Web-Hosting	\$3,500 - \$4,500 per year payable to HSF	After the first year of the Franchise Agreement	See Note 11
Optional: kvCORE CRM Platform	\$2,500 initial setup fee payable to HSF  \$1.50 per month per sales professional payable to HSF	Upon request to activate optional kvCORE CRM platform  Following activation of optional website features	See Note 12

Unless otherwise noted, all fees are nonrefundable and are uniformly imposed by and payable to us. We have the right to adjust any fees at any time but will not adjust the Continuing Royalty, Marketing Fee, Annual Referral Channel Development Fee, or Transfer Fee more than once during any calendar year, if at all.

Notes:

1. Gross Revenue means all money or things of value received or receivable ("receivable" means earned but not yet received) directly or indirectly by you constituting payment for or on account of the BHHS Brokerage, including but not limited to, commissions, the Annual Referral Channel Development Fee, or other things of value, without deducting your costs or expenses, multiple listing fees, commissions, salaries, overrides or bonuses payable to your salespersons or employees. Gross Revenue does not include money or things of value received or receivable solely for residential property management activities.

Revenue from residential property management activities, BHHS authorized mortgage origination services or other real estate related businesses is not considered part of your Gross Revenue for purposes of calculating your Continuing Royalty obligation. Residential property management activities include managing residential real estate in exchange for a fee, commission or other compensation but do not include leasing (for longer than 60 days) or selling real estate.

For purposes of calculating your Continuing Royalty obligations, your Gross Revenue is reset to \$0.00 on each anniversary date of your Franchise Agreement.

Below is the schedule of declining Continuing Royalty percentages. The Continuing Royalty percentage decreases as the Gross Revenue from your BHHS Brokerage increases.

<b>Gross Revenue Greater Than</b>	<b>Gross Revenue Up To</b>	<b>*Continuing Royalty</b>
\$ 0	\$ 1,650,000	6.00%
1,650,000	3,000,000	5.50%
3,000,000	5,000,000	4.50%
5,000,000	7,500,000	4.00%
7,500,000	10,000,000	3.75%
10,000,000	15,000,000	3.50%
15,000,000	20,000,000	3.00%
20,000,000	25,000,000	2.75%
25,000,000	50,000,000	2.50%
50,000,000	100,000,000	2.25%
100,000,000	and greater	2.00%

Example: If your Gross Revenue during any year is \$2,150,000, then you would be obligated to pay 6.00% on the first \$1,650,000 of Gross Revenue (or \$99,000) and 5.50% on the remaining \$500,000 of Gross Revenue (or \$27,500), for a total Continuing Royalty of \$126,500.

If the sum of your Continuing Royalty payments for any year after your first year of operations is less than \$15,000, then you will be obligated to pay the alternative minimum Continuing Royalty of \$15,000 for that year.

\*In certain circumstances, we may agree to Continuing Royalty percentages that are different than the percentages disclosed in this Item 6. For example, we may agree to a fixed Continuing Royalty percentage irrespective of your Gross Revenue, or we may agree to adjust the Continuing Royalty percentages upon incremental increases of Gross Revenue that are different than the increments disclosed in this Item 6. Some of the factors we will consider include your reputation in the marketplace, the size, market share and expected Gross Revenue of your existing real estate business and the benefit of having you as a part of the System.

2. You are required to pay a monthly Marketing Fee equal to a percentage of your Gross Revenue, as shown in the following table, with a monthly minimum of \$500:

<b>Gross Revenue From</b>	<b>Gross Revenue To</b>	<b>Marketing Fee</b>
\$0	\$1,000,000	1.00%
\$1,000,000	\$5,000,000	0.75%



\$5,000,000	\$10,000,000	0.50%
\$10,000,000	\$100,000,000	0.25%
\$100,000,000	and greater	0.15%

BHHS may periodically adjust the Marketing Fee to reflect changes in the consumer price index. Marketing Fees are the property of BHHS and may be deposited in its general operating account.

\*In certain circumstances, we may agree to Marketing Fee percentages that are different than the percentages disclosed in this Item 6. For example, we may agree to a fixed or capped Marketing Fee irrespective of your Gross Revenue, or we may agree to adjust the Marketing Fee percentages upon incremental increases of Gross Revenue that are different than the increments disclosed in this Item 6. Some of the factors we will consider include your BHHS Brokerage’s geographic location, your reputation in the marketplace, the size, market share and expected Gross Revenue of your existing real estate business and the benefit of having you as a part of the System.

3. You must pay us an ongoing Annual Referral Channel Development Fee of \$35 per full-time sales associate (or equivalent) with a minimum annual payment of \$750 and a maximum annual payment of \$7,500.
4. For purposes of this disclosure document, the term “Additional Locations” include office premises other than your initial BHHS Brokerage office, from which you operate your BHHS Brokerage, regardless of the size or the number of employees, real estate brokers or salespersons or sales agents that are located at the premises.
5. You must pay this fee to open the following after the effective date of your Franchise Agreement: (a) an office used for purely administrative purposes and for the housing of relocation administration personnel only; (b) a temporary tract sales office in a new homes subdivision or development to sell property in that subdivision or development; (c) an information kiosk; or (d) a facility located away from your approved Location(s) that is set up for the convenience of sales professionals only and not to conduct day in day out business with clients. These are each considered a restricted purpose location.
6. You must pay separate registration fees for twenty percent (20%) of the total number of real estate sales professionals employed or otherwise contracted by You as of December 31 of the previous year, for each Sales Convention arranged by us.
7. If Gross Revenues are understated by 2% or more, or your financial statements require substantial auditing work by us or our designees, you must pay for the cost of our audit.
8. You must reimburse us if we are held liable for claims arising from the operations of your BHHS Brokerage.
9. You must pay our attorney’s fees upon entry of judgment if we prevail in an action for enforcement of indemnification, enforcement of the Franchise Agreement or protection of the System.
10. You must pay this \$1,000 fee when you submit a request for certain transfers. It is non-refundable. You must pay us \$1,000, plus our all direct costs incurred by us to evaluate and process the request, which may include, but are not limited to, the cost of background checks, credit checks and other services obtained from third parties that we deem necessary, together with any request for our permission to assign your Franchise Agreement, to transfer more than 10% ownership interest of

your franchised business, or to implement a change of control of your franchised business. We will notify you of any additional direct costs incurred following our evaluation of your request, and you must reimburse us at that time. You must pay us a \$10,000 fee and reimburse any related costs incurred by us if a proposed transfer of an ownership interest in your franchised business requires registration under any federal or state securities law. See Item 17.

11. BHHS's parent company, HSF, hosts and maintains an optional website for the benefit of BHHS Franchisees who conduct commercial real estate services. Pursuant to a Subscription Agreement, which you would enter into with HSF for an additional annual fee, you would be able to access, among other things, certain commercial real estate information, training and technology residing on the ORION platform. The current annual subscription cost is \$3,500 - \$4,500, depending on the level of services you select. In order to avail yourself to these services not provided under the Franchise Agreement, you may, at your own option, wish to enter into a Subscription Agreement with HSF. A copy of HSF's current ORION Subscription Agreement is attached hereto at the end of Exhibit A – The Franchise Agreement.
12. BHHS franchisees have the option to utilize more than one customer relationship management (CRM) platform. BHHS currently provides franchisees with a CRM platform at no additional charge. In 2022, BHHS entered into an agreement with Inside Real Estate to provide an optional, alternative CRM platform to BHHS franchisees, known as BHHS Connect, which is powered by Inside Real Estate's kvCORE system. While BHHS pays the base subscription fees for franchisees opting to utilize the kvCORE platform, franchisees must pay to HSF a one-time setup fee of \$2,500.00 in order to enable the BHHS Connect system. Franchisees may also choose to utilize certain additional optional website provider services offered by Inside Real Estate that integrate with the BHHS Connect system in exchange for payment to HSF of additional fees of \$1.50 per month per agent. Other upgraded kvCORE platform features are made available to franchisees directly by Inside Real Estate; fees for such optional additional features are payable directly by franchisees to Inside Real Estate and are subject to a separate agreement made between the franchisee and Inside Real Estate.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Franchise Fee</b>	\$25,000 plus \$2,500 for each Additional Location	Lump sum	Upon signing of Franchise Agreement	BHHS
<b>Launch and Post Launch Training</b>	Hotel meeting room rental \$100 to \$2500	Lump sum	As arranged by you	Local vendor
<b>Exterior Signs</b>	Replacement faces \$1,000 to \$2,000 Complete new signs \$5,000 to \$20,000	As arranged by you	As required by supplier	Local vendor, using brand approved specifications.
<b>Stationery and Related Supplies</b>	\$2,000 to \$5,000	As arranged by you	As required by supplier	Approved suppliers
<b>Yard Signs</b>	\$5,000 to \$10,000	As arranged by you	As required by supplier	Approved suppliers
<b>Grand Opening Advertising</b>	\$5,000	As arranged by you	As required by supplier	Local media suppliers
<b>Computer Hardware</b>	\$1,000 to \$4,000	As arranged by you	Within 120 days after opening	Local suppliers
<b>Approved Broker Management System (computer software)</b>	\$3,000 to \$5,000	Lump sum	Within 120 days after opening	Approved suppliers
<b>Approved Software Support Expenses</b>	\$100 to \$1,000 Software support may be acquired on a per call basis or as a monthly or annual service subscription	As arranged by you	Monthly, annually or per call, depending on the selected support plan	Approved suppliers

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Business Class Telephone Service</b>	\$20 to \$50	Monthly	Within 120 days after opening	Local suppliers
<b>Business Class Internet Access</b>	\$50 to \$300	Monthly	Within 120 days after opening	Local supplier or internet service provider
<b>Real Property, whether Purchased or Leased (See Note 1)</b>	\$0 to \$6,000	Varies	Varies	Seller, landlord and/or contractors, as applicable
<b>Furniture, Fixtures &amp; Equipment (See Note 2)</b>	\$0 to \$5,000	Varies	Varies	Contractors, suppliers
<b>Business Insurance (See Note 3)</b>	In excess of \$1,000 in most cases	Lump sum	As required by insurers	Insurance company of your choice
<b>Agent Commissions</b>	Prevailing commissions in your geographical area	Your prevailing payroll practice	After close of sale	Sales professionals
<b>Additional Funds – 3 Months (See Note 2)</b>	\$30 to \$525	As incurred	As incurred	Third parties
<b>TOTAL</b>	\$45,300 to \$90,375			

We based these estimates on a 20-agent, single-office real estate brokerage undergoing a conversion to our System. Conversion involves matters of taste and judgment on your part, reflecting your market and sales professionals. Real estate brokerage companies vary greatly in size, style, and type so your expenses may vary from those estimated above.

The estimates provided in this Item are for the period beginning with the date when we sign the Franchise Agreement and continuing through the first 3 months after you begin operations. If you are operating an existing real estate business, or have experience in the real estate brokerage industry, you may be in a better position to estimate some or all of these expenses.

You should review the figures in the above tables carefully with a business advisor before making any decision to purchase the franchise. All payments listed in this Item that are made to us are nonrefundable. Unless you make a different arrangement, you should assume that payments that are required to be made to other parties listed in this Item are also nonrefundable.

Except as described in Item 10, we do not finance any part of your initial investment.

Notes:

Note 1: The low estimate assumes that you are already an established and licensed real estate broker with at least one existing office that has been approved by us.

Note 2: Except for appropriate signage, compliance with our appearance standards, and the approved broker management system (computer software), BHHS does not require specific equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements or décor; nor is there any initial requirement as to inventory, security deposits, other prepaid expenses or additional working capital needed to begin operations. We have the right to require you to refurbish your offices before commencing operations. BHHS is unable to estimate the cost of refurbishment since it will depend on the condition of your existing offices.

Note 3: You must, at your expense, obtain and keep in full force, certain insurance coverage. Present minimum requirements are: commercial general liability insurance coverage in the amount of at least \$1,000,000 each occurrence and \$2,000,000 in the aggregate for bodily injury and property damage liability; automobile liability insurance (if your company owns or leases any vehicles), coverage in the amount of at least \$1,000,000 combined single limit with deductibles reasonably satisfactory to BHHS; workers' compensation insurance and employers' liability insurance, if such insurance is required by any state law(s) applicable to your business, with the employers liability having at least a \$500,000 limit, per employee, per policy; errors and omission coverage for your company and its sales professionals, with a limit of at least \$1,000,000 with a deductible appropriate to your company's financial strength but not to exceed \$10,000 on any given claim, and trailing coverage of at least 3 years prior to any change in coverage, and; umbrella liability insurance coverage in the amount of at least \$1,000,000 each occurrence and in the aggregate.

## ITEM 8

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Within 120 days of the effective date of your Franchise Agreement, you must acquire an approved broker management system, which is a software program designed for use in a real estate office to record, track, monitor and report transactions, maintain accurate sales associate roster and provide some form of office accounting and bookkeeping or an interface to a separate accounting or bookkeeping application. You must purchase the approved broker management system from our approved third-party supplier.

You have no other obligation to purchase or lease other goods, services, supplies, fixtures, equipment, inventory, computer hardware or software from us or designated suppliers. However, certain of the goods and services that you will purchase must comply with our standards. Specifically, your marketing materials (including, but not limited to, yard signs, stationery, and business cards), must comply with our identity standards contained in our Operations Manual and Brand Guidelines. We reserve the right to modify these manuals from time to time.

We have no purchasing arrangements or distribution cooperatives that assist our franchisees in buying or leasing goods or services to establish or operate their franchise business, we do not customarily negotiate purchase arrangements with suppliers for the benefit of our franchisees, and neither we nor our affiliates derive revenue, rebates or other material consideration from any required purchases or leases by franchisees described in this Item 8. We do not provide material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase or lease of particular products or services or use of particular suppliers. Neither we nor our affiliates are currently an approved supplier of goods or services.

Because most franchisees are already established businesses at the time they join our System, vary significantly in size and number of sales professionals, and the actual number of referrals received cannot be estimated, a meaningful estimate of the percentage of required purchases to total purchases cannot be made. Required purchases generally constitute less than 5% of a franchisee's total initial investment in the BHHS franchise and of a franchisee's expected operating expenses for a 20-agent, single-office BHHS brokerage.

At this time, no officer of BHHS owns an interest in any required, recommended or approved supplier.

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

	<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
a.	Site selection and acquisition/lease	Sections 4.01 & 4.03	Item 11
b.	Pre-opening purchase/leases	Section 9	Items 7 & 8
c.	Site development and other pre-opening requirements	Sections 4.01, 8.01, 8.03 and 9.02	Item 11
d.	Initial and ongoing training	Section 8	Items 6 & 11
e.	Opening	Not applicable	Item 11
f.	Fees	Sections 4, 5, 6, 10 & 15	Item 5, 6 & 7
g.	Compliance with standards and policies/operating manual	Section 7 & 9	Items 6, 8, 13, 14, 16 & 17
h.	Trademarks and proprietary information	Section 7	Items 13 & 14
i.	Restrictions on products/services offered	Sections 3, 9 & 10	Items 8 & 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Not Applicable	Item 12
l.	Ongoing product/service purchases	Sections 3, 5 & 9	Item 8
m.	Maintenance, appearance, and remodeling requirements	Section 1	Item 7 (Footnote 1)
n.	Insurance	Sections 3 & 9	Item 7
o.	Advertising	Section 5	Items 6 & 11 (Footnote 5)
p.	Indemnification	Sections 7, 10, 13 & 14	Item 6
q.	Owner's participation/management/staffing	Sections 9 & 10	Item 15
r.	Records and reports	Section 9	Items 6 & 8
s.	Inspections and audits	Section 9	Items 6 & 11
t.	Transfer	Sections 2 & 10	Items 6 & 17
u.	Renewal	Section 6.02	Items 8 & 17
v.	Post-termination obligations	Section 13	Item 17
w.	Non-competition covenants	Section 9	Item 17
x.	Dispute resolution	Section 12	Item 17

	<b><u>Obligation</u></b>	<b><u>Section in Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
y.	Other: Office Manager	Section 9	Item 15
z.	Other: Approved Broker Management System	Section 9	Item 6 & 8
aa.	Other: Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee	Pages 57 and 58 of the Franchise Agreement	Item 22
bb.	Other: Additional Location Addendum and Additional Restricted Purpose Location Addendum	Not applicable	Item 22

**Notes:**

1. Each individual owner (and the individual’s spouse, where applicable) of more than 10% (directly or indirectly) of a franchisee that is an entity must sign a Nondisclosure, Noncompetition, Nontransfer Covenant & Personal Guarantee, assuming and agreeing to discharge all obligations of the “Franchisee” under the Franchise Agreement, an acknowledgement of the assignability of the franchise agreement and guarantee by us, and an agreement to maintain confidentiality and not to compete. See Item 15.



## ITEM 10

### FINANCING

#### SUMMARY OF FINANCING OFFERED

Item financed	Source of financing	Down payment	Amount financed	Term (yrs)	Interest rate	Monthly payment	Prepay penalty	Security required	Liability upon default	Loss of legal right on default
Initial Fee	Promissory Note	Varies	(See Note 1)	1 to 180 months (See Note 2)	10% to 15% (See Note 3)	Equal monthly installments (See Note 4)	(See Note 5)	(See Note 6)	(See Note 7)	None
Conversion Costs	Franchise Term Note	(See Note 8)	(See Note 9)	60 to 180 months (See Note 10)	10% to 15% (See Note 3)	(See Note 11)	(See Note 5)	(See Note 6)	See Note 7)	None

Notes:

1. BHHS or its affiliate may allow you to defer payment of all or a portion of the initial franchise fee described in Item 5 of this disclosure document.
2. Terms can range from 1 to 180 months but are generally 24 months.
3. The financed portion of the initial franchise fee or conversion costs will bear interest at an annual rate ranging from ten percent (10%) (APR of 10%) to fifteen percent (15.0%) (APR of 15.0%) if priced using a fixed rate of interest, and a range of between Prime and Prime + 2.5% if priced using a floating rate, and will be payable under the terms of a promissory note or franchise term note evidencing the debt.
4. Franchise term notes are usually self-amortizing and payable in equal monthly installments, depending upon market rates and conditions. (A copy of the franchise term note is attached to this disclosure document as Exhibit F).
5. Promissory notes will not impose prepayment penalties but will provide for acceleration of payment of principal if a default occurs, either under the promissory note or franchise term note or if you default under the Franchise Agreement.
6. BHHS or its affiliate may also require that any note be secured by real or personal property.
7. All notes will provide that a failure to make payments under the note will also cause you to be in default of the Franchise Agreement. BHHS or its affiliate will require your Principals to personally guarantee the debt. All notes require you to waive diligence, demand, presentment for payment, notice of non-payment, protest and notice of protest, notice of any renewals, extensions, and amendments to or modifications of the note, as well as the claiming of any statute of limitations as a defense. Repayment arrangements may include payment to BHHS or its affiliate of an override above continuing royalties, which is then used to pay interest and principal. BHHS does not intend

to assign or discount to any third party any note, contract or other instrument executed by its franchisees, but BHHS reserves all rights to do so.

8. Down payments may be required by third parties with whom you contract to provide supplies and services related to the conversion of your existing business to a BHHS Brokerage. We do not require any down payment.
9. The amount financed will be a portion of the total amount required to convert your existing business to a BHHS Brokerage. The costs of conversion will include costs such as new exterior signs for your BHHS Brokerage, yard signs for agents, stationery, and marketing materials.
10. The term can range from 60 – 180 months and will in most circumstances be identical to the initial term of your Franchise Agreement.
11. Amounts financed will be repaid in annual installments of principal and interest. In certain circumstances we may offer you an annual rebate of a portion of your Continuing Royalty payments for the purpose of applying the rebate amount as a credit against the annual installment payment due under your franchise term note.

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

## ITEM 11

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

#### **Pre-Opening Assistance**

Before you begin operating your BHHS Brokerage:

- Within 15 days after the execution date of your Franchise Agreement, we will commence transition consultation and integration support for you. (Franchise Agreement, Paragraph 8.01)
- Within 45 days after the effective date of your Franchise Agreement, we will present an overview designed to communicate the benefits of the Berkshire Hathaway HomeServices brand and availability of tools and resources to your sales professionals. (Franchise Agreement, Paragraph 8.02)
- Within 60 days of the effective date of your Franchise Agreement, we will provide training for integration into the System to your location managers and other responsible management persons designated by you for each of your locations or via an online meeting or other means of electronic communication selected by us. (Franchise Agreement, Paragraph 8.01)

Within 15 days after the effective date of your Franchise Agreement, we will loan you an electronic copy of our Operations Manual and Brand Guidelines. As of the date of this disclosure document, our Operations Manual consists of 69 pages. A table of contents to the Operations Manual can be found at Exhibit G of this disclosure document. (Franchise Agreement, Paragraph 9.04)

BHHS' ability to provide the training, continuing assistance and other services described above may be affected by various factors, including the number of office locations you plan to operate, and the number of franchisees being incorporated into the System at the same time. If we are not able to meet the time frames specified above, we will establish a reasonable schedule to provide you with such services, taking such factors into account, and we will exercise commercially reasonable efforts to provide you with such services within the times otherwise provided hereunder.

#### **Ongoing Assistance**

During the operation of your BHHS Brokerage, we will:

- Periodically make available optional services, resources, tools and sales professional training courses at a location selected by BHHS or delivered live online or in recorded format available through the Berkshire Hathaway HomeServices LearnCenter You will be responsible for any travel or lodging costs and such course fees as BHHS charges. (Franchise Agreement, Paragraph 8.03)

- As BHHS considers appropriate, visit with you either in group meetings with other franchisees or in individual meetings (Franchise Agreement, Paragraph 8.05)
- Be available for consulting and guidance regarding the operation and management of your BHHS Brokerage. (Franchise Agreement, Paragraph 8.05)
- Periodically arrange a sales convention for all franchisees where you may participate in various programs with us and other franchisees. (Franchise Agreement, Paragraph 8.04)

## **Marketing and Promotion**

BHHS collects Marketing Fees that it uses to provide a variety of marketing and promotional support for its franchisees.

Use of Marketing Fees - BHHS may spend Marketing Fees on one or more of the following: national and cooperative advertising, marketing, public relations, market research, and promotional campaigns designed to benefit the Network and System and to promote and enhance the value of, general public recognition of, and acceptance of the Service Marks. BHHS may use a variety of marketing media, including but not limited to, network and cable television, network radio, consumer on-line advertising and linkages, national and trade homes magazines, billboards and newspapers. We may also spend Marketing Fees to operate national or regional online databases of properties available for sale or rent and to create “How to” materials for network members specifically focused on promoting the understanding and use of the above marketing products and programs (including: ad kits, mailers, and promotional meetings and rallies).

We are not required to spend any portion of the Marketing Fees on a proportional basis, or use any portion in the geographical area in which you operate your business. No portion of the Marketing Fees will be used to solicit new franchise sales.

Scope of coverage – The coverage of media may be national or international in scope. BHHS will determine, in its sole discretion, the cost, form or media, content, format, production and timing, including seasonal exposure, location and all other matters for advertising, public relations and promotional campaigns. In its sole discretion, BHHS may make extraordinary advertising or promotional expenditures from other than Marketing Fees in the area within which the BHHS Network is operated. BHHS may, on a national basis, impose an additional assessment for special advertising or promotional activities, if Franchisees owning two-thirds of all of its franchised locations agree to such additional assessment. All expenditures of Marketing Fees are intended to benefit the entire network and System, and we cannot guarantee that you will benefit directly as a result.

Source of material – BHHS uses a combination of in-house marketing staff and external marketing agencies, supervised by experienced BHHS marketing executive(s).

Materials provided – BHHS may provide you with marketing materials for various media outlets. You may also develop your own advertising materials, including the use of electronic media such as the Internet; however, you must obtain BHHS’ prior approval for any advertising materials that you want to develop, and your materials must be in compliance with the Operations Manual and Brand Guidelines.

Marketing advisory council – BHHS solicits comments on its advertising programs from the national advisory council, which is composed of franchisees. BHHS also has an internal committee that reviews advertising expenditures and programs.

General information – All Franchisees must make contributions for marketing expenditures. Marketing Fees are deposited into our general operating account and no interest is paid to you on the Marketing Fees. BHHS is entitled to reimbursement for our actual administrative expenses of the marketing program (which expenses must not exceed 15% of the annual aggregate Marketing Fees), plus the actual cost of our production and placement of any advertising. In previous years, BHHS elected not to seek reimbursement for any of our administrative expenses relating to the advertising program, but beginning in 2022, we will collect reimbursement of certain direct and indirect costs of employees, contractors or consultants for activities directly related to administration of Marketing Fee programs. Specifically, beginning in 2022 we anticipate that less than five percent (<5%) of the fees collected from the Marketing Fee program will be spent to reimburse us for the cost associated with certain employees, consultants or contractors to the extent their work efforts are devoted to the provision of marketing and promotional support to franchisees. Fees collected from the Marketing Fee program are administered by a committee composed of three of our officers, led by our Chief Executive Officer. As of the date this disclosure document was issued, we anticipate that all franchisees will contribute Marketing Fees calculated at the same rate. We do not anticipate forming local or regional cooperative marketing groups as of the date this disclosure document was issued, but we reserve the right to do so. We are not required to spend any amount on advertising in the franchisee’s area or territory. We began collecting Marketing Fees from our Franchisees on January 1, 2015.

BHHS’s marketing team administers the Marketing Fee expenditures, subject to review by a committee of our officers. Before April 1 of each year, we will deliver to each Franchisee a statement of receipts and expenditures of Marketing Fees for the preceding calendar year. Any amounts not spent at the end of the fiscal year for marketing will be retained for later years. We will not use Marketing Fees we collect for the sale of franchises. Marketing Fee contributions and expenditures will neither be separately accounted for nor audited. As of the issuance date of this disclosure document, franchisees are not required to participate in any other Marketing Fee program.

In fiscal 2021, advertising expenditures were as follows <sup>1</sup>.

	Dollars (\$)	Percent of Expenditures
Receipts:		
Net Collected	16,782,500	
Expenditures:		
Production Costs	1,686,300	13.39%
Media Costs	6,067,300	48.18%
Affiliate Marketing Consulting Costs	4,840,000	38.43%
Administrative Costs	-0-	0%
Total Disbursements and Rebates	12,593,600	100%
Net Received/(Disbursed)	4,188,900	

Notes:

Note 1 - Accounting Method

The Marketing Fee Program is maintained on a modified cash basis. The books and records are maintained separate from BHHS's accounting records.

### **Computers, Software and Telecommunication Reporting**

BHHS requires you, within 120 days of the effective date of your Franchise Agreement, to begin reporting transactions using your broker management system ("BMS") through BHHS' designated transaction reporting platform. Should you not have a BMS, or if we determine that your BMS is not compatible with BHHS' designated transaction reporting platform, then you, at your sole expense, must purchase, install, and use an approved BMS (listed on Exhibit A of the Franchise Agreement). Within that time, you must also be trained on the software. You must report real estate transactions to BHHS electronically BHHS' designated transaction reporting platform. You must establish and maintain an automated clearing house account with a financial institution of your choosing for Continuing Royalty and other fees to be collected.

A BMS is a software program designed for use in a real estate brokerage business to record, track, monitor and report transactions, maintain an accurate Sales Associate roster, and provide some form of office accounting and bookkeeping, or an interface to a separate accounting/bookkeeping application. Approved BMS software programs are listed on Exhibit A of the Franchise Agreement. The BMS program is used to enter and track transactions from inception of contract through closing. Once a contract has closed and appropriate detail including agent commission information is recorded, transaction information must be sent to BHHS systems. Transmittal of transaction data may be accomplished through several methods, depending upon the specific software application being used and upon the readiness and availability of various BHHS methods, including (i) batch file uploads, (ii) direct data entry, (iii) or active posting of real-time event-based data.

BHHS grants approved BMS supplier status to third party companies that maintain a BMS that meets BHHS transaction reporting specifications. BHHS requires an approved BMS supplier to maintain and support their application in a manner that continues to meet electronic transaction reporting specifications. You must maintain a software support agreement or comply with the approved BMS supplier's support policy, or purchase updated software versions, to ensure your installed application will always have the most current software, compliant with current BHHS specifications.

We will not have independent access to information that will be generated or stored in your computer systems.

### **Computer Requirements**

For most Franchisees, installation and use of the BMS and fulfilling transaction reporting requirements will require any compatible personal computer with an Internet connection with adequate bandwidth. Each BMS program has different minimum requirements; consult with the BMS suppliers for information on specific hardware requirements. The chart below provides additional information on costs and requirements.

BHHS requires you to keep the computer hardware in working condition and ensure such hardware and minimum required operation software be adequate to conduct business on a day-to-day basis. It remains the franchisee’s responsibility to purchase and maintain hardware and software to operate the business. Upgrades to the hardware may be required if the BMS supplier requires an upgrade or if the hardware becomes unable to perform the required functions for electronic transaction reporting. BHHS does not provide computer hardware to franchisees.

<b>Office Size</b>	<b>Equipment/Product Requirement</b>	<b>Approximate Costs</b>
Small single office	<p>One computer with high-speed Internet connection for use by staff for transaction input and reporting to BHHS in Irvine, CA.</p> <p>Broker management reporting software (refer to Exhibit A of the Franchise Agreement)</p> <p>You may use an ISP of your choice.</p>	<p><b>HARDWARE:</b> \$1,000 to \$4,000 per computer with high-speed Internet capability and a printer. Costs will vary by brand, model, and options.</p> <p><b>SOFTWARE:</b> \$200 per month if you lease or \$5,000 if you purchase software (prices vary with configurations and options). The broker management software will cost between \$3,000 and \$5,000. There is no charge to use our designated system.</p> <p><b>SOFTWARE SUPPORT:</b> Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others typically charge a monthly or annual support fee. Fees are also dependent upon the level of support contracted for or may be dependent upon the number of applications installed. As an example, minimal annual support for a small single office company is approximately \$600.</p> <p><b>INTERNET ACCESS:</b> Costs will vary depending upon the options you select. Internet access will cost between \$50 and \$300 per month.</p>

Office Size	Equipment/Product Requirement	Approximate Costs
<p>Medium Size (over 50 agents) single office</p>	<p>One computer with high-speed Internet connectivity for staff use for transaction input and reporting to BHHS in Irvine, CA.</p> <p>Companies with large transaction volume may require two or more computers on a network to reduce administrative backlog. You can discuss your options with the approved BMS suppliers, or other technology consulting resources.</p> <p>Broker management reporting software (refer to Exhibit A of the Franchise Agreement)</p> <p>You may use an ISP of your choice.</p>	<p><b>HARDWARE:</b> \$1,000 to \$4,000 per computer with high-speed Internet capability and a printer. Costs will vary by brand, model, and options.</p> <p><b>SOFTWARE:</b> \$200 per month if you lease or \$5,000 if you purchase software (prices vary with configurations and options). The broker management software will cost between \$3,000 and \$5,000. There is no charge to use our designated system.</p> <p><b>SOFTWARE SUPPORT:</b> Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others typically charge a monthly or annual support fee. Fees are also dependent upon the level of support contracted for, or may be dependent upon the number of applications installed. As an example, minimal annual support for a small single office company is approximately \$600.</p> <p><b>INTERNET ACCESS:</b> Costs will vary depending upon the options you select. Internet access will cost between \$50 and \$300 per month.</p>
<p>Multi-Office Companies</p>	<p>One or more computers with high-speed Internet connectivity for staff use for</p>	<p><b>HARDWARE:</b> \$1,000 to \$4,000 per computer with high-speed Internet capability and a printer.</p>



Office Size	Equipment/Product Requirement	Approximate Costs
	<p>transaction input and reporting to BHHS in Irvine, CA.</p> <p>Companies with large transaction volume may choose to install a system at each branch with costs incurred accordingly. You can discuss your options with the approved BMS suppliers. Additionally, you may choose to connect your branches via Wide Area Network (WAN).</p> <p>Broker management reporting software (refer to Exhibit A of the Franchise Agreement)</p> <p>You may use an ISP of your choice.</p>	<p>Costs will vary by brand, model, and options.</p> <p>SOFTWARE: \$200 per month if you lease or \$5,000 if you purchase software (prices vary with configurations and options). The broker management software will cost between \$3,000 and \$5,000. There is no charge to use our designated system.</p> <p>SOFTWARE SUPPORT: Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others typically charge a monthly or annual support fee. Fees are also dependent upon the level of support contracted for, or may be dependent upon the number of applications installed. As an example, minimal annual support for a small single office company is approximately \$600.</p> <p>INTERNET ACCESS: Costs will vary depending upon the options you select. Internet access will cost between \$50 and \$300 per month. WAN costs will vary depending on location and supplier.</p>
Large, Multi-Office Company	Typical installations are a large, head office computer,	HARDWARE and SOFTWARE: Prices vary dramatically from \$5,000 to \$50,000 or more

Office Size	Equipment/Product Requirement	Approximate Costs
	<p>or computer installed at each branch office.</p> <p>One or more computers with high-speed Internet connectivity for staff use for transaction input and reporting to BHHS in Irvine, CA.</p> <p>Companies with large transaction volume may choose to install a system at each branch with costs incurred accordingly. You can discuss your options with the approved BMS suppliers. Additionally, you may choose to connect your branches via Wide Area Network (WAN).</p> <p>Broker management reporting software (refer to Exhibit A of the Franchise Agreement)</p> <p>You may use an ISP of your choice.</p>	<p>depending on size, scope and function of hardware and software. Approved Suppliers and company owners(s) will decide pricing and options.</p> <p>SOFTWARE SUPPORT: Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others typically charge a monthly or annual support fee. Fees are also dependent upon the level of support contracted for and the number of applications installed.</p> <p>INTERNET ACCESS: Costs will vary depending upon the options you select. Internet access will cost between \$50 and \$300 per month. WAN costs will vary depending on location and supplier.</p>

### **Upgrades**

You must upgrade your BMS at the time of any required software enhancements. Additionally, BHHS may determine that a BMS has become inadequate and prescribe the use of a different BMS or alternative real estate office management software. BHHS will then require you to replace your BMS, but you will have at least 90 days to do so.

Neither we nor any affiliate nor any third party has a contractual obligation to provide ongoing maintenance, repairs, upgrades or updates for your computer hardware or software. Your annual cost of any optional or required maintenance, updating, upgrading and support contracts will vary depending on the vendor.

### **Site Selection**

In all but rare cases, you are an existing real estate brokerage operating from an existing business location. As part of the franchise application process, we evaluate your existing location(s). Your existing location(s) must be acceptable to BHHS before you can become a franchisee. If you do

not have an existing real estate brokerage or you otherwise need to establish a location, you will be asked to identify the location in which you propose to operate your BHHS Brokerage when you submit an application for a franchise. We will review the proposed location for its general location, size, visibility, accessibility, relationship to potential customers, competitive environment and our desire to add a franchisee in the market. We will approve or disapprove of the location in connection with our review of your application. If we do not authorize your location we will not approve your application.

If, after you become a franchisee, you wish to open Additional Locations or Additional Restricted Purpose Locations, you must first obtain approval for each Additional Location or Additional Restricted Purpose Location from BHHS (see paragraphs 4.01 and 4.03 of the Franchise Agreement). To obtain approval, you must not be in default of any of your obligations under your Franchise Agreement, and you must submit to BHHS a written request and supporting information for approval of the proposed Additional Location or Additional Restricted Purpose Location. Within 30 days after receipt of your request, BHHS will approve or disapprove the Additional Location or Additional Restricted Purpose Location. If BHHS approves the Additional Location or Additional Restricted Purpose Location, you will then sign an Additional Location Addendum or Additional Restricted Purpose Location Addendum to the Franchise Agreement and pay any required fee (see paragraph 5.01(b) of the Franchise Agreement). BHHS may disapprove your Additional Location or Additional Restricted Purpose Location request in its sole discretion.

If you desire to open Additional Locations or Additional Restricted Purpose Locations, BHHS may grant you the right to open one or more Additional Locations or Additional Restricted Purpose Locations at an approved site provided you are not in default under your Franchise Agreement and upon satisfaction of certain conditions in the Franchise Agreement (see paragraphs 4.01 and 4.03). You must pay a fee of \$2,500 for each Additional Location and \$1,000 for each Additional Restricted Purpose Location (see paragraph 5.01(b) of Franchise Agreement). You must obtain BHHS' prior written consent to each Additional Location or Additional Restricted Purpose Location. If, at any time, you desire information as to whether there may be an appropriate opportunity for a particular Additional Location or Additional Restricted Purpose Location, you must submit a written request to BHHS for information.

BHHS grants you a Franchise to operate from your approved Location, Additional Locations, Restricted Purpose Locations and Additional Restricted Purpose Locations. You must (a) diligently and effectively promote, market and engage in the business of your BHHS Brokerage, (b) develop, to the best of your ability, the potential for your BHHS Brokerage from each of your locations and as permitted from your Restricted Purpose Locations, and (c) devote and focus your attentions and efforts to such promotion and development. You will not seek to promote and develop the business of your BHHS Brokerage outside the geographic areas reasonably serviced by your locations.

### **Typical Length of Time for Contracting**

Franchisees that are already in the real estate brokerage business, and are converting to our System, will typically need approximately 90-120 days from the date that the Franchise Agreement is signed before they begin operating as a member of the Berkshire Hathaway HomeServices Network. Start-up franchisees that need to establish an office before entering the real estate brokerage business will typically need approximately 90 to 120 days from the date that the

Franchise Agreement is signed before they begin operating as a member of the Berkshire Hathaway HomeServices Network. Some of the factors that may affect the time period include your ability to obtain a lease, financing or building permits, zoning and local ordinances, state real estate brokerage licensing requirements, weather conditions, shortages, or delayed installation of equipment fixtures and signs.

**Franchise Integration Program** Prior to and from the effective date of the Franchise Agreement, as appropriate, you will participate in the BHHS Franchise Integration Program, which includes both pre-launch, launch and post-launch activities, overviews and training. In the course of the Franchise Integration Program, we will:

- Provide transition consultation and integrative support for you and your administrative team.
- Offer support to your marketing team to create a marketing campaign to advertise the launch of your BHHS Brokerage.
- Provide you with electronic access to our Operations Manual.

All Pre-Launch Initial Assistance will be available by phone and webinar upon request as set out below:

### TRAINING PROGRAM

Subject	Hours of discussion and review	Hours of on the job training	Location
Announcement and Communication Plan	3	0	Phone/Webinar
Operational Requirements <ul style="list-style-type: none"> <li>▪ Reporting of revenue and payment of Continuing Royalties and other fees</li> <li>▪ Operations Manual</li> <li>▪ Internal/Exterior Signage</li> <li>▪ Roster Manager, Awards, Company Locator</li> </ul>	8-10	0	Phone/Webinar
Brand Guidelines	2	0	Phone/Webinar
Lead Generation Opportunities	1	0	Phone/Webinar
Website Set-up and Listing Syndication	4-5	0	Phone/Webinar
<b>Total</b>	<b>18-21</b>	<b>0</b>	

### Launch and Post-Launch Training

We will deliver launch event and post-launch training and orientation for integration into the System to your General Manager, senior management staff, Administration, Location Managers and Sales Professionals at a location determined by us or via an online meeting or other

means of electronic communication selected by us. If known as of the date of this disclosure document, the location of such training will be set out in Exhibit L. If such information is unknown as of the date of this disclosure document but becomes known prior to you entering into the Franchise Agreement, we will provide you with such information later. The length and scope of the Franchise Integration Training will depend on the size of your business and the range of tools that you are interested in. There is no charge for this postlaunch training, but you will have to pay for the expenses incurred with respect to renting the venue and any food or refreshments if the initial training is held at a physical location other than a meeting room at your office location(s) which is large enough for attendees to utilize their computers while learning. In addition, you will be responsible for all expenses incurred by your General Manager, senior management staff, Administration, Location Managers and Sales Professionals in connection with the post-launch training, including, without limitation, all transportation and accommodation costs and living expenses. Training materials include manuals, handouts, and electronic downloads. The required training must be completed to our satisfaction before you begin operating your BHHS Brokerage. The General Manager must successfully complete the Franchise Integration Training. If the General Manager is unable to attend the Franchise Integration Training, you must arrange for a suitable replacement. If you cannot provide such a suitable replacement within 120 days, we will have the right to terminate the Franchise Agreement. Any successor General Manager must successfully complete the Franchise Integration Training either (i) at a location we determine in the United States and you will bear all travel expenses for such successor General Manager or (ii) via an online meeting or other means of electronic communication selected by us.

Post Launch Training may include:

<b>Subject</b>	<b>Hours of classroom training</b>	<b>Hours of on the job training</b>	<b>Location</b>
Berkshire Hathaway HomeServices Brand Recognition, Value	3 hours	0	Your local hotel Selected by you or via on-line meeting or other means of electronic communication selected by Franchisor
Tools and System Integration Training	6 hours	0	Your local hotel selected by you or via on-line meeting or other means of electronic communication selected by Franchisor
	<b>9.0</b>	<b>0</b>	

## Additional Training

We also provide ongoing and refresher training delivered by the Global Network Training Team and the Network Service Business Consultants. The team members each have a minimum of five years' real estate experience including sales, management, and training roles. The team is led by Mr. Robert Watson, Vice President of Network Services. Mr. Watson has over 30 years of experience in real estate sales, management, company ownership and real estate franchise experience at the corporate level. The Global Network Training team is responsible for the development and management of all educational programming for the System's franchisees.

Training is delivered via the Internet, Zoom or Microsoft Teams and includes web-based training (WBT) through the Berkshire Hathaway HomeServices Learn Center, and live webinars (LW). Training is also offered during University sessions presented at our annual sales convention, and at other network events and programs. Any costs of travel are your sole responsibility. Training offerings are focused on reinforcing the value of the BHHS brand, our systems, services, resources and tools.

## Ongoing Assistance

During the operation of your BHHS Brokerage, we will:

- Periodically make available to you optional training courses at a location selected by BHHS or delivered via an online meeting or by other means of electronic communication. You will be responsible for any travel expenses of our personnel and such course fees as BHHS charges. Upon reasonable advance notice, we may require attendance of your designated personnel at certain mandatory programs at a suitable location at our discretion. You will be responsible for any reasonable program fees and for any travel expenses.

### Global Network Training – 2023 Course Catalog

Title of Course or Curriculum	Hours of classroom training	Hours of on-the-job training	Location
5 Negotiating Strategies to Get You to the Closing Table	1 hour	0	Webinar
At Home with Diversity Certification	7 hours	0	Webinar
Award Winner Mastermind Series	1 hour	0	Video
Become A Brand Ambassador	1 hours	0	Web-Based Training
Building Success with a Real Estate Team	1 hour	0	Web-Based Training
Buyer Match: Turn Buyer Data into Leads, Listings and Profits	1 hour	0	Webinar / Video
Certified International Property Specialist – NAR Designation 5 courses (additional fee required)	6 hours each	0	Instructor-Led Training

<b>Title of Course or Curriculum</b>	<b>Hours of classroom training</b>	<b>Hours of on-the-job training</b>	<b>Location</b>
Commercial REsource User Training	1 hour	0	Video / Reference Guides
Collaborative Selling Questioning Techniques	1 hour	0	Web-Based Training
Compensation Comparison Analysis	15 min	0	Web-Based Training
Conducting Annual Client Reviews	1 hour	0	Web-Based Training
Defining and Presenting Your Competitive Advantage	1 hour	0	Webinar
Establishing a Pricing Strategy	1 hour	0	Webinar
Establishing A Pricing Strategy – Price it Right from the Start	1 hour	0	Web-Based Training
Experienced Agent Business Planning	1 hour	0	Webinar
Forever Agent Movement and Pledge	3 hours	0	Webinar
Forever Agent Productivity Coaching	1.5 hours	0	Webinar
Forever Agent Productivity Coaching - Coach Certification Training	9 hours	0	Webinar
Forever Agent Productivity Coaching - Leadership Overview	1 hour	0	Webinar
gCertified - Relocation Certification Training Series	3 hours	0	Video / Reference Guides
Grow Your Business Through Referrals	1 hour	0	Web-Based Training
Home Marketing and Pricing Strategies	2 hours	0	Video
Identifying Agent Productivity Levels Based on Quartiles	1 hour	0	Web-Based Training
Katie Lance Consulting Series	1 hour	0	Webinar / Video
Leadership Development - Management Skills	1 hour	0	Web-Based Training
Leadership Development - Managing Oneself	1 hour	0	Web-Based Training
Leadership Development - SWOT Analysis	1 hour	0	Web-Based Training
Leadership Development - The Marketplace	1 hour	0	Web-Based Training

<b>Title of Course or Curriculum</b>	<b>Hours of classroom training</b>	<b>Hours of on-the-job training</b>	<b>Location</b>
Leadership Development - Using Culture as a Competitive Advantage	1 hour	0	Web-Based Training
Leadership Development - The Role of Vision and Mission in Business	1 hour	0	Web-Based Training
Leadership Development –Branch Leadership Self-Study Guides	Self- Study	0	Self-Study
Leadership Development -Competitive Market Analysis	1 hour	0	Web-Based Training
Leadership –Institute: Leadership in a Team Environment	1.5 hours	0	Instructor-Led Training
Leadership Institute: Your Brand	3 hours	0	Instructor-Led Training
Leadership Institute: Your Sales Team (Full day)	6 hours	0	Instructor-Led Training
Leadership: Agent Recruitment and Selection Series	6 hours	0	Video / Reference Guides
Marketing REsource Training Series	2 hours	0	Video / Reference Guides
Marketing Resource: Advanced Marketing	1 hour	0	Webinar
Marketing Resource: Customizing Newsletters	1 hour	0	Webinar
Marketing Resource: Getting Started	1 hour	0	Webinar
Marketing REsource: Mobile and Desktop Ad Builder	1 hour	0	Webinar
Negotiating Strategies and Tactics	1 hour	0	Web-Based Training
Negotiating Styles	1 hour	0	Web-Based Training
Negotiating Your Commission	1 hour	0	Web-Based Training
New Licensee Business Planning	1 hour	0	Webinar
Pricing Strategies – Absorption Rate Analysis	1 hour	0	Web-Based Training
Quick Start Essentials (QSE) Self-Study Guides	Self-Study	0	Self-Study
Quick Start Essentials (QSE): Four Step Business Plan	1 hour	0	Web-Based Training



<b>Title of Course or Curriculum</b>	<b>Hours of classroom training</b>	<b>Hours of on-the-job training</b>	<b>Location</b>
Quick Start Essentials (QSE): I Object – Overcoming Common Real Estate Objections	1 hour	0	Web-Based Training
Quick Start Essentials (QSE): Prospecting with a Captivating Elevator Speech	1 hour	0	Web-Based Training
Quick Start Essentials (QSE): Selling by Style	1 hour	0	Web-Based Training
Quick Start Essentials (QSE): Working with For Sale by Owners	1 hour	0	Web-Based Training
RBC Cross-Border Real Estate Certification	3 hours	0	Video
rCertified – Relocation Designation Series	4 hours	0	Web-Based Training
Real Estate and Lifestyle Planning	1 hour	0	Video
Recruiting Productive Sales Professionals Module 1: The Recruiting Plan	1 hour	0	Web-Based Training
Recruiting Productive Sales Professionals Module 2: The Value Proposition	1 hour	0	Web-Based Training
Recruiting Productive Sales Professionals Module 3: Recruiting Activities	1 hour	0	Web-Based Training
Recruiting Productive Sales Professionals Module 4: The Interview	1 hour	0	Web-Based Training
Recruiting Productive Sales Professionals Module 5: Retention Strategies	1 hour	0	Web-Based Training
REsource Center & LearnCenter REsource Overview	1 hour	0	Webinar
SAGE CRM Training Modules	5 hours	0	Webinar / Video / Reference Guides
Sales Master System – Coaching Newer/Lower Producers	1 hour	0	Web-Based Training
Sales Professional What If Analysis	45 min	0	Web-Based Training
Selling by Style	1 hour	0	Webinar
Sherri Johnson Coaching	1 hour	0	Webinar / VIDEO
Social Media REsource - Soci Agent and Admin Training Series	3 hours	0	Video

<b>Title of Course or Curriculum</b>	<b>Hours of classroom training</b>	<b>Hours of on-the-job training</b>	<b>Location</b>
Social Media REsource - Ace	1 hour	0	Video / Reference Guides
Tech Talk Training Series	30-minute	0	Webinar / Video
Testimonials – Your Way to Success	1 hour	0	Web-Based Training
The Home Marketing System	3 hours	0	Video
Website Admin Training Beginners and Advanced	1 hour	0	Webinar / Video
Website Agent Certification Training	2 hours	0	Video
Women Who Lead Series	1 hour	0	Webinar / Video
Xceed Vendor Product Training Series	1 hour	0	Webinar / Video

### **Other Obligations and Limitations**

We and our present and future affiliates may be involved in real estate related business activities including business referrals, relocation of corporate personnel, mortgage, title insurance, appraisal, escrow, and other services. Entering into a franchise relationship with us does not and should not, in any way, create any right or expectation that you will obtain any benefits because of this business activity. We will, at all times, require you to comply with the requirements of the Real Estate Settlement Procedures Act of 1974 (“RESPA”), and the rules and regulations issued regarding RESPA. Without limiting the above, you agree that at or before the time of making a referral to us or any of our present or future affiliates, you will provide the party being referred with the required affiliated business arrangement disclosure, to the extent required by law.

You must arrange for us or our designated vendor to receive direct electronic feeds of all real estate listings and other information available from the multiple listing services you use, in compliance with the Virtual Office Website standards and the Back Office Data standards adopted by the National Association of Realtors® or such other standards that we may periodically specify.

We are not obligated to provide assistance in arranging for necessary equipment, signs, fixtures, opening inventory, or supplies for your BHHS Brokerage. BHHS may, at its option, provide services in excess of those required under the Franchise Agreement. By providing these additional services, BHHS creates no obligation to continue to provide them. BHHS may include a reasonable charge for services it chooses to provide. In some circumstances BHHS may, in its sole discretion, subcontract to third parties the services it provides to you.

## ITEM 12

### TERRITORY

The Franchise Agreement does not grant you an exclusive territory. You may face competition from other franchisees, from outlets we may own or operate in the future, or from competitive brands that we may control or that are otherwise owned or operated by an affiliate of ours. A protected territory may be provided by a written amendment to your Franchise Agreement. Some of the factors we will consider before granting a protected territory include your reputation in the marketplace, the size, market share and expected Gross Revenues of your existing real estate business and the benefit of having you as a part of the System. If we grant a protected territory the size of the territory may be delineated by the boundaries of a county or by zip code(s), depending on the circumstances. There is no minimum protected territory, however.

BHHS has no policy as to how near to an existing franchisee outlet it may establish other franchises that distribute similar products or services under the same or a different trademark, service mark, trade name, or logotype.

If BHHS grants you a protected territory in a written amendment to your Franchise Agreement, you will be required to meet certain stated levels of performance in order to maintain the protection. Performance guidelines will typically require you to maintain or increase your productivity or market share. Specific performance guidelines vary based on individual market conditions, your existing production and market share, and are usually negotiated. In the event you fail to maintain the agreed upon performance guidelines, BHHS will have the right to cancel your protected territory (but not your franchise). BHHS will not otherwise alter your territorial rights, and there are no other circumstances that permit BHHS to modify your territorial rights, without your consent.

BHHS grants multiple protected territories only in rare instances. Each protected territory will have separate performance guidelines and may be separately terminated. Any performance guidelines will be agreed to in advance and may not be changed unilaterally by BHHS.

Protective territorial rights will only prohibit BHHS from franchising additional offices and locations within your protected territory using the "Berkshire Hathaway HomeServices" name and related service marks. These rights will not prohibit us, other BHHS franchisees, our affiliates, or our affiliates' franchisees, from transacting business within your protected territory, nor will these rights allow you to expand within your protected territory without our consent. In addition, the granting of any protective territorial rights will not prohibit BHHS from granting a BHHS franchise to any existing brokerage currently owned or later acquired, directly or indirectly, by HomeServices of America, Inc., or any franchisees of any such brokerage currently owned or later acquired, directly or indirectly, by HomeServices of America, Inc. Any protective territorial rights will also not guarantee that you will be the exclusive recipient of referrals or any other business within the protected territory.

If your protected territory is canceled, because you do not meet the performance guidelines, BHHS will again have the unrestricted right to own, operate, franchise or license, or in any other manner authorize the location and operation of, other BHHS Brokerages at any location within the canceled protected territory.

With or without a protected 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 or that are otherwise controlled by our affiliates. You will only make referrals from the geographic areas reasonably serviced by your Locations and Restricted Purpose Locations and you will not seek to develop referrals originating outside such areas for properties located outside such areas. BHHS has the right to grant waivers to this prohibition. BHHS may, in its sole judgment, periodically specify areas that are not reasonably serviced by your Locations and Restricted Purpose Locations.

We and our affiliates reserve all rights that we do not grant to you, including the unconditional right in all circumstances to own, operate, franchise or license, or in any other manner authorize the location and operation, of other real estate brokerage businesses through any other means available. For example, we reserve the right for ourselves and our affiliates to use other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing, either under the “Berkshire Hathaway HomeServices” service marks or other names or marks, in your area. We do not have to pay any compensation for soliciting or accepting business utilizing these methods.

If you desire to relocate your Location, or any Additional Location or Restricted Purpose Location, you must request our consent at least 30 days before the desired date of relocation. We reserve the right to approve or disapprove of your request in our discretion. Factors we will consider include the location of the proposed new site, the proximity of the new site to other existing BHHS Brokerages, and whether you are in default of any of your obligations under your Franchise Agreement.

A number of our affiliates operate franchise systems offering real estate brokerage franchises under other names. Each of these affiliates is operated separately. Their franchisees may operate in your area.

Real Living Real Estate, LLC operates the “Real Living Real Estate” real estate brokerage franchise system. Its principal business address is 18500 Von Karman Avenue, Suite 400, Irvine, California 92612.

BHH Iowa Affiliates, LLC (“BIA”) is the franchisor of the “Berkshire Hathaway HomeServices” franchisees in the state of Iowa with its head office located at 18500 Von Karman Ave., Ste. 400, Irvine, CA 92612. We provide the franchisor services under those franchise agreements pursuant to a service agreement we entered into with BIA.

Ebby Halliday Alliance, LLC operates the “Ebby Halliday” real estate brokerage franchise system primarily in the states of Oklahoma and Texas, USA. Its principal business address is 4455 Sigma Dallas, TX 75244.

Reece & Nichols Alliance, Inc. operates the “Reece & Nichols Realtors” real estate brokerage franchise system. Its principal business address is 11601 Granada Lane, Leawood, Kansas 66211.

Roy H. Long Realty Company, Inc. operates the “Long Realty” real estate brokerage franchise system. Its principal business address is 900 E. River Road, Suite 100, Tucson, Arizona 85718.

Iowa Realty Co., Inc. operates the “Iowa Realty” real estate brokerage franchise system. Its principal business address is 3501 Westown Parkway, West Des Moines, Iowa 50266.

Intero Franchise Services, Inc. is the franchising affiliate of Interio Real Estate Services, Inc., and franchises real estate brokerages using the “Interio Real Estate” and “Interio Resorts” service marks. Interio Franchise Services, Inc. has offered franchises since June 2007. Its principal business address is 10275 North DeAnza Blvd., Cupertino, California 95014.




**No HomeServices of America, Inc. Product or Service**

The grant of a franchise does not entitle you to any relationship with HomeServices of America, Inc. or other present and future affiliates of HomeServices of America, Inc.

## ITEM 13

### TRADEMARKS

We will give you the right under the Franchise Agreement to develop and operate a BHHS Brokerage under the name “Berkshire Hathaway HomeServices”, subject to compliance with our standards. You may use the *Berkshire Hathaway HomeServices* and other current and future trademarks that we designate for use in connection with the System, whether registered or unregistered (“Marks” or “Service Marks”). As of the issuance date of this disclosure document, we have registered the following principal Marks, amongst others, with the United States Patent and Trademark Office (“PTO”):

<u>Serial/Registration Number</u>	<u>Service Mark</u>	<u>Application Date/Registration Date</u>
Reg. No. 4491859	<b>BERKSHIRE HATHAWAY HOMESERVICES</b>	March 4, 2014
Reg. No. 4516075		April 15, 2014
Non Applicable		Intends to file for registration
Reg. No. 4492336		March 4, 2014

Not Applicable



Intends to file for registration

Reg. No. 4492436



March 4, 2014

Not Applicable



Intends to file for registration

Reg. No. 4492435



March 4, 2012

Reg. No. 4518842

BH HS

April 22, 2014

Common Law



Not Applicable

No affidavits or renewal filings are yet due in connection with these registrations. You must follow our rules when you use these Marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those that we license to you. You may not use the “Berkshire Hathaway HomeServices” name in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing.

If you wish to use the name "Berkshire Hathaway HomeServices" or any permitted derivation thereof in an Internet website address, e-mail address or domain name, you may do so only with our consent. We will register, own, and control any Internet website address, domain name, or uniform resource locator containing the Service Marks or any permitted variation thereof which you use in the conduct of your BHHS Brokerage. You must reimburse us for any registration costs and any subsequent costs of maintaining the registration. You will not be compensated or paid by us for any monies invested in using or promoting any Internet website address, domain name, or uniform resource locator containing the Service Marks or any permitted variation thereof, or for costs of registering and promoting any new domain name, which may become necessary upon the expiration or termination of your Franchise Agreement.

As of the date this disclosure document was issued, there are no material determinations of the PTO, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceedings. And, other than as may be disclosed in Item 3 above, there is no pending material litigation involving the Marks and we do not know of any superior prior rights or infringing uses that could materially affect franchisees’ use of the Marks.

Columbia Insurance Company, a Berkshire Hathaway affiliate, owns the Marks and has licensed them to us for use in the System. The Trademark License Agreement continues for as long as we conduct business in compliance with the terms of the Trademark License Agreement.

Columbia Insurance Company may terminate the Trademark License Agreement if:

- There is a material breach that remains uncured sixty (60) days after Columbia Insurance Company gives us written notice of the breach;
- We discontinue all use of the Marks for a period of six (6) months, and do not resume use of the Marks within thirty (30) days after receiving notice of termination from Columbia Insurance Company.
- We are dissolved, declare bankruptcy, are liquidated, or have a receiver appointed; or



- A change of control event occurs such that Berkshire Hathaway Inc. no longer has the power to direct our affairs by reason of the beneficial ownership, directly or indirectly, of more than 66% of the total voting interests in us on a fully diluted basis.

Columbia Insurance Company has the absolute right to approve any use of the Marks. Columbia Insurance Company is a third party beneficiary of your Franchise Agreement. If the Trademark License Agreement is terminated, Columbia Insurance Company may assume your Franchise Agreement. Otherwise, it will terminate.

If a third party makes any claim, by suit or otherwise, against you because of your use of the Service Marks in accordance with the terms of the Franchise Agreement, you must promptly notify us in writing. Upon receiving this notice, we and/or the owner of the Service Marks will retain counsel of our own choosing to defend you against any claim of this type, and will protect you from any loss, costs or expenses resulting from any claim. We or the owner of the Service Marks also has the sole right to manage and control any such suit or other proceeding. We or the owner of the Service Marks will have the sole discretion to determine if the use by a third party in an unrelated line of business of a word or logo that is the same or similar to the Service Marks is confusing to the public and what action, if any, should be taken. (See paragraph 7.07 of the Franchise Agreement.)

At your sole expense, you must replace the signage and materials at your existing Locations and Restricted Purpose Locations where signage is permitted, with signage and materials bearing the Berkshire Hathaway HomeServices' Service Marks, and complying with our signage standards, within 90 days of the effective date of your Franchise Agreement.

We may require you to substitute or modify any or all of the Service Marks at any time upon notice. If we do so, you must pay the cost of such substitution or modification, including the cost of changes to signage and other materials.

Other than as described above, within the United States there are no other agreements currently in effect or infringing uses actually known to us that significantly limit our right to use or franchise the use of this trade name in any manner material to the Franchise being offered in the state in which the BHHS Brokerage is to be located.

In order to preserve the validity and integrity of the Service Marks and to ensure that you are properly using the Service Marks in the operation of the BHHS Brokerage and for other operational reasons, we and the owner of the Service Marks and their designated agents will have the right to inspect your business operations at reasonable times. You must cooperate with us and the owner of the Service Marks' representatives in this inspection and render assistance as may be reasonably requested.

If you do not use and promote the Service Marks in accordance with the System, in addition to the other rights and remedies available to us for other breaches of the Franchise Agreement, you agree to pay us, as liquidated damages, an amount equal to the total Continuing Royalty due from you for the two years immediately preceding your failure to comply with the terms of the Franchise Agreement.

Your license of the Service Marks is limited to the United States of America. You must obtain our consent and authorization before you use the Service Marks in any manner outside the United States of America.

We do not yet have federal registrations for some of our Marks. Therefore, some of our Marks do not have as many legal benefits and rights as a federally registered trademark. If our right to use any of the Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Detailed information concerning your authorized use of the Service Marks is in Article VII of the Franchise Agreement (in particular, see paragraph 7.04 of the Franchise Agreement). This information includes restrictions on the use of other trademarks, trade names, service marks, insignias, or logos.

Certain companies owned and controlled by HomeServices of America, Inc. operate BHHS Brokerages. Other brokerages owned and controlled by HomeServices of America, Inc. will continue to operate using trade names other than Berkshire Hathaway HomeServices. All brokerages owned and controlled by HomeServices of America, Inc. have been granted additional rights to identify themselves to the public with phrases like “a Berkshire Hathaway affiliate”, “A Member of HomeServices of America Inc., a Berkshire Hathaway Affiliate”, or similar descriptions. You will not be permitted to identify your BHHS Brokerage in this manner.

## ITEM 14

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

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

You must operate the BHHS Brokerage according to the provisions of the Franchise Agreement and the Operations Manual, which will be provided to you upon the effective date of your franchise agreement or may, upon your request, be made available to you to review prior to this date. We may provide the Operations Manual to you by means of an electronic communication.

In addition to the Operations Manual, you will receive other manuals and marketing materials such as our Brand Guidelines and Online Supplier Catalogs.

If you discover any unauthorized use of manuals or the above-described material, you should contact us, and we will take such action as we consider appropriate. We are not obligated to defend you against claims arising from your use of the copyrighted materials. We are not aware of any existing infringing uses that could affect your use of the copyrighted materials.

## ITEM 15

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

We do not obligate you, whether you are a sole proprietor, corporation, limited liability company, partnership or limited partnership, or your Principals to participate in the actual operation of the BHHS Brokerage, nor do we make any recommendations concerning whether you or your Principals personally supervise the BHHS Brokerage.

In accordance with state laws, however, you must appoint a supervising real estate broker to supervise your BHHS Brokerage. Such broker is not required by us to hold any equity interest in your BHHS Brokerage, but he or she must successfully complete our background check and our franchise integration process. In addition, you must place certain restrictions on your supervising real estate broker. For example, your supervising broker must be required by you to maintain confidentiality and trade secrets.

If you are a corporation, partnership, or limited liability company, each of your owners with more than a 10% direct or indirect equity interest (“Principals”), as well as their spouses, must sign a Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guaranty at pages 57 and 58 of the Franchise Agreement, agreeing to discharge all of your obligations as a franchisee, including your payment obligations, under the Franchise Agreement, and to retain an ownership interest in you that cannot generally be transferred without our permission.

## ITEM 16

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We require that you offer only those services that we have approved. You may only offer those services that we designate as set forth in the Franchise Agreement and the Operations Manual unless we agree otherwise in writing.

Your BHHS Brokerage may only act as a real estate broker from authorized business sites (including your original Location and Additional Locations, as well as Restricted Purpose Locations and Additional Restricted Purpose Locations, as specifically permitted). Your BHHS Brokerage may not offer or perform certain real estate services including, for example, title insurance or searches, mortgage origination, mortgage banking, loan brokerage, insurance, escrow services, appraisals, timeshare brokerage (regardless of whether an interest in real estate is part of the timeshare arrangement) or brokering business opportunities that do not involve a transfer of a real estate interest of at least one (1) year. With our permission, your Principals may conduct these other services outside the BHHS Brokerage without using or implementing the Service Marks or System.

Your BHHS Brokerage cannot act as a real estate broker for a commercial property with a gross listing or sales price above \$25,000,000 without our permission. Commercial property means parcels of real property other than those on which are located, or intended to be located, residential structures containing not more than four dwelling units.

You may not, during the term of the Franchise Agreement or any extension, act as a real estate broker in any business other than your BHHS Brokerage, or operate, manage, own, assist, license, sublicense, act on behalf of, represent, or hold an interest, directly or indirectly, in any real estate brokerage business other than the BHHS Brokerage without our permission, nor divert or attempt to divert business or customers of the franchised business to any competitor or do any other act that injures the goodwill associated with the Service Marks or the System, nor solicit any person whom we employ to leave his or her employment.

Neither you nor your principals or any separate business entity may, under any circumstances, advertise availability of mortgage brokerage, appraisal, financial or insurance services using the Service Marks or in association with the Service Marks, without our permission. You must give us notice before engaging in mortgage origination services or any other real estate related business. We may require you to sign an agreement to operate any such business on an arm's length basis from the franchised business.

During the term of the Franchise Agreement you cannot operate, manage, own, assist, or hold an interest, direct or indirect, in any business for the development or sale of insurance or insurance related products, without our express prior written consent.

We may change the types of authorized services that you may offer. There are no limits on our right to do so.

## 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.**

	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Paragraph 6.01	Term is typically from 10 to 15 years as mutually agreed to by you and BHHS. We anticipate that most franchises will be for a term of 10 years. Under extraordinary circumstances, we may agree to an initial term of up to 15 years.
b.	Renewal or extension	Paragraph 6.02	No renewal rights.
c.	Requirements for you to renew or extend	Paragraph 6.02	No renewal rights.
d.	Termination by you without cause	Not applicable	Provision(s) regarding termination by the franchisee are subject to state law.
e.	Termination by BHHS without cause	Not applicable	-----
f.	Termination by you with cause	Article XII	Franchisee has the right to terminate the franchise relationship should Franchisor fail to perform its duties.
g.	Termination by BHHS with cause	Paragraphs 11.02 and 11.03	BHHS can terminate your Franchise Agreement if you default.
h.	"Cause" defined – curable defaults	Paragraph 11.03	Subject to state law, depending on the violation, you have 24 hours, 14 days, 30 or 90 days to cure.

	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
i.	"Cause" defined – non-curable defaults	Paragraph 11.02	Non-curable defaults: abandonment; insolvency (to the extent permitted by law); inaccurate reporting of Gross Revenue; transfer of Service Marks without consent; suspension of real estate license; default twice within 12 months for same or similar breach; refusal to permit audit of financial records; failure for two consecutive anniversary years after first anniversary year to achieve Gross Revenue sufficient to generate a total Continuing Royalty of \$15,000; any activity in violation of Article VII of the Franchise Agreement that would not permit a complete cure or remedy of any damage caused by such violation; violation of trust account rules and regulations; material violations of laws applicable to real estate brokerage and related activities.
j.	Your obligations on termination / non-renewal	Paragraph 13.01	Obligations include complete de-identification and payment of all amounts due, return of all BHHS materials.
k.	Assignment of contract by BHHS	Paragraph 10.01	BHHS can assign the Franchise Agreement to a financially responsible party who assumes BHHS' obligations.
l.	Transfer by you – defined	Paragraph 10.02	Includes transfer of contract or assets or ownership change.
m.	BHHS approval of transfer by you	Paragraph 10.02	Except for special cases, BHHS has the right to approve all transfers but cannot unreasonably withhold approval.
n.	Conditions for BHHS approval of transfer	Paragraph 10.02	New franchisee qualifies, Transfer Fee paid, purchase agreement approved, and current agreement signed by new franchisee.
o.	BHHS right of first refusal to acquire your business	Paragraph 10.03	BHHS can match any offer for the franchised business, or any interest in the franchised business.
p.	BHHS' option to purchase your business	Not applicable	-----
q.	Death or disability of you	Paragraph 10.02	Passes through your estate, subject to certain conditions.

	<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
r.	Non-competition covenants during the term of the franchise	Paragraph 9.12	You must have no other real estate brokerage business or activities.
s.	Non-competition covenants after the franchise is terminated or expires	Not applicable	-----
t.	Modification of the agreement	Paragraph 15.02	Only in writing signed by all parties, or upon notice, BHHS may reduce the scope of your obligations without your consent. The Operations Manual and Guidelines Manual are subject to change by us without prior notice.
u.	Integration / merger clause	Paragraph 15.02	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.
v.	Dispute resolution by arbitration or mediation	Article XII	Except for certain claims, all disputes must be arbitrated in Orange County, California, except where state law provides to the contrary. Either party may require non-binding mediation. Mediation will be conducted in Orange County, California, or, at our option, in the county where your principal place of business is located.
w.	Choice of forum	Paragraph 12.06	All disputes must be heard in Orange County, California, subject to state law to the contrary. You waive the right to trial before a jury.
x.	Choice of law	Paragraph 15.01	Delaware law applies, subject to state law to the contrary.



**ITEM 18**

**PUBLIC FIGURES**

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

## ITEM 19

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised BHHS Brokerages. 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 BHHS Brokerage, however, we may provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting David S. Beard, General Counsel, at 18500 Von Karman Avenue, Suite 400, Irvine, California, 92612, [legal@hsfranchise.com](mailto:legal@hsfranchise.com) and/or (949)-794-7900, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**  
**Systemwide Outlet Summary**  
**For Years 2020 to 2022**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at Start of the Year</b>	<b>Column 4 Outlets at End of the Year</b>	<b>Column 5 Net Change</b>
USA Franchised	2020	257	253	-4
	2021	253	249	-
	2022	249	256	+7
USA Company-Owned	2020	16	16	0
	2021	16	20	+4
	2022	20	20	0
International Franchised	2020	6	10	+4
	2021	10	16	+6
	2022	16	17	+1
Total Outlets	2020	279	279	-0
	2021	279	285	+6
	2022	285	293	+8

**TABLE NO. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(other than the Franchisor)**  
**For Years 2020 to 2022**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
<b>Delaware</b>	2020	0
	2021	0
	2022	1
<b>Florida</b>	2020	0
	2021	0
	2022	1
<b>Kentucky</b>	2020	0
	2021	1
	2022	0
<b>Montana</b>	2020	0
	2021	1
	2022	0
<b>North Carolina</b>	2020	1
	2021	0
	2022	0
<b>Tennessee</b>	2020	0
	2021	0
	2022	1
<b>Total</b>	2020	<b>1</b>
	2021	<b>2</b>
	2022	<b>3</b>

**TABLE NO. 3**  
**Status of Franchised Outlets**  
**For Years 2020 to 2022**

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	*Outlets at Start of Year	New Outlets	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of Year
Alabama	2020	5	0	1	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Alaska	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Arkansas	2020	2	0	0	0	0	0	2
	2021	2	0	0	1	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	30	1	0	0	0	1	30
	2021	30	0	1	1	0	1	27
	2022	27	2	1	0	0	0	28
Colorado	2020	8	1	0	0	0	0	9
	2021	9	1	0	0	0	1	9
	2022	9	0	0	0	0	1	8
Delaware	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Florida	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Georgia	2020	11	0	1	0	0	1	9
	2021	9	0	0	0	1	0	8
	2022	8	1	0	0	0	1	8
Hawaii	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	2	0	0	0	0	6
Idaho	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Illinois	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Indiana	2020	10	0	0	0	0	1	9
	2021	9	0	0	0	0	2	7
	2022	7	1	0	0	0	1	7
Iowa	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	1	3
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	*Outlets at Start of Year	New Outlets	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of Year
Kentucky	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Louisiana	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	1	0	0	0	4
Maine	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	2	0	1	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	2	0
Massachusetts	2020	11	0	0	0	0	1	10
	2021	10	0	0	0	0	0	10
	2022	10	1	0	0	0	0	11
Michigan	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	1	0	0	0	2	7
Minnesota	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Mississippi	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	1	3
	2022	3	1	0	0	0	0	4
Missouri	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	1	0	7
	2022	7	0	0	0	0	0	7
Montana	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nevada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	1	0	0
	2022	0	0	0	0	0	0	0
New Hampshire	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	12	0	0	0	0	0	12
	2021	12	0	0	0	0	0	12
	2022	12	1	1	0	0	1	11
New Mexico	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
New York	2020	9	1	0	0	0	0	10
	2021	10	1	0	0	1	0	10
	2022	10	1	1	0	0	0	10

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	*Outlets at Start of Year	New Outlets	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of Year
North Carolina	2020	8	1	0	0	0	0	9
	2021	9	1	0	0	0	0	10
	2022	10	2	0	0	0	0	12
North Dakota	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Ohio	2020	11	1	0	0	0	1	11
	2021	11	1	0	0	0	1	11
	2022	11	1	0	0	0	0	12
Oklahoma	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Rhode Island	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
	2022	13	1	0	0	0	0	14
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Dakota	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	2	0	0	0	1	11
Tennessee	2020	7	0	0	0	0	0	7
	2021	7	1	0	0	0	0	8
	2022	8	1	0	0	0	0	9
Texas	2020	19	1	1	0	0	0	19
	2021	19	0	0	0	0	0	19
	2022	19	1	0	0	0	2	18
Utah	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Vermont	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Virginia	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	1	8
	2022	8	0	0	0	0	0	8
Washington	2020	9	0	0	1	0	0	8
	2021	8	2	0	0	0	0	10
	2022	10	1	0	0	0	0	11
West Virginia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Wisconsin	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
	Year	*Outlets at Start of Year	New Outlets	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of Year
Wyoming	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
USA TOTAL	2020	257	8	5	1	0	6	253
	2021	253	11	1	2	4	8	249
	2022	249	24	4	0	0	13	256

#### INTERNATIONAL FRANCHISEES

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
International	Year	*Outlets at Start of Year	New Outlets	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of Year
Aruba	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Bahamas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Canada	2020	0	2	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Germany	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
Great Britain	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Greece	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
India	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Italy	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Mexico	2020	0	2	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Portugal	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Spain	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1



<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>	<b>Column 6</b>	<b>Column 7</b>	<b>Column 8</b>	<b>Column 9</b>
<b>International</b>	<b>Year</b>	<b>*Outlets at Start of Year</b>	<b>New Outlets</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations -Other Reasons</b>	<b>Outlets at End of Year</b>
United Arab Emirates	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
<b>INTERNATIONAL TOTAL</b>	<b>2019</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>
	<b>2020</b>	<b>10</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>
	<b>2022</b>	<b>10</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>

\*Each outlet represents an individual Franchisee. Many Franchisees operate more than one office location pursuant to their single franchise agreement with us.

**TABLE NO. 4**  
**Status of Company-Owned Outlets**  
**For Years 2020 to 2022**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>	<b>Column 6</b>	<b>Column 7</b>	<b>Column 8</b>
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of Year</b>
California	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Connecticut	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Florida	2020	3	0	0	0	0	3
	2021	3	0	1	0	0	4
	2022	4	0	0	0	0	4
Georgia	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Iowa	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Illinois	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Kansas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Missouri	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	0	0	0	0	0	1
Nebraska	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Nevada	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	0	0	0	0	0	1
New York	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	0	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>	<b>Column 6</b>	<b>Column 7</b>	<b>Column 8</b>
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of Year</b>
Oregon	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Pennsylvania	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Washington	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Wisconsin	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<b>Total</b>	<b>2020</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>
	<b>2021</b>	<b>16</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>20</b>
	<b>2022</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>

**TABLE NO. 5**  
**Projected Openings**  
**As of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Alaska	0	0	0
Arizona	0	1	0
Arkansas	0	1	0
California	0	2	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	1	0
Georgia	0	1	0
Hawaii	0	0	0
Idaho	0	1	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	1	0
Louisiana	0	1	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	2	0
Minnesota	0	0	0
Mississippi	0	1	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	1	0
New Mexico	0	0	0
New York	0	1	0
North Carolina	0	1	0
North Dakota	0	1	0
Ohio	0	0	0
Oklahoma	0	2	0
Oregon	0	1	0

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	1	0
South Dakota	0	0	0
Tennessee	0	1	0
Texas	0	2	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	1	0
Washington	0	0	0
West Virginia	0	2	0
Wisconsin	0	0	0
Wyoming	0	1	0
<b>Total</b>	<b>0</b>	<b>29</b>	<b>0</b>

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

Since the inception of our franchise network, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as franchisees in our system.

## ITEM 21

### **FINANCIAL STATEMENTS**

The following audited financial statements of our parent, HSF Affiliates LLC, are included in this disclosure document as part of Exhibit C: (i) consolidated balance sheets of HSF for December 31, 2022 and 2021 and (ii) the related consolidated statements of operations, changes in members' capital and cash flows for the years ended December 31, 2022, 2021 and 2020, together with the independent auditors' report thereon. Also included in Exhibit C are an unaudited consolidated balance sheet of HSF as of October 31, 2023 and unaudited consolidated statements of operations and member's capital for the ten months ended October 31, 2023\*. Our parent, HSF Affiliates LLC, has guaranteed our performance with you. A copy of the Guarantee of Performance is included as Exhibit J.

\* All of the data presented related to October 31, 2023 has been prepared by and is the responsibility of management. This information has not been audited, reviewed or compiled by an independent accountant and they do not express an opinion or any other form of assurance with respect to any of such data.

## ITEM 22

### CONTRACTS

Attached are copies of the following agreements proposed for use in this state:

Exhibit A: Franchise Agreement  
Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee

Exhibit A: Franchise Agreement  
Following Exhibit C of the Franchise Agreement: Additional Location Addendum, Additional Restricted Purpose Location Addendum (Administrative Office), Additional Restricted Purpose Location Addendum (Service Center), Additional Restricted Purpose Location Addendum (Kiosk), Additional Restricted Purpose Location Addendum (Subdivision Sales Office) Residential Protected Territory Amendment to Franchise Agreement, and Optional Orion Commercial Resource Tier II – Subscription Agreement.

Exhibit F: Proposed Form of Franchise Term Note

## **ITEM 23**

### **RECEIPT**

Copies of the Receipt are attached to the end of this disclosure document, following the Exhibits. Please sign the Receipt, date it the date you receive the disclosure document and return it to Berkshire Hathaway HomeServices, 18500 Von Karman Avenue, Suite 400, Irvine, California 92612. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the Receipt is attached for your records.

### **STATE EFFECTIVE DATE PAGE**

The state cover page can be found directly before Item 23 Receipt.



EXHIBIT A  
**FRANCHISE AGREEMENT**



**BERKSHIRE  
HATHAWAY**  
HOMESERVICES

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**BERKSHIRE HATHAWAY HOMESERVICES  
REAL ESTATE BROKERAGE FRANCHISE AGREEMENT**

This Franchise Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_, 201\_ and effective \_\_\_\_\_ (the “Effective Date”), by and between BHH Affiliates, LLC, a Delaware limited liability company (“Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (Corporation, Limited Liability Company, Partnership, Individual) proposing to do business in the State of \_\_\_\_\_ as Berkshire Hathaway HomeServices \_\_\_\_\_ (“Franchisee”).

THE PARTIES AGREE:

**I. NATURE AND SCOPE OF AGREEMENT**

Franchisor has developed and intends to engage in the ongoing development and operation of a “System” (as defined in Article II hereof) under certain “Service Marks” (as defined in Article II hereof) operated in accordance with the provisions of this Agreement and Franchisor’s “Operations Manual” (as defined in Article II hereof), as amended from time to time.

Franchisor is a wholly owned operating subsidiary of HSF Affiliates LLC. HomeServices of America, Inc. (“HomeServices”) and its affiliated entities are the owners of the Service Marks and all rights in respect thereof. Pursuant to a Trademark License Agreement between HSF Affiliates LLC and HomeServices, Franchisor has been authorized to use, and to license others to use, the Service Marks.

Franchisor is engaged in the administration and development of programs for the operation of real estate brokerage businesses utilizing the Service Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and/or HomeServices. Franchisor’s activities in general, and its real estate brokerage programs in particular, are undertaken to develop, maintain and enhance the Service Marks and Franchisor’s reputation for total service in all fields of real estate brokerage and related services throughout the United States.

Franchisee desires to be franchised and licensed by the Franchisor to participate in and use the System, Service Marks and goodwill of Franchisor to conduct the “Franchised Business” (as defined in Article II hereof) in the manner described in this Agreement. Franchisor is willing to grant to the Franchisee said Franchise and license, in accordance with the provisions of this Agreement and the Operations Manual, for the term set forth below.

Franchisee acknowledges that in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must take into account the needs of the Network (as defined in Article II), the effect upon the Network as a whole, and the need to protect the Service Marks for the benefit of the Network.

## II. DEFINITIONS

The following terms shall have the following meanings when they appear capitalized in this Agreement.

**Abandoned.** With respect to any “Location”, the term “Abandoned” shall mean closure of a Location for a period of seven (7) consecutive days without Franchisor’s prior written consent. A repeated pattern of closures of a Location for periods of less than seven (7) consecutive days may result in the Location being deemed Abandoned if in the sole judgment of Franchisor such closure adversely impacts the Franchised Business. A Location shall not be deemed Abandoned if the closure is due to “acts of God” or other matters beyond the reasonable control of Franchisee (e.g., act of war, labor strike, terrorist threat, earthquake, hurricane, etc.; other than Franchisee’s inability to procure money), provided that Franchisee gives notice of any such closure to Franchisor within ten (10) days after the initial occurrence of the event resulting in such closure and Franchisor acknowledges in writing that such closure is due to one of the foregoing causes (subject to its reasonable discretion) and provided further that Franchisee shall re-establish the Franchised Business and be fully operational in such Location or another Location approved by Franchisor within one hundred twenty (120) days after the initial occurrence of the event resulting in such closure or such longer period as Franchisor may permit.

**Acting as a Real Estate Broker.** The term “Acting as a Real Estate Broker” shall mean all acts that are required under applicable state law to be performed by a licensed real estate broker or a licensed real estate salesperson, and shall also mean, without limitation, the business of listing, offering, selling, exchanging, managing, auctioning, leasing or renting of real estate; representing sellers, purchasers, lessors or renters of real estate in exchange for a fee, commission, or other compensation; or the providing of marketing or consulting services or other fee generating activities with respect to such activities.

**Additional Location.** The term “Additional Location” shall mean any Location opened pursuant to the terms of this Agreement subsequent to the Effective Date.

**Additional Location Fee.** The term “Additional Location Fee” is defined in subparagraph 5.01(b) hereof.

**Additional Restricted Purpose Location.** The term “Additional Restricted Purpose Location” shall mean a Restricted Purpose Location opened pursuant to the terms of this Agreement subsequent to the Effective Date.

**Administrative Office.** The term “Administrative Office” shall mean an office used by the Franchised Business for purely administrative purposes and the housing of relocation administration personnel only. No use of the Service Marks are permitted except as set forth in the Operations Manual.

**Franchise Integration Process.** The term “Franchise Integration Process” shall mean training in the System provided by Franchisor, as described in paragraph 8.01 hereof.

**Anniversary Year.** The term “Anniversary Year” shall mean the 12-month period between the first anniversary of the Effective Date and second anniversary thereof and between each succeeding anniversary.

**Approved Broker Management System.** The term “Approved Broker Management System” is defined in subparagraph 9.02(a) hereof.

**Assumed Name.** The term “Assumed Name” shall mean the name (or, with Franchisor’s consent, names) under which the Franchisee shall conduct the Franchised Business and shall be a combination of (a) those Service Marks set forth in the Operations Manual to be used in the Assumed Name and (b) a name (or, with Franchisor’s consent, names) selected by Franchisee and approved by Franchisor.

**Commercial Property.** The term “Commercial Property” shall mean all real property other than real property on which residential structures containing four dwelling units or less are located, or are intended to be located.

**Consumer Price Index.** The term “Consumer Price Index” shall mean the annual average of the Consumer Price Index for All Urban Consumers, Service Group Only (1982-84 = 100), published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index (as determined by Franchisor) if these figures become unavailable).

**Contact Person.** The term “Contact Person” shall mean the officer(s), employee(s), member(s), manager(s), principal(s) or other agent(s) of Franchisee designated by Franchisee as the person(s) responsible for those functions set forth in Paragraph 9.07 hereof.

**Continuing Royalty.** The term “Continuing Royalty” shall mean the continuing royalty described in subparagraph 5.02(a) hereof.

**Control.** The term “Control” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

**Depository Checking Account.** The term “Depository Checking Account” shall mean any and all accounts opened and maintained by Franchisee as required pursuant to paragraph 9.03 hereof, and as further defined in the Operations Manual, at a bank or other financial institution that is a participating member of the Automated Clearinghouse (“ACH”) network or such other network or system as may be directed by Franchisor.

**Designated Equity Holder.** The term “Designated Equity Holder” is defined in subparagraph 10.02(b) hereof.

**Equity Holder.** The term “Equity Holder” is defined in subparagraph 10.02(h) hereof.

**Equity Interest.** The term “equity interest” is defined in subparagraph 10.02(h) hereof (and is not capitalized herein.)



**First Anniversary Year.** The term “First Anniversary Year” shall mean the 12-month period following the Effective Date.

**Franchised Business.** The term “Franchised Business” shall mean Acting as a Real Estate Broker from Locations and Restricted Purpose Locations utilizing the Service Marks, as permitted, except as provided hereinafter or in the Operations Manual. The Franchised Business shall not include:

(a) Acting as a Real Estate Broker with respect to a transaction involving Commercial Property having a gross listing or sales price that exceeds \$25,000,000, which may only be done with Franchisor’s prior written consent. In its sole discretion, Franchisor reserves the right to increase the foregoing \$25,000,000 limit or consent to individual transactions in excess thereof utilizing the Service Marks, and if Franchisor consents thereto, the transaction will be deemed to be within the scope of the Franchised Business (with respect to permitted commercial transactions, Franchisor sets forth in its Operations Manual criteria for Commercial Property leases, exchanges and similar transactions and may impose additional conditions on Acting as a Real Estate Broker with respect to Commercial Property);

(b) engaging in any business related to the development or sale of insurance or insurance related products;

(c) brokerage of certain business opportunities as set forth in the Operations Manual;

(d) any brokerage of timeshare interests, regardless of whether such timeshare interests are categorized as deeded (involving an interest in the underlying real property) or a right to use (non-deeded); or

(e) mortgage brokerage and mortgage origination.

**General Manager.** The term “General Manager” shall mean the officer, employee, member, manager, principal or other agent of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation of the Franchised Business and who has successfully completed the “Franchise Integration Training” (if required pursuant to paragraph 8.01 hereof).

**Gross Revenues.** The term “Gross Revenues” shall mean all money or things of value received or receivable (“receivable” shall mean earned though not yet received) directly or indirectly by Franchisee constituting payment for or on account of the Franchised Business, including, without limitation, commissions, the Annual Referral Channel Development Fee, or other things of value, without deducting Franchisee’s costs or expenses, multiple listing fees, commissions, salaries, overrides or bonuses payable to its salespersons or employees. Notwithstanding the foregoing, Gross Revenues shall not include money or things of value received or receivable solely for Residential Property Management Activities.

**Initial Franchise Fee.** The term “Initial Franchise Fee” is defined in subparagraph 5.01(a) hereof.

**Location.** The term “Location” shall mean the business premises from which Franchisee conducts the Franchised Business under the Service Marks, regardless of size or number of sales

professionals. Locations shall include Additional Locations, but shall not include Restricted Purpose Locations.

**Location Manager.** The term “Location Manager” shall mean the officer, employee, member, manager, principal or other agent of Franchisee designated by Franchisee as the person responsible for the day-to-day operation of a Location and who has successfully completed the Franchise Integration Training (if required pursuant to paragraph 8.01 hereof).

**Marketing Fee.** The term “Marketing Fee” shall mean the fee or fees described in subparagraph 5.03(a) hereof.

**Materials.** The term “Materials” shall mean all forms, contracts, agreements, signs, displays, stationery and other items permitted or required by Franchisor to be used in the operation of the Franchised Business.

**Network.** The term “Network” shall mean the businesses of Franchisor and its franchisees, and Franchisor’s current and prospective relationships with its franchisees, its affiliates and the real estate community.

**Operations Manual.** The term “Operations Manual” shall mean the manual or manuals (including the Brand Guidelines and other manuals regardless of title) containing policies and procedures to be adhered to by Franchisee in performing under this Agreement, which Operations Manual shall include all amendments and supplements thereto provided to Franchisee from time to time.

**Original Locations.** The term “Original Locations” shall mean the Locations that are listed in Exhibit ”B” hereto. (Exhibit “B” may also list Restricted Purpose Location(s).)

**Annual Referral Channel Development Fee.** The term “Annual Referral Channel Development Fee” is defined in subparagraph 5.04 hereof.

**Residential Property Management Activities.** The term “Residential Property Management Activities” shall mean the business of managing real estate on which is located, or intended to be located, residential structures containing four dwelling units or less in exchange for a fee or other compensation. Residential Property Management Activities shall not include any services related to leasing or renting real estate for a period of more than 60 days, or selling real estate of any kind.

**Responsible Agent or Broker.** The term “Responsible Agent or Broker” shall mean the person designated by Franchisee as its authorized representative for purposes of coordinating the relations between Franchisor and Franchisee.

**Restricted Purpose Location.** The term “Restricted Purpose Location” shall include Administrative Offices, Subdivision Sales Offices, Service Centers or an information kiosk.

**Restricted Purpose Location Fee.** The term “Restricted Purpose Location Fee” is defined in subparagraph 5.01(c) hereof.

**Sales Professional Orientation.** The term “Sales Professional Orientation” shall mean the introduction of Franchisee’s sales professionals to Franchisor’s System and the Network.

**Sales Convention.** The term “Sales Convention” shall mean the conference described in paragraph 8.04 hereof.

**Service Center.** The term “Service Center” shall mean an office equipped by the Franchised Business purely for the convenience of its sales professionals as set forth in the Operations Manual. No use of the Service Marks is permitted except as set forth in the Operations Manual.

**Service Marks.** The term “Service Marks” shall mean those proprietary marks registered with the United States Patent and Trademark Office and certain states, as well as all common law trademarks and service marks, trade names, logo types, insignias, designs and other commercial symbols that Franchisor now or hereafter is authorized to use and does use or authorizes others to use to identify the Franchised Business.

**Subdivision Sales Office.** The term “Subdivision Sales Office” shall mean a temporary tract sales office within or immediately adjacent to a new homes subdivision or development operated for the sole purpose of selling property in said subdivision or development.

**System.** The term “System” shall mean a comprehensive marketing and operational system prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Operations Manual, as amended from time to time. The System shall include, among other things, the Service Marks and certain advertising, marketing and sales programs and techniques, referral network, training programs and materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that Franchisor makes available to Franchisee. Franchisor, in its sole discretion, may improve and/or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System, establishing categories or classifications of franchisees and amending the Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials, or local marketing needs and conditions; enhancing the reputation or public acceptance of the System and/or the Network; and/or better serving the public.

**Threshold.** The term “Threshold” is defined in subparagraph 5.02(b) hereof.

**Transfer.** The term “Transfer” shall mean to sell, assign, transfer, convey, pledge, mortgage, encumber, abandon, eliminate or give away, voluntarily or involuntarily, by operation of law or otherwise.

### **III. THE FRANCHISED BUSINESS**

#### **3.01 Grant of Franchise**

Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a non-exclusive license and franchise to participate in and use the System by conducting the Franchised Business at the Locations and Restricted Purpose Locations described in Exhibit “B”, or in any amendments

hereto, and such Additional Locations and Additional Restricted Purpose Locations as may be approved in strict accordance with this Agreement and the Operations Manual, from the time after commencement of the Franchised Business until the end of the term hereof (“Franchise”). The Franchise applies only to Franchisee’s Locations and Restricted Purpose Locations duly approved by Franchisor in accordance with this Agreement and no other places of business, offices, or types of business. Franchisee acknowledges that Franchisor has granted and may in the future operate and/or grant other licenses and franchises for real estate brokerage businesses and acknowledges that there is no assurance of any kind that any Additional Locations or Additional Restricted Purpose Locations will be available or approved. Franchisee shall retain the right to conduct businesses and perform services other than the Franchised Business without payment of Continuing Royalty or Marketing Fees measured by revenues derived therefrom, but subject to the restrictions on Acting as a Real Estate Broker in any other real estate brokerage business under paragraph 9.12 hereof, and subject to all other applicable provisions of this Agreement and the Operations Manual; PROVIDED, HOWEVER, FRANCHISEE SHALL NOT USE THE SERVICE MARKS (AS DEFINED HEREIN), OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH SUCH BUSINESSES OR SERVICES WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF THE PRESIDENT OR OTHER EXECUTIVE OFFICER OF FRANCHISOR, WHICH PERMISSION, IF GRANTED, SHALL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS.

### **3.02 No Exclusive Territory**

NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO GRANT FRANCHISEE ANY TYPE OF EXCLUSIVE OR PROTECTED TERRITORY. FRANCHISOR MAY OWN, OPERATE, FRANCHISE OR LICENSE OR IN ANY OTHER MANNER AUTHORIZE THE LOCATION AND OPERATION OF OTHER REAL ESTATE BROKERAGE BUSINESSES AT ANY LOCATION WHATSOEVER, AND NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO LIMIT, CONTROL, OR PREVENT SUCH RIGHT. Franchisee acknowledges that in the exercise of the rights expressly reserved to Franchisor under this Franchise Agreement, it is likely that Franchisor will open, or authorize others to open, additional real estate brokerage office locations with respect to which Franchisee has no right or interest; that such market development is an integral part of the marketing concept underlying Franchisor’s business and the development of the Network.

### **3.03 Reserved Rights**

This Franchise Agreement authorizes the operation of specific real estate brokerage office locations utilizing the System within the framework of rights and obligations established by the terms of this Franchise Agreement including, in particular, the provisions of this Franchise Agreement defining and limiting the rights granted to Franchisee and the rights retained by and/or reserved to Franchisor. Nothing contained herein shall accord Franchisee any right, title or interest in or to the Service Marks, the System, operational techniques, service concepts, proprietary information or goodwill of Franchisor, except to the extent that the right to use such proprietary rights has been specifically granted hereunder.

Franchisee acknowledges and agrees that Franchisor, HSF Affiliates LLC and HomeServices, and any present or future affiliates of either, are now, or may in the future be, engaged in a wide variety of business activities, some of which may now or in the future be located near a Location, Restricted Purpose Location, Additional Location or Additional Restricted Purpose Location or within the same marketing areas serviced by the Franchised Business. Without limitation such activities may include the acquisition, sale, financing and/or operation of improved or unimproved real property, and offering consumers and/or businesses, products and services in connection with such transactions. Franchisor reserves the right to engage in any activities for the purpose of attracting customers and business directly to Franchisor, HSF Affiliates LLC, HomeServices and any present or future affiliates of either, and Franchisee further acknowledges that such activities may be competitive with Franchisee's real estate brokerage offices, by reason of location, marketing areas, potential customers or other factors.

NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO RESTRICT IN ANY WAY THE RIGHT OF FRANCHISOR, HSF AFFILIATES LLC, HOMESERVICES OR ANY OF THEIR AFFILIATED ENTITIES, NOW OR IN THE FUTURE, TO ENGAGE IN ANY BUSINESS ACTIVITIES WHATSOEVER, WITHOUT LIMITATION AS TO LOCATION; TO EXERCISE ALL RIGHTS AND REMEDIES TO PROTECT OR ENFORCE THEIR RESPECTIVE INTERESTS IN THE SERVICE MARKS; AND TO USE SUCH MARKS AND OTHER PROPRIETARY RIGHTS IN ITS OTHER BUSINESS ACTIVITIES WITHOUT LIMITATION. Franchisee acknowledges that there are numerous economic, demographic, competitive and other market factors that may change the character and extent of customer demand for the services of real estate brokerage offices authorized hereunder. The economic effects of all the foregoing are understood by Franchisee to be elements of the business risk accepted by Franchisee in the operation of real estate brokerage offices under this Franchise Agreement. Franchisor shall not be liable to Franchisee for any damages or loss of sales or profits (if any) based on actual or anticipated adverse consequences to Franchisee that may result from Franchisor's continuing activities in the development of the System or other exercise of Franchisor's reserved rights.

Franchisee acknowledges that commercial and residential activities represent separate markets, business opportunities and activities. Franchisor reserves the right to establish and operate a separate franchise network for commercial real estate brokerage. If Franchisor elects to operate a separate franchise network for commercial real estate brokerage, Franchisor will evaluate commercial and residential activities separately in the operation of the System, placement of offices, and granting of franchises. This may result in Franchisor granting separate residential and commercial franchises within a specific geographic market area.

For the sake of clarity, all rights not specifically granted to Franchisee herein are reserved by Franchisor, and Franchisee covenants, accepts and agrees that (a) Franchisor may exercise all such reserved rights without notice to Franchisee, and (b) Franchisee shall not take any action, including, without limitation, asserting any cause of action in a court of law or equity, which may interfere with the exercise of any rights of Franchisor.

### **3.04 Insurance Business**

Franchisee shall not during the term hereof, operate, manage, own, assist or hold an interest, direct or indirect (as an employee, officer, director, shareholder, member, manager, partner, joint venture or otherwise), in any business related to the development or sale of insurance or insurance related products, without the express prior written consent of Franchisor, which consent may be granted or denied in Franchisor's sole discretion. Further, neither Franchisee nor any of its directors, officers, employees, members, managers, shareholders or principals shall refer insurance business to any entity without the express prior written consent of Franchisor. Such consents shall be conditioned on the continuing compliance by the Franchisee, its directors, officers, employees, members, managers, shareholders and principals, and the party to whom insurance referrals are made, with the Franchisor's insurance sales practice guidelines as they exist now or hereafter may be amended. This paragraph 3.04 shall apply, without limitation, to each equity holder directly or indirectly owning ten percent or more of the equity interest in Franchisee.

### **3.05 Area and Scope of Operation**

Franchisee shall only operate its Franchised Business from its Locations and Restricted Purpose Locations, in each case subject to approval by Franchisor in its sole discretion. Franchisee shall (a) use its best efforts to diligently and effectively promote, market and engage in the Franchised Business, (b) develop, using best efforts, the potential for the Franchised Business from each of Franchisee's Locations and Restricted Purpose Locations, as permitted, and (c) devote and focus all of its attentions and efforts to such promotion and development; provided that Franchisee shall not seek to promote and develop the Franchised Business outside the geographic areas serviced by its Locations and Restricted Purpose Locations, as permitted, as determined by Franchisor from time to time in its sole judgment. Franchisor reserves the right to designate one or more effective service areas ("ESAs") to define the geographic area served by Franchisee using such criteria as determined by Franchisor from time to time. ESAs may be assigned to more than one franchisee of Franchisor at the same time and do not give Franchisee any exclusivity rights or protected territory rights.

Franchisee shall only make referrals from the geographic areas serviced by Franchisee's Locations and Restricted Use Locations as determined by Franchisor from time to time in its sole judgment and shall not seek to develop referrals originating outside such areas for properties located outside such areas. Franchisor may, at its sole discretion, grant waivers with respect to this provision. Any waiver of rights hereunder shall be evidenced only by a writing signed by an authorized officer of Franchisor.

## **IV. LOCATION OF BUSINESS**

### **4.01 The Original Locations**

Subject to paragraphs 4.02 and 4.03 hereof, the Franchised Business shall only be operated from the Original Locations and Restricted Purpose Locations listed in Exhibit "B", and any amendments hereto (including the address and telephone number for each Original Location and

Restricted Purpose Location) and any Additional Locations and Additional Restricted Purpose Locations.

#### **4.02 Permission to Close or Relocate**

If Franchisee determines that it is necessary or in the best interests of Franchisee to close one or more, but not all of its Locations, or to relocate an office Location, it must first request and obtain Franchisor's written consent. The following procedures set forth the means for Franchisee to apply for Franchisor's consent:

(a) Not less than thirty (30) days prior to the desired date of closing or relocation (unless prior notice is impractical because of a required closing or relocation in which event notice shall be made as soon as possible), Franchisee must make a written request for consent to close or relocate, describing the reasons for the closing or relocation and providing details respecting any proposed new location as shall be specified in the Operations Manual.

(b) Within thirty (30) days after receiving Franchisee's request, Franchisor shall either approve or disapprove in writing such closure or relocation in its sole discretion. If Franchisor does not approve the request within thirty (30) days, the request shall be deemed not approved. In the event of disapproval of a relocation, Franchisee may request an alternative proposed new location pursuant to the provisions of this paragraph 4.02.

If Franchisor consents to the closing of a Location and, in connection therewith, Franchisee is thereafter permitted to open an Additional Location within the 24 months following the closing date, then Franchisor shall waive the Additional Location Fee otherwise required under paragraph 5.01 hereof.

#### **4.03 Additional Locations**

If Franchisor, in its sole discretion, determines that there is an appropriate opportunity for Franchisee to open an Additional Location at a place or places adjacent to or reasonably proximate to the Locations or Restricted Purpose Locations then being operated by Franchisee, Franchisor may, but is not obligated to, grant to Franchisee the right to open one or more Additional Locations, provided Franchisee shall not then, or at any time thereafter prior to the opening of such Additional Locations, be in default of any of its obligations arising pursuant to this Agreement.

If Franchisee desires to open an Additional Location or Additional Restricted Purpose Location, it shall first submit to Franchisor a written request for approval of each proposed Additional Location or Additional Restricted Purpose Location, containing such information as shall be specified in the Operations Manual. Within thirty (30) days after receiving such request, Franchisor shall approve or disapprove such Additional Location or Additional Restricted Purpose Location. If Franchisor does not approve the request within thirty (30) days, the Additional Location or Additional Restricted Purpose Location shall be deemed not approved. If Franchisor approves, upon Franchisee's payment of the required fee (if any) specified in subparagraph 5.01(b) below, said Additional Location or Additional Restricted Purpose Location shall be effective as of the date approved by Franchisor for Franchisee to commence the Franchised Business at such Additional Location or Additional Restricted Purpose Location.

If Franchisee wishes to ascertain current information as to whether there may be an appropriate opportunity for a particular Additional Location or Additional Restricted Purpose Location, Franchisee shall submit an inquiry to Franchisor in writing. The response to such inquiry shall set forth Franchisor's views as of the date of the response, but is subject to change and shall not be construed as granting approval of an Additional Location or Additional Restricted Purpose Location or as authorizing any action by the inquiring Franchisee.

Franchisee acknowledges that Franchisor and Franchisee have not had any discussion regarding possible Additional Locations or Additional Restricted Purpose Locations or opportunities to open Additional Locations or Additional Restricted Purpose Locations except as set forth in writing in the Statement of Prospective Franchisee signed by Franchisee in connection with this Agreement.

## **V. PAYMENTS BY FRANCHISEE**

### **5.01 Franchise Fees**

(a) Concurrently upon Franchisee's execution of this Agreement, Franchisee shall pay to Franchisor an "Initial Franchise Fee" comprised of (i) Twenty-Five Thousand Dollars (\$25,000) for its first Location, (ii) Two Thousand Five Hundred Dollars (\$2,500) for each of Franchisee's other Locations and (iii) One Thousand Dollars (\$1,000) for each of Franchisee's Restricted Purpose Locations.

(b) For each Additional Location, Franchisee shall pay to Franchisor an "Additional Location Fee" equal to Two Thousand Five Hundred Dollars (\$2,500).

(c) For each Additional Restricted Purpose Location, Franchisee shall pay an initial "Additional Restricted Purpose Location Fee" equal to One Thousand Dollars (\$1,000).

(d) For purposes of payment of the Initial Franchise Fee described in the preceding subparagraph 5.01(a), a Restricted Purpose Location shall not be deemed an Original Location. However, for purposes of reporting to Franchisor Continuing Royalty payable on transactions as permitted to be conducted from such Restricted Purpose Locations, Gross Revenues attributable to such transactions shall be reported to Franchisor utilizing an Approved Broker Management System as Franchisor may direct.

(e) The Initial Franchise Fee is a non-refundable and fully-earned in consideration of Franchisor's lost or deferred opportunity to enter into a similar agreement with another party(ies), and for Franchisor's administrative and other expenses incurred in granting the Franchise.

### **5.02 Continuing Royalty**

(a) In addition to the Initial Franchise Fee and any other fees payable pursuant to paragraph 5.01, commencing on the Effective Date of this Agreement, Franchisee shall pay to Franchisor a Continuing Royalty equal to percentages of certain Gross Revenues derived from



the Franchised Business during Franchisee’s First and succeeding Anniversary Years, as set forth in the following schedule:

SCHEDULE		
Greater Than	To	Continuing Royalty
\$ 0	\$ 1,650,000	6.00%
1,650,000.00	3,000,000	5.50%
3,000,000.00	5,000,000	4.50%
5,000,000.00	7,500,000	4.00%
7,500,000.00	10,000,000	3.75%
10,000,000.00	15,000,000	3.50%
15,000,000.00	20,000,000	3.00%
20,000,000.00	25,000,000	2.75%
25,000,000.00	50,000,000	2.50%
50,000,000.00	100,000,000	2.25%
100,000,000.00	and greater	2.00%

(b) The Continuing Royalty payable during the First and succeeding Anniversary Years shall be adjusted when certain thresholds (“Thresholds”) are met. The Continuing Royalty percentages will apply only to the Gross Revenues between the two Thresholds set forth next to each percentage in the above Schedule. By way of example only, if Franchisee’s Gross Revenues during an Anniversary Year were \$2,150,000 according to the Schedule, Franchisee would pay 6.00% on the first \$1,650,000 of Gross Revenues (or \$99,000), and 5.50% on the remaining \$500,000 of Gross Revenues (or \$27,500), for a total Continuing Royalty of \$126,500 for such Anniversary Year.

(c) For purposes hereof, Gross Revenues shall be deemed to commence at \$0 on the Effective Date and on the first day of each Anniversary Year thereafter.

(d) In its sole discretion, Franchisor shall have the right to reduce a Threshold and upon not less than 30 days’ prior written notice, to restore the Threshold to an amount that shall not exceed the maximum Thresholds specified in the schedule above, as adjusted annually by the Consumer Price Index.

(e) As further provided pursuant to paragraph 9.02 hereof, beginning on the Effective Date and continuing until the date of expiration or termination of this Agreement, Franchisee shall report to Franchisor’s designated computer system (on a periodic basis as set forth in the Operations Manual) the Gross Revenues earned by Franchisee (i) upon consummation of the sale (notwithstanding that funds have not been exchanged) or close of escrow on all transactions entered into by Franchisee on or after the Effective Date (“entered into” shall be deemed to mean the taking by Franchisee of any action in respect of the transaction that consequently vests in it a right to receive payment) or (ii) upon the conclusion of other services rendered by Franchisee resulting in the generation of Gross Revenues. The Continuing Royalty on such Gross Revenues shall be payable on the business day following the day on which such Gross Revenues are required to be reported pursuant to the Operations Manual. Upon expiration or termination of this Agreement, the Continuing Royalty shall remain payable as to all transactions entered into

or contracts made prior to the date of such expiration or termination, and Franchisee shall continue to maintain the Depository Checking Account described in paragraph 9.03 until such time as all outstanding sums due Franchisor have been collected from the Depository Checking Account by Franchisor. Franchisee shall deposit the Continuing Royalty into the Depository Checking Account immediately when payable under this subparagraph or the following subparagraph hereof. Franchisee's Continuing Royalty shall be paid to Franchisor regardless of the type of consideration received by Franchisee. In circumstances involving non-cash Gross Revenues, the method and timing of payment of Continuing Royalty may be varied in Franchisor's sole discretion and said non-cash Gross Revenues will be valued at its then fair market value (in the case of a promissory note, its then fair market value shall be equal to the stated face value of the note). Franchisor shall have the right, in its sole discretion, to reduce the Continuing Royalty rate.

(f) Notwithstanding the preceding subparagraph, at Franchisee's option, said Continuing Royalty shall not be immediately payable on Gross Revenues not yet received by Franchisee, if payment of all or a portion of the commission earned is deferred pursuant to a written agreement; in which case the Continuing Royalty shall be payable upon the actual receipt directly or indirectly of said commission, or portion thereof, by the Franchisee. For purposes of calculating Continuing Royalty Thresholds (subparagraphs 5.02(a) and (b) hereof), deferred commissions shall be included in Gross Revenues only upon receipt.

(g) No Continuing Royalty shall be payable with respect to commissions or Annual Referral Channel Development Fees arising from transactions subject to a binding written agreement prior to the date hereof. Continuing Royalty shall be payable upon any termination or expiration of this Agreement with respect to commissions or Annual Referral Channel Development Fees receivable in connection with any binding written agreement then in effect. For purposes of this subparagraph, a listing agreement shall not be deemed to be a "binding written agreement".

(h) For each Anniversary Year following the First Anniversary Year, Franchisee's minimum Continuing Royalty will be equal to Fifteen Thousand Dollars (\$15,000). If Franchisee fails to pay the minimum Continuing Royalty in any Anniversary Year, Franchisor shall, following the end of such Anniversary Year, notify Franchisee of the amount by which Franchisee has failed to meet the minimum Continuing Royalty. Franchisee shall pay to Franchisor such amount within thirty (30) days after receipt by Franchisee of such notice.

### **5.03 Marketing Fee**

(a) Franchisee shall pay to Franchisor a monthly Marketing Fee equal to an amount calculated based on Gross Revenues, as set forth in the following table, but not less than \$500 per month.

<b>Gross Revenues From</b>	<b>Gross Revenues To</b>	<b>Marketing Fee</b>
\$0	\$1,000,000	1.00%
\$1,000,000	\$5,000,000	0.75%
\$5,000,000	\$10,000,000	0.50%
\$10,000,000	\$100,000,000	0.25%
\$100,000,000	and greater	0.15%

(b) The Marketing Fee is payable in arrears on the first day of each month and shall be collected by Franchisor from the Depository Checking Account on the fifth business day of the month following the month in which the Gross Revenues upon which the Marketing Fee is based were earned. The Marketing Fee will be calculated as a percentage of the Gross Revenues derived from the Franchised Business during the month for which the Marketing Fees are due. The percentage to be used in the calculation of the monthly Marketing Fee is determined by the cumulative amount of Gross Revenues reported by Franchisee to Franchisor from the most recent anniversary of the Effective Date through the last day of the month for which the Marketing Fee is due. The percentage used will be adjusted when the Thresholds set forth in the table in subparagraph 5.03(a) are reached. By way of example only, if in the current Anniversary Year, Franchisee's to-date Gross Revenues are \$1,050,000, and Franchisee reported \$100,000 in Gross Revenues for the applicable month, then the Marketing Fee for that month would be calculated as the sum of 1.00% of the first \$50,000 of Gross Revenues (or \$500) plus 0.75% of the next \$50,000 of Gross Revenues for the month (or \$375), for a total Marketing Fee of \$875 for that month. Marketing Fees are the property of Franchisor and may be deposited by Franchisor into its general operating account.

(c) On a System-wide basis, Franchisor may impose an additional assessment upon all of its franchisees for special designated advertising, marketing, or promotional activities (so long as such assessment is not in substance merely an increase in the general Marketing Fee referred to in subparagraph 5.03(a) hereof), if System franchisees owning two-thirds of all of its franchised Locations agree to such additional assessment by affirmative vote.

(d) In its sole discretion, Franchisor shall have the right to reduce the Marketing Fee set forth in subparagraph 5.03(a) above and, upon not less than 30 days' prior written notice, to restore said Marketing Fee to an amount that shall not exceed the Marketing Fee specified in subparagraph 5.03(a) above, as adjusted in accordance with the Consumer Price Index.

(e) Franchisor, in its sole discretion, shall expend, for the purposes of international, national, regional or local advertising, cooperative advertising, marketing, market research, public relations, promotional campaigns and other programs designed to promote and enhance the value of the System, the Service Marks and general public recognition and acceptance thereof worldwide, an amount equal to (i) the aggregate Marketing Fees collected from all of its franchisees less (ii) actual administrative expenses with respect to all advertising, market research, public relations and promotional campaigns, which aggregate administrative expenses shall not exceed 15% of the annual aggregate Marketing Fees received or receivable by Franchisor, and Franchisor's actual advertising production costs. Marketing Fees may be used for, and Franchisor's reimbursable administrative expenses may include, expenses incurred for

training, customer service support, and software development and distribution. Franchisor and its affiliates are entitled to reimbursement for expenses incurred or advanced to administer and manage such advertising, marketing, market research, public relations and promotional campaigns, including, but not limited to, the reasonable costs of accounting, collection, and legal services, as well as other products or services which historically have been provided by unaffiliated third parties, and the cost for employees administering, managing and providing services related to such activities. Franchisor is under no obligation to use all Marketing Fee contributions in the year they are received, and any unspent Marketing Fee contributions may be accumulated for use in future years.

(f) No interest on unexpended Marketing Fees shall be imputed for the benefit of, or payable to, Franchisee and no interest on Franchisor expenditures in excess of Marketing Fees collected shall be imputed for the benefit of, or payable to, Franchisor.

(g) Franchisor shall determine the cost, form of media, content, format, production, timing (including international, national, regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns. Franchisor is under no obligation to use or allocate Marketing Fees on a proportional basis. Franchisee acknowledges that expenditures of Marketing Fees are intended to benefit the entire Network, and may not benefit Franchisee directly.

(h) On or before March 31 of each year, Franchisor shall deliver to Franchisee a statement of receipts and expenditures of the aggregate Marketing Fees relating to the preceding calendar year, certified to be correct by an officer of Franchisor.

(i) Franchisor shall have no liability for any act or omission with respect to the collection or use of Marketing Fees that is consistent with this Agreement or is otherwise performed by Franchisor in good faith.

#### **5.04 Referral Channel Development Fee**

Franchisee shall pay to Franchisor an Annual Referral Channel Development Fee of Thirty-Five Dollars (\$35.00) per full-time sales associate and full-time sales associate equivalent; provided that Franchisee's minimum annual fee shall be Seven Hundred Fifty Dollars (\$750.00) and Franchisee's maximum annual fee shall be Seven Thousand Five Hundred Dollars (\$7,500.00). In the event this Agreement is terminated prior to its natural expiration date and Franchisee is in good standing at the time, Franchisor shall refund to Franchisee the appropriate pro-rata share of the annual fee previously paid to Franchisor.

#### **5.05 Late Charge**

All delinquent payments of any sums due Franchisor shall bear interest from the date due until paid at the rate of 12.5% per annum or the highest rate permitted by law, whichever is lower.

#### **5.06 No Accord or Satisfaction**

If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt shall be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

#### **5.07 Taxes Upon Payments to Franchisor**

Should any sales and/or service tax be imposed upon payments made by Franchisee to Franchisor hereunder, Franchisee agrees to pay such amounts to Franchisor.

### **VI. TERM**

#### **6.01 Initial Term**

The initial term of this Agreement shall be \_\_\_\_\_ years from the Effective Date hereof, unless sooner terminated pursuant to the provisions of this Agreement.

#### **6.02 No Renewal Rights**

Franchisee shall have no renewal rights under this Agreement. The tender or acceptance of payments from Franchisee by Franchisor after expiration or termination of this Agreement shall neither prejudice Franchisor's rights to enforce the expiration or termination of Franchisee's obligations upon expiration or termination, nor create any additional rights in Franchisee's favor under this agreement. Following expiration or termination, any continued use of the Service Marks by Franchisee, the Franchised Business, or any of its sales associates will constitute willful and knowing infringement, dilution of Franchisor's trademark rights and unfair competition.

#### **6.03 Notice of Expiration Required by Law**

If applicable law requires that Franchisor give a notice of expiration to Franchisee prior to the expiration of the term, Franchisor will give such required notice. If Franchisor does not give such required notice, this Agreement shall remain in effect on a month-to-month basis only until Franchisee has received such required notice.

### **VII. SERVICE MARKS**

#### **7.01 License**

Franchisor hereby grants to Franchisee the non-exclusive right during the term hereof to use and display the Service Marks in accordance with the provisions contained herein and in the Operations Manual, solely in connection with the operation of the Franchised Business. This license is for use of the Service Marks within the United States of America only. Franchisor's

consent and authorization must be obtained prior to Franchisee's use of the Service Marks in any form whatsoever outside the United States. Franchisee acknowledges that Franchisor prescribes minimum standards respecting the nature and quality of the goods and services provided by Franchisee in connection with which the Service Marks are used. Franchisee agrees to be responsible for and supervise all of its employees and agents in order to ensure the proper use of the Service Marks in compliance with this Agreement. Franchisee shall use the Service Marks solely in connection with the Franchised Business and shall not use or display the Service Marks in connection with the operation of any business, the performance of any other service or the conduct of any real estate or other activity outside the scope of the Franchised Business. The foregoing prohibition shall include, but not be limited to, the use or display of the Service Marks in connection with the brokerage or property management of Commercial Property not included within the definition of the Franchised Business and the rendering of mortgage brokerage, appraisal, financial or insurance services. Franchisee agrees that all of Franchisee's use of the Service Marks under this Agreement inures to the benefit of Franchisor. Nothing herein shall give Franchisee any right, title or interest in or to any of the Service Marks, except a mere privilege and license during the term hereof to display and use the same strictly according to the limitations provided in this Agreement and the Operations Manual. Franchisee agrees that all artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Service Marks that may be created by Franchisee, its employees, agents and subcontractors and any other party with whom it may contract to have such materials produced pursuant to this Agreement shall become the sole property of Franchisor, including copyright and trademark rights, and Franchisee agrees on behalf of itself, its directors, officers, partners, employees, shareholders, managers, members, principals, agents, subcontractors and any other party with whom it may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Service Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee shall consent in writing to the cancellation and shall join in any cancellation petition. The expense of any of the foregoing recording activities shall be borne by Franchisor.

## **7.02 Use of Service Marks in Electronic Commerce**

All use of the Service Marks used in electronic commerce, which includes all forms of electronic or computer communication except traditional television and radio, will be in accordance with the terms of the Operations Manual. Franchisor may require that various types of electronic marketing or advertising utilize a specific template or format. Franchisor shall register, own and control any web site address, domain name, or uniform resource locator (collectively, "Domain Name") containing the Service Marks or any permitted variation thereof which is used by Franchisee in the conduct of the Franchised Business. Franchisee shall not license or register any Domain Name using the Service Marks, any Domain Name using an abbreviation of the Service Marks, or any Domain Name using any mark, images or words that are confusingly similar to any Service Marks. Should Franchisee wish to utilize any Domain Name(s) containing the Service Marks in or for electronic commerce, including Internet or web site addresses, e-mail addresses and domain names, Franchisee must obtain Franchisor's prior written approval of such

Domain Name(s), which approval shall be in Franchisor's sole discretion. Franchisee shall reimburse any costs incurred by Franchisor relating to the initial registration and subsequent maintenance of any Domain Name(s). Franchisee agrees to operate its website(s) in strict accordance with the Franchise Agreement, the Operations Manual, and the Brand Guidelines of Franchisor. The only Service Marks that may be used by Franchisee in Internet or web site addresses, e-mail addresses and domain names for the Franchised Business are "Berkshire Hathaway HomeServices" and any permitted derivation thereof, which must only be used in accordance with the terms of the Brand Guidelines and Operations Manual. These two Service Marks may only be used in Internet or web site addresses, e-mail addresses and domain names for the Franchised Business itself. The Service Marks may not be registered or used by any employees or agents of Franchisee in individual Internet or web site addresses, e-mail addresses and domain names at any time. Franchisee agrees to be responsible for and supervise the creation of any Internet or web site addresses, e-mail addresses and domain names by any of its employees and agents in order to ensure compliance with this prohibition.

### **7.03 Acts in Derogation of the Service Marks**

(a) Franchisee agrees that as between Franchisor and Franchisee, the Service Marks are the exclusive property of Franchisor. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's franchised or licensed use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Service Marks and Franchisor's manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisor and Franchisee, shall remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement. Franchisee acknowledges that the material and information now and hereafter provided and/or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Operations Manual) are confidential trade secrets of Franchisor and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor and the owner of the Service Marks, respectively, expressly reserve all rights with respect to the Service Marks, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Operations Manual. Franchisor shall disclose its trade secrets to Franchisee by loaning to Franchisee for the term of this Agreement manuals and other written materials containing the trade secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement. Franchisee acknowledges that Franchisor is the sole owner of all proprietary information and trade secrets; that such information is being imparted to Franchisee only by reason of its special status as a Franchisee of the System; and that the trade secrets are not generally known to the real estate brokerage industry or public at large and are not known to Franchisee except by reason of such disclosure. Franchisee further acknowledges that it shall acquire no interest in the trade secrets, other than the right to utilize them in the development and operation of the Franchised Business during the term of this Agreement. In addition, Franchisee acknowledges that the use or duplication of the trade secrets except as expressly permitted by this Agreement shall constitute an unfair method of competition and that Franchisor shall suffer irreparable injury thereby. Franchisee agrees that it will not do or permit any act or thing to be done in derogation of any of the rights of Franchisor in connection with the Service Marks, either

during the term of this Agreement or thereafter, and that it will use same only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and its employees and agents will not engage in any acts or conduct that impair the goodwill associated with the Service Marks or reflects poorly on Franchisor.

(b) In connection with the operation of the Franchised Business, Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on its letterheads, business forms, and at the Locations and other authorized business sites, in all of its business dealings related thereto and to the general public, it will identify the Franchised Business under an Assumed Name, or Assumed Names, approved by Franchisor, together with the words “AN INDEPENDENTLY OWNED AND OPERATED FRANCHISEE OF BHH AFFILIATES, LLC”, or such other similar designation as shall hereafter be prescribed by Franchisor, all in such form, size and style as shall be prescribed in the Operations Manual. In its sole discretion, Franchisor retains the right to deny the use of certain words or phrases in an Assumed Name. Franchisee shall file and keep current a “Fictitious Business Name Statement” (or similar document) with respect to any Assumed Name in the county or other designated region in which Franchisee is conducting business and at such other places as may be required by law. Prior to commencing business under the Service Marks, Franchisee shall supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names and, if applicable, the rules and regulations of the National Association of Realtors respecting use of any of their registered marks. The total appearance of any Assumed Name and other identifying words must be approved, in advance, by Franchisor. Franchisee further agrees that it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, affiliate, division, shareholder, partner, joint venturer, agent or employee of Franchisor or other owner of the Service Marks or (iii) any of Franchisor’s other franchisees. If Franchisee is a corporation or limited liability company, Franchisee shall not use in its corporate or entity name either the Service Marks or any words confusingly similar thereto, or the term “Realtor”, which is a registered mark of the National Association of Realtors. This paragraph 7.03 is not intended by the parties hereto to afford the National Association of Realtors any rights as a third party beneficiary.

#### **7.04 Use and Modification of Service Marks**

At its sole expense, Franchisee shall replace the signage and materials of the existing Locations with signage and materials bearing the Franchisor’s Service Marks within 90 days of the Effective Date.

Franchisor may add to, substitute or modify any or all of the Service Marks from time to time, by either (i) a directive in the Operations Manual, or (ii) immediately, upon written notice if Franchisor is required by law to substitute or modify the Service Marks. Franchisee shall accept, use, display, or cease using, as may be applicable, the Service Marks, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and shall within 30 days of receiving notification, commence to implement such changes, at its expense, and use its best efforts to complete such changes as soon as practicable. On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee’s name and on Franchisee’s behalf any and all documents necessary, in Franchisor’s judgment, to end and cause a discontinuance of the use by Franchisee



of the Service Marks and Assumed Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

#### **7.05 Use of Other Trademarks**

Franchisee shall not use or display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than an Assumed Name (i) in any advertisement that contains the word "Berkshire Hathaway HomeServices" or any other Service Marks, (ii) in or on any Location or place of business of Franchisee in any manner that is reasonably visible from outside such Location or place of business, (iii) in any form of electronic commerce, or (iv) in any computer system used at any Location or place of business of Franchisee, or otherwise in connection with the Franchised Business, in any manner that could lead any person to believe that such other trademarks, trade names, service marks, insignias or logo types or the products or services with which they are associated are owned or offered by the Franchisor or its affiliates, except as otherwise expressly permitted herein or in the Operations Manual.

#### **7.06 Prohibition Against Disputing Franchisor's Rights**

Franchisee agrees that it will not, during or after the term of this Agreement, in any way, dispute or impugn the validity of the Service Marks licensed hereunder, or the rights of Franchisor thereto, or the right of Franchisor or other franchisees of Franchisor to use the same during the term of this Agreement or thereafter.

#### **7.07 Service Mark Infringement Claims and Defense of Service Marks**

In the event Franchisee receives notice or otherwise becomes aware of any claim, suit or demand against it by any party other than Franchisor, HomeServices or their affiliates on account of any alleged infringement, unfair competition or similar matter arising from its use of the Service Marks in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Franchisee shall have no power, right or authority to settle or compromise any such claim, suit or demand by a third party without the prior written consent of Franchisor. Franchisor shall defend, compromise or settle at its discretion any such claim, suit or demand at Franchisor's cost and expense, using attorneys selected by Franchisor or the owner of the Service Marks, and Franchisee agrees to cooperate fully in such matter. Franchisor shall indemnify and hold harmless Franchisee from and against any and all judgments resulting from any such claim, suit or demand arising from Franchisee's use of the Service Marks in accordance with the terms of this Agreement. Franchisor shall have the sole discretion to determine whether a similar trademark or service mark being used by a third party is confusingly similar to the Service Marks being used by Franchisee and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark.

#### **7.08 Display of Service Marks Material Consideration**

Franchisee acknowledges that a material consideration in Franchisor's decision to award this franchise is the agreement of Franchisee to use and promote the Service Marks in conformance with the Operations Manual and the terms of this Agreement. Franchisee agrees that, should it for any reason fail to use and promote the Service Marks in accordance with the terms of this

Agreement, in addition to the other rights and remedies available to Franchisor for this and other breaches of this Agreement, Franchisee agrees to pay to Franchisor as liquidated damages and not as penalty, an amount equal to the total Continuing Royalty due and payable by Franchisee to Franchisor for the two Anniversary Years immediately preceding Franchisee's failure to comply with the terms of this paragraph.

## **VIII. INSTRUCTION AND OPERATING ASSISTANCE**

### **8.01 Franchise Integration Process.**

Franchisor shall provide training for integration into the System to the Location Managers and other responsible management persons designated by Franchisee for each Original Location during the Franchise Integration Process. Within 15 days after the date this Agreement is executed Franchisor shall commence transition consultation and integration support for Franchisee. Training shall be conducted within 60 days after the Effective Date, and be for such duration and at such time and place as Franchisor shall determine. Such Location Managers and designated persons must complete the Franchise Integration Process within 60 days after the Effective Date, except as otherwise provided in writing by Franchisor. In its discretion, Franchisor may require the General Manager or other principals of Franchisee to participate in the Franchise Integration Process. Franchisor reserves the right to limit the number of attendees at the Franchise Integration Process to one responsible person for each Original Location.

### **8.02 Franchisee and Sales Professional Orientation.**

Franchisor may, at Franchisor's sole discretion, provide to Franchisee and its sales Professionals an orientation to the Franchisor's products, tools and services either (i) at a single location to be provided by Franchisee at its cost and expense, in one of Franchisee's Locations or such other location as is reasonably selected by Franchisee, or (ii) via an online meeting or other means of electronic communication selected by Franchisor. Franchisor shall provide materials and presentations to introduce Franchisee's sales professionals to Franchisor's System and the Network. Franchisee, in addition to providing any physical location, shall provide refreshments, if any, at its cost and expense.

### **8.03 Staff Training Courses**

(a) Franchisor may make available to Franchisee, from time to time, optional staff training courses, seminars, conferences, or other programs, in a suitable location in Franchisor's discretion.

(b) Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences, or other programs other than the Franchise Integration Training that are deemed by Franchisor to be relevant or appropriate to the successful operation of the System. Fees may be charged by Franchisor for required training courses, seminars, conferences or other programs.

(c) In connection with any staff training courses described in subparagraphs 8.03(a) and 8.03(b) above, Franchisee shall pay the travel, hotel and meal expenses for Franchisee's attendees.

#### **8.04 Sales Convention**

Periodically, Franchisor will arrange a business conference for all of its franchisees (the "Sales Convention") at which franchisees may participate in various programs with Franchisor and other franchisees. Franchisee shall purchase Sales Convention full registration packages for twenty percent (20%) of the total number of real estate sales professionals employed or otherwise contracted by Franchisee, as of December 31 of the preceding year, for each Sales Convention Franchisor arranges. Approximately 30-60 days after the Sales Convention, Franchisor shall automatically deduct any registration requirement shortfalls from Franchisee's Depository Checking Account. All of Franchisee's management and sales professionals are strongly encouraged but not required to attend each Sales Convention that is made available.

#### **8.05 Continuing Assistance**

Franchisor shall provide such periodic assistance, as it deems appropriate, utilizing Franchisor's representatives who shall contact or visit the franchised Locations from time to time. The frequency and duration of such contacts or visits to Locations by representatives of Franchisor shall be in the sole discretion of Franchisor. In addition, Franchisor will be available on an ongoing basis for consultation and guidance with respect to the operation and management of the Franchised Business. In its sole discretion, Franchisor, from time to time, also may make available an operations review of the Franchisee's business operations based on information provided by the Franchisee. The operations review will be no more frequent than one per year. In addition to the Operations Manual, Franchisor may from time to time provide Franchisee with additional materials relating to the Franchised Business.

#### **8.06 Proprietary Materials**

At the Franchisee and Sales Professional Orientation, Franchise Integration Program, or other training programs (if any), Franchisor may provide to Franchisee proprietary information, training materials, training curricula and related Materials for use in connection with the training of Franchisee's staff. Such items are and shall remain the property of Franchisor. Franchisor may also from time to time make available to Franchisee for purchase Materials relevant to the System and the Franchised Business. Franchisee shall not, and shall not allow its employees or others, to copy, reproduce, disseminate or otherwise reveal to third parties any of the foregoing proprietary information and related Materials without Franchisor's express prior written consent.

#### **8.07 Timing**

Franchisee acknowledges that Franchisor's ability to provide the training, continuing assistance and other services provided for under Article VIII and Article IX hereof promptly following the Effective Date may be affected by various factors including the number of Locations being operated by Franchisee and the number of franchisees being incorporated into the Network at substantially the same time. Franchisor shall establish a reasonable schedule to provide such

services taking such factors into account and shall exercise commercially reasonable efforts to provide such services within the times otherwise provided hereunder.

### **8.08 Response to Consumer Complaints**

Franchisee agrees to respond to consumer and/or customer complaints as required by the Operations Manual, which among other requirements imposes upon Franchisee an obligation to work with Franchisor to respond reasonably to consumer or customer complaints.

## **IX. OPERATION OF BUSINESS**

### **9.01 Franchisee Operational and Staff Requirements**

(a) Franchisee shall operate an Approved Broker Management System pursuant to paragraphs 9.02(b) and 9.02(c) hereof in a competent manner and failure to do so constitutes a material breach of this Agreement.

(b) All Locations, including Restricted Purpose Locations, shall remain open on a full-time and continuous basis, except as caused by acts of God or other matters beyond the control of Franchisee (other than Franchisee's inability to procure money).

(c) Once a Location is Abandoned, it may not be reopened by Franchisee except as a new Additional Location, after compliance with all procedures and payment of fees applicable to Additional Locations.

(d) Franchisee shall provide Franchisor with an estimate of the period of operation of each Subdivision Sales Office and a summary of any other pertinent details requested by Franchisor. A Subdivision Sales Office may be established by Franchisee only upon the written consent of Franchisor, which consent shall not be unreasonably withheld but which consent may be subject to certain conditions at commencement of operations or any time thereafter, including (i) limitations on the authorized period and scope of operation and (ii) a requirement to operate and utilize an Approved Broker Management System or such other real estate software system specified in the Operations Manual for use in Subdivision Sales Offices.

(e) Franchisee acknowledges that the System provides the opportunity to participate in a referral network, supported by Franchisor that promotes broker-to-broker referrals of business on a nationwide basis between Franchisee and other franchisees in the System as well as certain programs to generate referral activity and agrees that Franchisee is obligated to observe all terms, conditions and general referral policies as set forth in the Operations Manual.

### **9.02 Reporting and Computer Software System Requirements**

(a) Not later than 120 days after the Effective Date, and at all times thereafter, Franchisee, at its sole expense, shall install, be trained on, and continuously use, one of the approved real estate software systems set forth on Exhibit A attached hereto, or such other system approved by Franchisor in writing in its sole discretion, which approval may be subject to certain restrictions or conditions set forth by Franchisor. Each such approved system is an "Approved

Broker Management System”, and includes an information interface capability that allows it to electronically communicate with Franchisor’s designated computer system. Franchisee must also maintain a software support agreement for the Approved Broker Management System. Franchisee shall communicate data to Franchisor’s designated computer system directly from Franchisee’s computer system by use of an Approved Broker Management System. Franchisor may update the list of Approved Broker Management Systems from time to time in the Operations Manual. After installing an Approved Broker Management System, Franchisee may replace such Approved Broker Management System with another Approved Broker Management System, provided Franchisee gives Franchisor 30 days’ prior notice of such replacement. In the event that at any time following the First Anniversary Year, or earlier if otherwise provided in the approval for systems other than those set forth in Exhibit A, Franchisor determines in its sole discretion that such Approved Broker Management System has become inadequate, Franchisor shall so notify Franchisee and Franchisee shall take immediate steps to install, be trained on and use an alternative Approved Broker Management System within the time period (not less than 90 days) set forth in the Operations Manual.

(b) Franchisee is required to report certain data to Franchisor on a periodic basis through an Approved Broker Management System, including, but not limited to, Gross Revenues received or receivable, closed sales and other closed contracts, as set forth in the Operations Manual. **USE BY FRANCHISEE OF AN APPROVED BROKER MANAGEMENT SYSTEM IS MANDATORY.** Without limiting the foregoing, commencing on the Effective Date, Franchisee is required to timely, accurately and fully report all closed transactions and other information as specified in the Operations Manual. Such information shall be reported in the format specified in the Operations Manual. Franchisor shall be the co-owner of any such reported information with unrestricted rights to use such information.

(c) Franchisee shall report the data required by the Operations Manual manually until Franchisee becomes active on an Approved Broker Management System. Franchisee shall submit manually reported information to Franchisor on a weekly basis commencing upon the Effective Date as further specified in the Operations Manual. All payments due under this Franchise Agreement when Franchisee is reporting manually shall be collected through Franchisee’s Depository Checking Account.

(d) Franchisee must also maintain a software support agreement for the Approved Broker Management System. In the event Franchisee does not maintain a software support agreement, Franchisor may purchase such software support it deems reasonably appropriate on Franchisee’s behalf, and Franchisee shall reimburse Franchisor for all costs of such software support through an automatic deduction from Franchisee’s Depository Checking Account.

(e) During such time, (i) prior to Franchisee’s active use of an Approved Broker Management System as required herein or (ii) Franchisee otherwise fails to comply with the electronic reporting requirements herein, Franchisee shall pay Franchisor an administrative fee

### **9.03 Depository Checking Account**

At the Effective Date and thereafter, Franchisee shall establish and maintain a Depository Checking Account at a bank or other financial institution that is a participating member of the Depository Checking Account or such other network or system as may be directed by Franchisor pursuant to the guidelines set forth in the Operations Manual. Franchisee shall instruct the institution holding the Depository Checking Account to allow Franchisor access to the Depository Checking Account for collection of Continuing Royalty, Marketing Fees and other fees set forth in this Agreement. Under no circumstances shall such access to the Depository Checking Account be deemed control or joint control of the Depository Checking Account by Franchisor. Franchisee continuously shall maintain a minimum balance in the Depository Checking Account of \$1,500 or such higher continuous minimum balance as Franchisor shall deem reasonably necessary. Franchisee shall reimburse Franchisor for all extraordinary costs incurred by Franchisor in collecting or attempting to collect funds due Franchisor from the Depository Checking Account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Checking Account balance in accordance with the terms hereof). The Depository Checking Account shall be established and maintained solely for purposes set forth in this paragraph 9.03 and the Operations Manual.

### **9.04 Operations Manual**

(a) Franchisee shall operate the Franchised Business in accordance with the Operations Manual, a copy of which shall be provided to Franchisee on or soon after the Effective Date. Franchisor shall have the right to modify the Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. Franchisor agrees that although such modifications to the Operations Manual may be material in that they may have an effect on the operation of the Franchised Business, they may not conflict with or materially alter the terms of this Agreement. All such additions, deletions or modifications shall be effective five business days after Franchisor has given notice to Franchisee in accordance with paragraph 14.07 hereof or, at Franchisor's option, provided Franchisee with an electronic copy of the revisions to the Operations Manual.

(b) All additions, deletions or modifications to the Operations Manual shall be equally applicable to all similarly situated Franchisees. The Operations Manual, as modified or amended from time to time, shall not alter Franchisee's fundamental status and rights under this Agreement. As modified from time to time, the Operations Manual shall be deemed to be an integral part of this Agreement and references to the Operations Manual made in this Agreement, or in any amendments or exhibits hereto, shall be deemed to mean the Operations Manual, as amended from time to time.

(c) Franchisor shall furnish to Franchisee at no additional charge an electronic copy of the Operations Manual at the time of the Franchise Integration Training, all of which copies shall at all times remain the sole, confidential, trade secret property of the Franchisor. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Operations Manual to Franchisor and shall retain no copy or reproduction. Except as specifically permitted by Franchisor, at no time may Franchisee, or its

employees or agents, make, or cause to be made, any copies or reproductions of all or any portion of the Operations Manual and shall not disclose the terms thereof to any other person except employees and agents of Franchisee when required in the operation of the Franchised Business by means of electronic communication. The Operations Manual may not be forwarded to anyone and no electronic copy provided to anyone except as provided by Franchisor.

#### **9.05 Signs and Display Materials**

Franchisee agrees that all signs, display materials and other Materials shall be in full compliance with the specifications provided in, and in conformity with, the Operations Manual. Said Materials may be purchased and procured by Franchisee from Franchisor or suppliers designated or approved by Franchisor in accordance with Operations Manual guidelines.

#### **9.06 Telephone Numbers**

At its sole expense, Franchisee shall obtain such telephone “listings” as it deems necessary for the conduct of the Franchised Business. Franchisor recommends that such listings be obtained as promptly as possible after the effective date of your franchise agreement, using your authorized Assumed Name for each Location, in at least one applicable telephone directory for the geographic area covering the Locations. If Franchisee is engaged in businesses other than the Franchised Business, Franchisee must maintain different telephone numbers and may make no reference to the Franchised Business in any telephone listings in respect of such other businesses.

#### **9.07 Contact Person**

Franchisee shall appoint a Contact Person(s), who shall be responsible to receive and disseminate all marketing and other materials received from Franchisor. Contact Person shall participate in conference calls and other events as provided in the Operations Manual. Failure to comply herewith shall result in those actions provided by the Operations Manual. Franchisee shall notify Franchisor of the name, electronic mail address, business address and business phone number of the Contact Person, updating such information whenever a change occurs.

#### **9.08 Insurance**

Franchisee shall have in effect on the Effective Date and maintain during the term hereof insurance in such types and amounts as are specified in the Operations Manual. All policies of insurance to be maintained by Franchisee shall contain a separate endorsement naming the Franchisor and if required by Franchisor, its parent and affiliated companies, as additional insured. Such policies of insurance shall not be subject to cancellation or modification except with 30 days’ prior written notice to the Franchisor. Franchisee shall cause certificates of insurance showing compliance with the above requirements to be delivered to the Franchisor at the initiation of the Franchise Agreement and at such other times as Franchisor may request. In the event Franchisee does not maintain the insurance coverage required in the Operations Manual, then in addition to any other rights and remedies available to it under the Agreement, Franchisor may purchase such policies of insurance as it deems required and Franchisee shall reimburse Franchisor for all costs of such insurance.

## **9.09 Records and Rights of Inspection**

(a) Franchisee covenants and agrees that it shall keep and maintain during the term hereof, and for a period of 36 months following expiration or termination for any reason, full, true and complete records of all revenues and expenditures respecting each Location and Restricted Purpose Location, whether related to the Franchised Business or otherwise, in the form and manner specified by Franchisor in its Operations Manual. Franchisee shall permit Franchisor or its representatives or agents selected in the sole discretion of Franchisor, during normal business hours, to examine the books of accounts, bank statements, documents, records, papers, and federal, state and local tax return records relating to the Franchised Business or individual officers, directors, owners, partners, or affiliated or related entities or shareholders. If Franchisor should cause an examination to be made and the Gross Revenues or business transacted as shown by Franchisee's records should be found to be understated by any amount, Franchisee shall immediately pay to Franchisor the additional amount payable as shown by such examination, plus interest thereon at the rate of 15% per annum or the highest rate of interest allowed by law, whichever is lower, computed from the date (or dates) said understated amount (or amounts) were due. If (i) Franchisee's Gross Revenues are found to be understated by two percent or more or (ii) if Franchisee's financial records require a substantial effort (as determined in the sole judgment of Franchisor, exercised in good faith) on behalf of Franchisor's examiners to be placed in a condition readily conducive to examination, Franchisee shall pay to Franchisor the entire cost of such examination; otherwise, the cost of the examination shall be borne by Franchisor. If either Franchisee or Franchisor cancels a scheduled examination, the party canceling such examination will pay the costs arising out of the cancellation. Franchisee shall furnish the Franchisor with a copy of any and all certified financial statements respecting Franchisee's business, and relevant information from Franchisee's Multiple Listing Service, if requested, without any cost or expense to Franchisor.

(b) Within 120 days after the end of each of Franchisee's fiscal years, Franchisee shall furnish Franchisor with (i) a Profit and Loss Statement and Balance Sheet of the Franchised Business for the previous fiscal year, (ii) a Reconciliation of Gross Revenues for the previous fiscal year, (iii) a report of sales closed through Franchisee's Approved Broker Management System for the previous fiscal year, (iv) a list of Franchisee's Locations and Restricted Purpose Locations (including the addresses and telephone numbers of each office and the number of sales professionals, if any, who operate from each office), (v) such materials as Franchisor shall require with respect to compliance with Brand Guidelines, (vi) such materials as Franchisor shall require with respect to compliance with applicable laws, rules and regulations, and (vii) any further information Franchisor shall reasonably require. All such financial statements and information shall be prepared in accordance with the guidelines prescribed by Franchisor in the Operations Manual, and shall be certified by Franchisee or, in the case of a corporate Franchisee, by Franchisee's Chief Executive Officer or Chief Financial Officer, as being true, complete and correct.

(c) Franchisor shall have the right, at any time, to use any financial report or statement, or any information derived therefrom, relating to the Franchised Business or any or all of the Locations and Restricted Purpose Locations, as part of Franchisor's Franchise Disclosure Document or similar disclosure document.



## **9.10 Review**

Upon reasonable prior written notice, Franchisor shall have the right to send representatives at reasonable intervals during normal business hours, into Franchisee's Locations or Restricted Purpose Locations to inspect Franchisee's other records, operations, business methods, service, management and administration, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Operations Manual. If such other records are not located at a Location or Restricted Purpose Location, Franchisor's representatives shall have the right to inspect said other records, wherever located.

## **9.11 Compliance with Laws**

Franchisee shall (a) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (b) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (c) prepare and file all necessary tax returns, (d) pay promptly all taxes imposed upon Franchisee or upon its business or property, and (e) at all times comply with the Code of Ethics of the National Association of Realtors and other appropriate organizations. Franchisee represents and warrants that it shall obtain and at all times maintain all necessary permits, certificates and/or licenses necessary to conduct the Franchised Business in the localities within which each Location or other office is situated. Franchisee shall immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, officer, member, manager, owner, director or partner of Franchisee, which notification shall include all relevant details in respect thereof, according to the procedures set forth in the Operations Manual.

## **9.12 No Other Real Estate Brokerage Businesses**

Franchisee acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of such valuable information, Franchisee agrees that it shall not, during the term of this Agreement, act as a real estate broker with respect to any business other than the Franchised Business, nor operate, manage, own, assist, license, sublicense, act on behalf of, represent, or hold an interest, direct or indirect (as an employee, officer, director, shareowner, partner, joint venturer or otherwise), in any real estate brokerage business other than the Franchised Business, without the express prior written consent of Franchisor. Franchisee acknowledges that the Franchised Business does not include, among other things, Acting as a Real Estate Broker with respect to a transaction involving Commercial Property having a gross listing or sales price that exceeds \$25,000,000, and such action is, therefore, included in the prohibition contained in the preceding sentence. It is the intention of the parties that Franchisee maximize the Gross Revenues of the Franchised Business for the mutual benefit of Franchisor and Franchisee, and any action of Franchisee that diverts business to another entity or diminishes the Gross Revenues of the Franchised Business shall be a material breach of this Agreement. Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation, (a) divert or attempt to divert any business or

customer of the Franchised Business 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 the Service Marks or the System, or (b) solicit any person who is at that time employed by Franchisor to leave his or her employment. This paragraph 9.12 shall apply to each Equity Holder of Franchisee.

Franchisee acknowledges that the restrictions contained in this paragraph are reasonable and necessary in order to protect legitimate interests of Franchisor, and in the event of violation of any of these restrictions, Franchisor shall be entitled to obtain damages including, without limitation, Continuing Royalty and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor may be entitled at law or in equity.

Franchisee agrees that it and each of its Equity Holders will give written notice to Franchisor prior to engaging in any real estate related business other than the Franchised Business (“RERB”), including, without limitation, mortgage, escrow, construction, development, appraisal, referral and consulting matters; and Franchisee acknowledges that it and each of its Equity Holders have given such written notice prior to entering into this Agreement. If Franchisor so directs, Franchisee and each of its Equity Holders shall execute an agreement acceptable in form and content to Franchisor that there will be no use of the Service Marks in connection with any RERB, that all real estate transactions involving both the Franchised Business and any RERB shall be conducted on an arm’s length basis and that any RERB is subject to the provisions of subparagraph 9.09(a) above.

### **9.13 Change in Status Processing**

Requests for (a) change of Assumed Name, (b) relocations of any Locations or Restricted Purpose Locations, (c) closures of any Locations, (d) changes in designated Responsible Agent or Broker, (e) establishment or extension of the authorized operational period of a Subdivision Sales Office, or (f) other changes in status as may be specified from time to time by Franchisor, shall be made on such form as designated by Franchisor in the Operations Manual. No approvals shall be effective until delivered in writing and signed by an officer of Franchisor.

### **9.14 Listing Feeds**

Franchisee agrees to arrange, at Franchisee’s sole expense, for Franchisor or its designee to receive one or more direct electronic feeds of all real estate listings, including all supporting content, from the multiple listing service(s) used by Franchisee (collectively, the “Listings”) and other MLS data in compliance with the then-effective and current Virtual Office Website (VOW) and Back Office Data standards adopted by the National Association of Realtors®. If a VOW feed is if not available, then in lieu of a VOW feed Franchisee shall arrange for Franchisor or its designee to receive a feed that complies with the then-effective Internet Data Exchange (IDX) standards adopted by the National Association of Realtors®, but only until such time as a VOW feed can be obtained. Franchisor may periodically specify that Franchisee must arrange for Franchisor or its designee to receive additional or different MLS data feeds in accordance with

such other standards and procedures that Franchisor periodically specifies, and Franchisee will promptly obtain such data feeds at its sole expense for use by Franchisor or its designee.

## X. ASSIGNMENT

### 10.01 Assignment by Franchisor

Franchisor shall have the right to Transfer any or all of its direct or indirect interest in this Agreement (including, without limitation, the economic benefits derived from this Agreement), and any or all of its rights and privileges hereunder to any other person, firm or corporation (“Assignee of Franchisor”); provided that, in respect to any Transfer (“Assignment by Franchisor”) resulting in the subsequent performance by such Assignee of Franchisor of the functions of the Franchisor: (a) at the time of Assignment by Franchisor, the Assignee of Franchisor is financially responsible and economically capable of performing the obligations of Franchisor hereunder; and (b) the Assignee of Franchisor expressly assumes and agrees to perform such obligations. In the event of such Assignment by Franchisor, Franchisor shall be relieved of all obligations or liabilities then existing or thereafter assertable under this Agreement; provided however, that if Franchisee continues to comply with all terms and conditions of this Agreement, including but not limited to paragraph 3.03 and Articles VII and IX hereof, then Franchisee shall be entitled during such continued compliance to use the Service Marks licensed hereunder until the later of the end of the then current term of this Agreement or two years from the date of such Assignment by Franchisor. At the end of such period of continued compliance and use of the Service Marks, Franchisee shall comply with the terms of paragraph 13.01 below.

### 10.02 Assignment by Franchisee

(a) Restriction on Transfer. This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its principals or, in the case of a corporate Franchisee, the principal officers thereof who will actively and substantially participate in the ownership and operation of the Franchised Business or, in the case of a partnership Franchisee, the partners thereof who will actively and substantially participate in the ownership and operation of the Franchised Business or, in the case of a limited liability company, the manager(s) or managing member(s) who will actively and substantially participate in the ownership and operation of the Franchised Business. Therefore, neither Franchisee nor any immediate or remote successor to Franchisee, nor any individual, partnership, corporation, limited liability company or other legal entity that directly or indirectly owns an equity interest (as that term is defined herein) in Franchisee, shall Transfer any direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived therefrom, or any equity interest in Franchisee, in whole or in part, in any manner, except as permitted by this Agreement. Any purported Transfer of any interest in this Agreement, the Franchised Business, or an equity interest in Franchisee not in accordance with this Agreement shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may terminate this Agreement upon notice without opportunity to cure, pursuant to subparagraph 11.02(d) of this Agreement.

(b) Transfers to Employees, Officers, Directors, Members, Managers, Agents, Owners. Except as otherwise provided in this Agreement, without Franchisor's prior written consent, (i) Franchisee or an Equity Holder may Transfer or issue in any single transaction or series of transactions up to five percent (5%) of the equity interest in Franchisee to an employee, officer or agent of Franchisee directly involved in the operation of the Franchised Business on a full-time basis at the time of such Transfer or issuance, and (ii) Designated Equity Holders (identified in part 8 of Exhibit C hereof) may receive a Transfer of up to 25% of the equity interest in Franchisee; provided (in either case) that such Transfer, when combined with all other Transfers that have occurred since Franchisee shall have been a franchisee of Franchisor, does not affect a change in Control of Franchisee. For the purposes of this subparagraph (b), the term "full-time" shall mean generally working an average of 35 or more hours per week. Notwithstanding the foregoing, the parties acknowledge that it is possible that circumstances may change or additional information regarding Designated Equity Holders may come to light after the Effective Date. Therefore, Franchisee shall give Franchisor prior written notice of any Transfer to Designated Equity Holders, and Franchisor may prohibit such Transfer to the Designated Equity Holders within 30 days thereafter if Franchisor articulates, in the exercise of its reasonable business judgment, a material reason for such prohibition not related to the information Franchisee has previously disclosed to Franchisor regarding such individuals, or not otherwise actually known by any of the officers of Franchisor, on the date hereof.

(c) Transfers to Family Members. Franchisee or an Equity Holder, if a natural person, may with Franchisor's consent, which will not be unreasonably withheld, Transfer the Franchised Business or an equity interest in Franchisee to such person's spouse, parent, sibling, niece, nephew, descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement.

(d) Transfers to Affiliated Corporations. Franchisee or an Equity Holder, if a natural person, a sole proprietorship or a partnership, may without the consent of Franchisor, upon 30 days' prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee to a corporation or limited liability company entirely owned by such natural person, sole proprietorship or partnership, as the case may be, in the same proportionate amount of ownership as prior to such Transfer, provided that (i) adequate provision is made for the management of the Franchised Business and that the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement, and (ii) such Transfer may be denied by Franchisor if, in Franchisor's reasonable judgment, the economic resources of the transferee are not sufficient to fully and faithfully conduct the Franchised Business as contemplated by this Agreement or the Transfer and the prospective transferees may reasonably be expected to have a negative effect on the reputation or business operations of the Franchised Business, the Network, the System, or Franchisor, its parent or any of its affiliates.

(e) Transfers Upon Death, Incapacity. Notwithstanding any of the foregoing, in the event of the death or legal incapacity of Franchisee or an Equity Holder, if a natural person, such person's interest in this Agreement or its equity interest in the Franchisee will Transfer in accordance with such person's will or, if such person dies intestate, in accordance with laws of

intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business and the transferee is one or more of the decedent's spouse, parents, siblings, nieces, nephews, descendants or spouse's descendants. A Transfer pursuant to this subparagraph 10.02(e) shall be free from Franchisor's right of first refusal provided in paragraph 10.03 hereof so long as subparagraph 10.02(m) is complied with.

(f) Restrictions on Granting Security Interests and Subfranchising. Except as otherwise set forth below, Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever, nor subfranchise or otherwise Transfer, or attempt to subfranchise or otherwise Transfer any Location so long as it is operated as a Location, or to Transfer or subfranchise a portion but not all of Franchisee's rights hereunder without the express prior written permission of Franchisor, which permission may be withheld for any reason whatsoever in Franchisor's sole discretion. Notwithstanding anything contained herein to the contrary, Franchisee shall have the right to pledge its accounts receivable without the prior written consent of Franchisor for the sole purpose of obtaining financing for the operation of the Franchised Business provided Franchisee is in full compliance with all of the terms and conditions of this Agreement, and any other agreement, arrangement or understanding with Franchisor.

(g) Other Transfers. Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal provided in paragraph 10.03 hereof, Franchisee or an Equity Holder may effect any Transfer of a direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived there from, or any equity interest in Franchisee, not permitted by the preceding subparagraphs (b) through (e), only after written notice to Franchisor and only with Franchisor's written consent, which may not be unreasonably withheld. Franchisor shall exercise its good faith business judgment in determining whether to give or withhold its consent to a Transfer under this subparagraph 10.02(g). Such exercise of good faith business judgment shall include Franchisor's consideration of certain skills and qualifications of the prospective transferee that are of business concern to Franchisor, including without limitation, the following: experience in real estate brokerage, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferees; the ability of such prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the Network, the System, or Franchisor, its parent or any of its affiliates.

(h) Equity Interest Defined. An "equity interest" in an entity shall mean any stock or partnership interest, membership interest or other direct or indirect beneficial ownership interest in such entity (whether partnership, corporation, limited liability company, trust or otherwise), or in the economic benefits derived therefrom, and if the holder of such equity interest is not a natural person, "equity interest" shall also include any stock or partnership interest, membership interest or other direct or indirect beneficial ownership interest in, or in the economic benefits derived from, such holder. "Equity interest" in Franchisee shall also include any direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived therefrom or in the assets of the Franchised Business if such assets are Transferred in

connection with a Transfer of a substantial portion of such assets. “Equity Holder” shall mean any holder of an equity interest or other ownership interest in Franchisee and shall not include Franchisee itself.

(i) Computing Equity Interests. In computing the percentages of equity interests in Franchisee, limited partners will not be distinguished from general partners in the case of partnerships, and Franchisor’s judgment will be final if there is any question of the definition of “equity interest” or as to the computation of relative equity interests, the principal considerations being: (i) direct and indirect power to exercise control over the affairs of Franchisee; (ii) direct and indirect right to share in Franchisee’s profits; and (iii) amounts directly or indirectly exposed to risk in Franchisee’s business. Equity interests may be Transferred only if the Transfer is registered or exempt from registration under federal securities laws. If Franchisee is a partnership or corporation, Franchisee represents that the equity interests in Franchisee are directly and (if applicable) indirectly owned as shown on Exhibit C attached hereto.

(j) Registration of Proposed Transfer. If a proposed Transfer of an equity interest in Franchisee requires registration under any federal or state securities law, Franchisee shall: (i) request Franchisor’s consent at least 45 days before the proposed effective date of the registration; (ii) accompany such requests with one payment of a non-refundable fee of \$10,000; (iii) reimburse Franchisor for expenses incurred by Franchisor in connection with review of materials concerning the proposed registration, including without limitation, attorneys’ fees and travel expenses; and (iv) agree, and all participants in the proposed offering subject to registration shall agree, to fully indemnify Franchisor in connection with the registration in writing, in form and substance satisfactory to Franchisor; furnish Franchisor all information requested by Franchisor; avoid any implication of Franchisor’s participating in or endorsing the offering, and use Franchisor’s service marks and trademarks only as directed by Franchisor.

(k) Transfer and Processing Fees. Except for Transfers set forth in 10.02 (c) and (e) above, in the event Franchisee submits a request for a Transfer of more than ten percent (10%) equity interest in Franchisee, a Transfer that would result in a change in Control of Franchisee, or an assignment of this Agreement, Franchisee shall pay to Franchisor a non-refundable transfer and processing fee of \$1,000 plus Franchisor’s cost of evaluating and processing the Transfer request, including, but not limited to, background checks, credit checks and other third party services that Franchisor deems necessary. Such initial transfer and processing fees are payable simultaneously with such application for a Transfer or assignment, and any direct costs will be payable within fifteen days of receipt by Franchisee of Franchisor’s invoice therefor.

(l) Assumption of Obligations. Prior to any Transfer by Franchisee or an Equity Holder of an equity interest in Franchisee permitted hereunder, if the transferor thereof is a party to any agreement or understanding with Franchisor, including, without limitation, a guarantee of Franchisee’s obligations hereunder, such transferor shall give Franchisor 30 days’ prior written notice of the Transfer (except under subparagraph 10.02(e) hereof) and (i) shall cause the transferee to enter into an equivalent agreement or understanding with Franchisor prior to such Transfer in form and substance satisfactory to Franchisor; and (ii) in any event, shall cause the transferee and each Equity Holder of such transferee to expressly assume in writing for the benefit of Franchisor all of the respective obligations of Franchisee and its Equity Holders under

this Agreement. No such Transfer shall be effective unless and until such transferee and each Equity Holder of such transferee complies fully with the terms of this paragraph, notwithstanding any other provision of this Agreement.

(m) Conditions Precedent to Transfer. Franchisor may impose certain conditions precedent to its required consent to a Transfer pursuant to this Article X including, without limitation, the following:

(i) that the proposed transferee (or the principal Equity Holders thereof) present themselves for a personal interview at Franchisor's corporate office, or such other location designated by Franchisor, at such date and time reasonably requested by Franchisor, without expense to Franchisor and prior to such Transfer;

(ii) Franchisee shall have complied fully as of the date of any such Transfer with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor; and

(iii) the transferee of Franchisee agrees that all of Franchisor's training and orientation programs then required by Franchisor shall be satisfactorily completed by transferee's necessary personnel within 30 days after the effective date of such Transfer, and such transferee agrees to pay for all of its expenses incurred in connection therewith, including travel, hotel and meal expenses.

(iv) concurrent with the Transfer, Franchisee and any transferee of Franchisee or the Franchised Business shall enter into a new Franchise Agreement on the terms of Franchisor's then current standard form of Franchise Agreement for the then current initial franchise term, and all Equity Holder(s) shall execute such other documents reasonably requested by Franchisor in connection with the Transfer, including, without limitation, Franchisor's then current standard form of Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee.

(n) No Waiver. Franchisee acknowledges (i) that any consent granted or withheld by Franchisor under this Article X shall not serve to waive Franchisor's right to grant or withhold consents thereafter, and (ii) that Franchisor may consider the effect (cumulative or otherwise) of prior transfers in determining whether to grant or withhold its consent to any Transfer.

(o) Notice. If a Transfer occurs that is permitted without Franchisor's prior written consent pursuant to this paragraph 10.02, Franchisee and the transferor shall give Franchisor notice of such Transfer within ten days after such Transfer and shall provide all related information reasonably requested by Franchisor.

### **10.03 Right of First Refusal**

(a) Except as otherwise provided in paragraph 10.02 hereof, the right of Franchisee and Equity Holders to Transfer any equity interest in Franchisee or any direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or in the assets of the Franchised Business if the Transfer of such assets is made in connection with a Transfer of a substantial portion of such assets, as permitted in paragraph 10.02 hereof, shall be

subject to Franchisor's right of first refusal with respect thereto if such Transfer (i) is in excess of twenty-five percent (25%) of such equity interest in any single transaction or series of related transactions or (ii) effects a change in Control of Franchisee, unless the transferee is one of the Designated Equity Holders (identified in part 8 of Exhibit C hereto). Franchisor's said right of first refusal may be exercised in the following manner:

(b) Franchisee or such Equity Holder shall serve upon Franchisor a written notice setting forth (i) all of the terms and conditions of any offer or agreement relating to a proposed Transfer by such person, or all terms and conditions of any proposed Transfer arising out of, or resulting from, any judicial proceeding, arbitration or other quasi-judicial proceeding, and (ii) all available information concerning the proposed transferee of such person.

(c) Within thirty business days after Franchisor's receipt of such notice (or if it shall request additional information, within thirty business days after receipt of such additional information), Franchisor shall notify the proposed transferor of one of the following:

- (i) Franchisor shall exercise its right of first refusal as provided herein; or
- (ii) Franchisor grants its consent to such Transfer to the proposed transferee as stated in the notice; or
- (iii) Franchisor shall not exercise its right of first refusal and does not consent to such Transfer.
- (iv) If Franchisor does not notify the proposed transferor within such time period, Franchisor's consent to the proposed Transfer shall be deemed denied and Franchisor shall be deemed to have declined to exercise its right of first refusal.

(d) If Franchisor shall elect to exercise its right of first refusal, it shall purchase the equity interests or assets proposed to be Transferred on the same terms and conditions as set forth in such offer or agreement, or in the case of a proposed Transfer pursuant to a judicial proceeding, arbitration or quasi-judicial proceeding, on the same terms and conditions as set forth in the written notice set forth in subparagraph (b) above. If Franchisor shall elect not to exercise its right of first refusal and shall consent to such Transfer, the proposed transferor shall for a period of 90 days be free to so Transfer to such proposed transferee upon the terms and conditions specified in said notice. If, however, said terms shall be materially changed, or if said 90-day period shall have expired, Franchisor shall again have such right of first refusal with respect thereto and the proposed transferor shall again be required to comply with subparagraph 10.03(a) above.

(e) Franchisor's right of first refusal as contained herein shall in no way modify or diminish Franchisor's right to withhold its consent to Transfer under paragraph 10.02 hereof.

#### **10.04 Transfer of Premises**

In the event of a Transfer by Franchisee of this Agreement or the Franchised Business, if legally permissible, Franchisee shall also Transfer all of its rights under any lease(s) for its



Locations or Restricted Purpose Locations or any other property necessary for the operation of the Franchised Business to the same transferee of Franchisee.

## **XI. DEFAULT AND TERMINATION**

### **11.01 General**

(a) This Agreement may be terminated unilaterally by Franchisor only for good cause, which for purposes of this Agreement shall mean a material violation of this Agreement or any other agreement, lease or undertaking between Franchisee or any of its Equity Holders or affiliates and Franchisor or any of its affiliates and shall include any failure by Franchisee to substantially comply with any obligation, duty or promise under the Agreement, including, without limitation, those acts or omissions specified in paragraphs 11.02 and 11.03 hereof. Franchisor shall exercise its right to terminate this Agreement in the manner described in this Article XI.

(b) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor shall have the right to terminate this Agreement, Franchisor shall have the right to exercise any and all remedies available to it at law or in equity, including without limitation specific performance and damages (including without limitation direct, indirect, special, incidental or consequential damages.) All rights and remedies provided in this Article XI and elsewhere in this Agreement shall be in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

### **11.02 Termination Without Prior Notice**

Franchisor shall have the right to terminate this Agreement without prior notice to Franchisee upon the occurrence of any or all of the following events, each of which shall be deemed an incurable breach of this Agreement:

(a) If Franchisee shall Abandon all of its Locations and Restricted Purpose Locations;

(b) To the extent permitted by law, (i) if Franchisee or, in the case of a partnership, a general partner thereof becomes insolvent (as revealed by its records or otherwise), or (ii) if Franchisee files a voluntary petition and is adjudicated bankrupt, or if an involuntary petition is filed against Franchisee and such petition is not dismissed within 30 days, or (iii) if Franchisee shall make an Assignment by Franchisee for the benefit of creditors, or (iv) if a receiver or trustee in bankruptcy or similar officer, temporary or permanent, be appointed to take charge of Franchisee's affairs or any of its property, or (v) if dissolution proceedings are commenced by or against Franchisee (if a corporation, limited liability company or partnership) and are not dismissed within 30 days thereafter, or (vi) if any final judgment against Franchisee from which no further appeal is available and which is not currently on appeal remains unsatisfied or unbonded of record for 30 days after receipt by Franchisee of actual or constructive notice thereof, and the amount of such judgment exceeds \$50,000 or 10% of Franchisee's Gross Revenues for the preceding Anniversary Year, whichever is less;

(c) If (i) Franchisee has knowingly (as determined by Franchisor in its discretion) either inaccurately reported or withheld the reporting of any Gross Revenues twice within 12 consecutive calendar months, or if (ii) a Designated Equity Holder or an Equity Holder having a 10% or greater equity interest in Franchisee has knowingly and directly caused or authorized Franchisee to either inaccurately report or withhold the reporting of any Gross Revenues;

(d) If Franchisee shall violate the provisions of paragraph 10.02 of this Agreement or otherwise attempt or purport to sell, assign, transfer or encumber the Service Marks without the prior written consent of Franchisor as hereinabove provided;

(e) If Franchisee's real estate broker's license is suspended or revoked, and such license or a substitute license has not been reinstated within seven days thereafter;

(f) If Franchisee shall default in any material obligation in respect of which Franchisee twice previously within the preceding 12 months has received a notice of default from Franchisor with respect to the same or similar breach;

(g) If Franchisee shall default in its obligation to permit Franchisor or its representative or agents to examine or audit books of accounts, bank statements, documents, records, papers or tax return records under paragraphs 9.10 or 9.11 hereof; or

(h) If Franchisee fails for two consecutive Anniversary Years after the First Anniversary Year to achieve Gross Revenues sufficient to generate a total Continuing Royalty for each such consecutive Anniversary Year of at least Fifteen Thousand Dollars (\$15,000).

(i) If Franchisee engages in any activity in violation of Article VII of this Franchise Agreement that could not, under any circumstances (as determined by Franchisor in its discretion), result in a complete cure or remedy of any damage caused by such violations.

(j) If Franchisee violates trust account rules and regulations.

(k) If Franchisee has knowingly (as determined by Franchisor in its discretion) either inaccurately reported or failed to report any information as part of its application or qualification as a Franchisee; or

(l) If Franchisee materially violates any federal, state or local law, rule or regulation.

### **11.03 Termination With Notice**

(a) Franchisor may terminate this Agreement if within 24 hours of receipt of written notice by Franchisor to cure, Franchisee fails to cure a violation of the Franchise Agreement that in Franchisor's sole discretion and judgment impairs the Service Marks, including without limitation any act or conduct by Franchisee or its employees or agents that in Franchisor's sole discretion and judgment impairs the goodwill associated with the Service Marks.

(b) Franchisor may terminate this Agreement if Franchisee uses the Service Marks in any manner that is not permitted by this Agreement, or takes any action that incorrectly indicates

that certain products or services are associated with the Service Marks, and Franchisee fails to cure such violation within 24 hours of receipt of written notice by Franchisor to cure.

(c) With respect to any default by Franchisee of its obligation to pay any sums due Franchisor under this Agreement, Franchisor may terminate this Agreement upon not less than 14 days' prior written notice of such default. If Franchisee shall cure said default prior to the end of such period, Franchisor's right to terminate shall cease with respect to the breach that has been so cured.

(d) Except as otherwise expressly provided herein, including, without limitation, paragraph 11.06 below, Franchisor may terminate this Agreement only upon 30 days' prior written notice to Franchisee setting forth the breach complained of in this Agreement or any other agreement to which both Franchisor or any of its affiliates and either Franchisee or any of its affiliates or Equity Holders are party. Upon receipt of such notice, Franchisee shall immediately commence diligently to cure said breach, and if Franchisee shall cure said breach during such period, Franchisor's right to terminate this Agreement shall cease; provided, however, that if, because of the nature of said breach, Franchisee shall be unable to cure the same within said 30 day period, Franchisee shall be given such additional time as shall be reasonably necessary within which to cure said breach, not to exceed an additional 30 days, upon condition that Franchisee shall, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use its best efforts to do so.

(e) A material violation of this Agreement shall mean any action or omission by Franchisee that impairs or adversely affects the Network, Franchisor, or the relationship created by this Agreement. Without limitation, each of the following events, along with the events set forth in paragraph 11.02 above is deemed a material violation of this Agreement. The parties acknowledge, however, that these events do not represent an exhaustive list of material violations of this Agreement, and additional events may occur that individually, or in combination with other events, may constitute a material violation of this Agreement. It shall be a material violation of this Agreement:

(i) If Franchisee fails to make any of the periodic reports required pursuant to paragraph 9.02 of this Agreement, fails to deposit its Continuing Royalty payments pursuant to subparagraph 5.02(e) of this Agreement, or fails to pay to Franchisor any sum when due;

(ii) If Franchisee shall violate any of the provisions of Article VII of this Agreement;

(iii) If Franchisee shall Abandon one or more of its Locations;

(iv) If Franchisee closes or relocates any Location or Restricted Purpose Location, except as provided by paragraph 4.02 of this Agreement;

(v) If Franchisee fails to maintain an independent contractor relationship with Franchisor;

(vi) If Franchisee or any of its Equity Holders commit an act, or permit an act to be committed, that violates any federal, state or local law, rule or regulation.

#### **11.04 Description of Default**

The description of any default in any notice served by Franchisor hereunder upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

#### **11.05 Statutory Limitations**

Notwithstanding anything to the contrary in this Article XI, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth herein, and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement shall be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected shall be amended only to the extent necessary to bring it within the requirements of the law or regulation.

#### **11.06 Extended Cure Period**

Notwithstanding anything contained herein to the contrary, including, without limitation, subparagraph 11.03(c) hereof, in those circumstances under which Franchisor shall have the right to terminate this Agreement, except in the case of violations specified in subparagraphs 11.03(a) and (b), Franchisor shall have the right, to be exercised in its sole discretion, to grant to Franchisee, in lieu of immediate termination of this Agreement, an extended period of time to cure the breach that gave rise to Franchisor's right to terminate, but in no event shall such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor's election to grant such an extended cure period to Franchisee shall not operate as a waiver of any of Franchisor's rights hereunder.

#### **11.07 Prohibition - Post-Term Non-Compete Restrictions**

Franchisor has imposed no post-term non-compete restrictions. Franchisee agrees that, if the Franchise Agreement expires or terminates for any reason, no non-compete clause or similar contractual restriction that Franchisee may have entered into with any employee, officer, director, shareholder, or real estate salesperson of Franchisee shall be binding or enforceable against (1) Franchisor, its parent or any affiliated company of Franchisor, (2) any other franchisee of Franchisor, or (3) any such employee, officer, director, shareholder, or real estate salesperson of Franchisee, who may (i) accept employment or other contractual relationship with Franchisor, its parent or affiliated company, or any franchisee of Franchisor, or (ii) acquire a franchise or any interest in a franchise from Franchisor or any franchisee of Franchisor.

## **XII. COMMUNICATION AND DISPUTE RESOLUTION**

Franchisor and Franchisee have entered into a long-term franchise relationship that gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of the Network and/or System, as contemplated by this Agreement. To that end, Franchisor and Franchisee acknowledge that they need to attempt to resolve disagreements and/or disputes before such disagreements and/or disputes negatively impact the relationship. Good faith communications between Franchisor and Franchisee are an important aspect of that obligation. The provisions in this Article XII are intended to facilitate such communication and the prompt resolution of any disagreements or disputes between the parties. To the extent any element or aspect of this Article XII is found, under applicable law, to be unenforceable in any way, it shall not be deemed void but, if possible, shall be enforced to the fullest lawful extent and all other provisions of this Article XII shall remain in full force and effect.

### **12.01 Notification of Dispute and Availability of Mediation Procedures**

Any and all disputes, claims and controversies between or among Franchisor and any of its Affiliates, on the one hand, and Franchisee and any of its Affiliates, on the other, arising out of, relating to or referencing this Agreement and any ancillary documents and the negotiation, execution, administration, modification, extension, substitution, formation, enforcement, termination or breach thereof in any way, including, without limitation, any claim sounding in contract or tort arising out of the relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal or otherwise voidable or void (“Dispute(s)”), are subject to the dispute resolution provisions set forth in paragraphs 12.03 and 12.04 of this Agreement, except for the disputes described in paragraph 12.02 of this Agreement and except as otherwise specifically modified by this Article XII.

“Affiliates”, as used in this Article XII, includes without limitation all shareholders, members, partners, owners, direct and indirect parents, sibling entities and subsidiaries, all affiliates thereof, and all officers, directors, employees, managers and agents of the foregoing, acting in the course of conducting business activities related to Franchisor or Franchisee, as the case may be.

### **12.02 Disputes Not Subject To Notification of Dispute and Mediation Procedures**

The following Disputes are not subject to the procedures stated in paragraphs 12.03 and 12.04 of this Agreement:

(a) Any claim by Franchisor for monies due to Franchisor by Franchisee or any guarantor of this Agreement;

(b) Any disputes relating to (i) Franchisee’s use of the Service Marks, or any other mark in which Franchisor or any of its affiliates has an interest; (ii) acts that otherwise violate Franchisee’s obligations under Article VII of this Agreement; or (iii) conduct that is alleged to otherwise infringe the intellectual property rights of Franchisor or any of its affiliates;

- (c) Any disputes subject to “core proceedings” under the United States Bankruptcy Code;
- (d) Any disputes pursuant to the Lanham Act (15 U.S.C. 1051 et seq.);
- (e) Any dispute relating to the assignment of interests in violation of Article X of this Agreement;
- (f) Any dispute for which Franchisor is entitled to terminate this Agreement without prior notice under the provisions of paragraph 11.02 of this Agreement;
- (g) Any dispute in any way relating to the scope, application or enforceability of this Article XII; and
- (h) Any dispute, other than those enumerated above, in which any emergency, temporary or preliminary equitable or injunctive relief or other reasonably necessary provisional remedy is sought, including, without limitation, a writ of attachment, but only to the extent of proceedings for such relief, as further provided in paragraph 12.06 hereof.

### **12.03 Written Notice of Unresolved Disputes -- “Notification of Dispute” Procedure**

Except as provided in paragraph 12.02 above, all Disputes shall be brought to the attention of Franchisor and Franchisee by delivering a written notice headed “Notification of Dispute.” Delivery of such notice shall be made within sixty (60) days of the date on which facts respecting the Dispute first come to Franchisor’s or Franchisee’s attention. A notice of default under Article XI of this Agreement may precede the Notification of Dispute and, in such cases, the Notification of Dispute may be sent at such time as it appears that the default has not been satisfactorily corrected. The Notification of Dispute shall specify, to the fullest extent possible, the party’s version of facts surrounding the Dispute, the amount of damages and/or the nature of any other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute shall respond within thirty (30) business days after receipt thereof, in accordance with paragraph 14.07 of this Agreement, stating its version of the facts and, if applicable, its position as to the relief sought by the party initiating the Dispute procedure; provided, however, that if the Dispute has been the subject of a default notice given under Article XI hereof, the Franchisee shall respond to the notice under this paragraph 12.03 within ten (10) business days.

If upon receipt of a Notification of Dispute and responses under this paragraph 12.03, the Dispute (or any part thereof) is not resolved, the party initiating the Notification of Dispute shall so indicate in writing within five (5) business days or the Dispute shall be deemed to be resolved as set forth in the response to the Notification of Dispute. If the Dispute is not resolved, the parties shall endeavor in good faith to resolve the Dispute outlined in the Notification of Dispute and responses.

All notices, requests and responses to be delivered to Franchisor or Franchisee under this Article XII shall be delivered in accordance with paragraph 14.07 of this Agreement.

#### **12.04 Mediation of Dispute**

In the event a Dispute outlined in a Notification of Dispute has not been resolved within fifteen (15) days after receipt of the last writing called for by paragraph 12.03 above, either party may initiate a mediation procedure in accordance with this paragraph 12.04 within five (5) days thereafter by delivering a written request for mediation. Such mediation will be conducted by Judicial Arbitration and Mediation Services, Inc. (“JAMS”) according to its procedures. The mediator shall be selected by the striking method, shall be a retired judge, or an attorney licensed to practice law in California, and shall have experience in franchise disputes, but if no mutually-acceptable mediator with such experience is available, the mediator shall have experience related to complex commercial transactions. If the parties are unable to select the mediator within ten (10) business days after delivery of the mediation notice, then the parties shall request that JAMS designate an appropriate mediator based upon the foregoing criteria. If JAMS is unable to act in the matter expeditiously, mediation shall be conducted under the auspices of any other mediation service mutually agreed to by the parties according to the mediator’s procedures. The scope of such mediation and the authority of the mediator to act with respect to the Dispute are defined by the specific provisions of this Article XII and any mediator will be required to execute an acknowledgment of applicability of the provisions of this Article XII in any proceeding under this Agreement.

The object of any mediation subject to this paragraph 12.04 is to assist the parties in reaching a mutually acceptable resolution of the Dispute. Such mediation shall, in all circumstances, be consistent with the rights and obligations created by this Agreement and shall not be premised on the derogation or diminution of those rights or disregard of those rights. The mediation process shall begin promptly and shall be concluded within thirty (30) days of the day the request for mediation is made, unless the parties mutually otherwise agree in writing. The mediation shall be attended by representatives of both parties with full settlement authority. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any other legal proceeding.

All mediation proceedings shall take place in Orange County, California, or if Franchisor so elects, in the county where the principal place of business of Franchisee is then located. The expenses of the mediation service shall be borne equally by Franchisor and Franchisee, and all other expenses relating to such mediation shall be borne by the party incurring them.

#### **12.05 Business Judgment**

The parties hereto recognize, and any mediator, arbitrator or court is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) certain actions in the exercise of its business judgment based on its assessment of the overall best interests of the Network and/or System. Where such discretion has been exercised, and is supported by the business judgment of Franchisor, neither a mediator nor an arbitrator or court shall substitute his, her or its judgment for the judgment so exercised by Franchisor. The term “business judgment,” as used herein with respect to the Network and/or System, means that Franchisor’s action or inaction has a business basis that is intended to: (i) benefit the Network

and/or System or the profitability of the Network and/or System, including Franchisor, regardless of whether some individual franchisees may be unfavorably affected; (ii) increase the value of the Service Marks; (iii) increase or enhance overall franchisee satisfaction; or (iv) minimize possible brand inconsistencies. Franchisee will have the burden of establishing that Franchisor failed to exercise business judgment, and neither the fact that Franchisor benefited economically from an action nor the existence of other “reasonable” alternatives will, by itself, establish such failure. To the extent that any implied covenant, such as the implied covenant of good faith and fair dealing, or civil law duty of good faith is applied to this Agreement, Franchisor and Franchisee intend that Franchisor will not have violated such covenant or duty if Franchisor has exercised business judgment.

## **12.06 MANDATORY BINDING ARBITRATION**

Except for those disputes described in paragraph 12.02 (b), (c), (d), (e), (g) and (h) hereof, (which shall be resolved in court proceedings in accordance with paragraph 12.07 hereof), a Dispute is not subject to paragraphs 12.03 and 12.04 hereof or if after the conclusion of all procedures required under those paragraphs, the parties have been unable to resolve the Dispute, the parties shall submit such Dispute to final and binding arbitration in Orange County, California, administered by JAMS, or its successor, in accordance (except as otherwise specifically provided herein) with the JAMS Comprehensive Rules and Procedures effective October 1, 2010 (the “JAMS Rules”) as amended in accordance with JAMS Rule 3, provided that, (i) the JAMS Rules may be modified by the parties pursuant to JAMS Rule 2, (ii) notwithstanding JAMS Rule 1, the JAMS Rules shall apply to all Disputes, regardless whether the Dispute is in excess of Two Hundred Fifty Thousand Dollars (\$250,000), (iii) JAMS Rule 6(e) and (f) shall not apply, (iv) JAMS Rule 17 shall be modified to permit four non-expert depositions and one expert deposition for each expert witness as a matter of right (the necessity of additional depositions to be determined by the arbitrator), (v) JAMS Rule 22(d) shall not apply and the admissibility of evidence will instead be determined under the Federal Rules of Evidence and such principles of substantive federal law and Delaware law as may be applicable, including but not limited to the Parol Evidence Rule, (vi) the arbitrator shall give effect to statutes of limitation and to the contractual limitation periods set forth in paragraph 12.08 hereof in determining any Dispute, and (vii) the allocation of arbitrator compensation and expenses shall be determined in accordance with paragraph 13.05 hereof. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be governed by the Federal Arbitration Act (Title 9 of the U.S. Code) and decided by one (1) neutral arbitrator who is a retired judge or attorney licensed to practice law in California, and who has experience with franchise disputes and/or disputes related to complex commercial transactions. The parties shall select the arbitrator in accordance with JAMS Rule 15 and shall cooperate with JAMS and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable JAMS’ procedures.

Any party may commence the arbitration process called for in this Agreement by filing a written demand for arbitration with JAMS, with a copy to the other party. Any award issued as a result of such arbitration shall be final and binding between the parties thereto and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. No arbitration award or decision shall be given preclusive effect as to issues or claims in any dispute with anyone who is not a party to the arbitration. The parties expressly acknowledge and



understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a court (excepting only requests for emergency, temporary or preliminary relief described below in this paragraph 12.06) or by a jury.

Any Dispute that involves decisions expressly reserved herein for Franchisor's business judgment or discretion shall not be set aside unless the Court or arbitrator finds that Franchisor failed to exercise its business judgment or discretion as provided in paragraph 12.05 hereof.

All Disputes that involve adjudication in a court shall be governed by the provisions of paragraphs 12.07 and 12.08 of this Agreement. In addition to the foregoing rights and obligations to arbitrate, and without limiting the powers and authority of the arbitrator, any party may apply to the appropriate court as set forth in paragraph 12.07 hereof for emergency, temporary or preliminary equitable or injunctive relief or other reasonably necessary provisional remedy, including, without limitation, a writ of attachment, but only to the extent of proceedings for such relief. If a party seeks such emergency, temporary or preliminary relief, the court hearing the matter shall proceed to adjudicate the issues before it with respect to such relief and shall not delay the entry of any order with respect to such relief; provided, however, that except for matters determined in connection with proceedings for emergency, temporary or preliminary relief, the dispute resolution and arbitration procedures set forth herein shall be used.

**12.07 VENUE; SUBMISSION OF ISSUES TO COURT; WAIVER OF RIGHT TO TRIAL BY JURY; LIMITATION OF DAMAGES; CLASS ACTION WAIVER**

The parties acknowledge that Franchisor operates a nationwide franchise system, with franchisees located in numerous different states and in numerous counties and cities within such states. Accordingly, the parties hereby agree that in view of the fact that the books, records and business personnel of Franchisor are located, for the most part, in Orange County, California, and in order to minimize disruption or interference with operation of the franchise system as a whole, Franchisee and Franchisor agree as follows:

(a) Any and all court proceedings arising from or relating in any manner to any Dispute between Franchisor and any of its affiliates, on the one hand, and Franchisee and any of its affiliates, on the other, shall be brought in, and only in, the United States District Court for the Central District of California (Southern Division-Santa Ana). No individual or entity (whether named or otherwise designated) shall be joined as a party to such proceedings if such joinder has the effect of destroying federal court jurisdiction unless that individual or entity is a necessary party to the proceeding as a matter of law. Where there is no United States District Court having jurisdiction over the Dispute, the proceeding may be initiated in, and only in, the Superior Court of California in and for Orange County, California. In either case, Franchisee hereby consents to the exercise of jurisdiction by such courts.

(b) No punitive or exemplary damages shall be awarded against either Franchisor or Franchisee, or any affiliates of either of them, in any arbitration, litigation or other proceeding, and all claims to such damages are hereby waived.

(c) THE PARTIES HERETO KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THEIR PRESENT OR FUTURE RIGHTS TO A JURY TRIAL IN ANY ACTION TO RESOLVE ANY DISPUTE PURSUANT TO THIS ARTICLE XII AND TO CONSOLIDATE OR TRANSFER ANY ACTION WITH OR TO ANOTHER ACTION WHERE EITHER PARTY MIGHT OTHERWISE BE ENTITLED TO A JURY TRIAL, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

BY THEIR INITIALS BELOW, FRANCHISOR AND FRANCHISEE ACKNOWLEDGE AND REPRESENT THAT THEY HAVE KNOWINGLY AND VOLUNTARILY WAIVED THEIR RIGHT TO TRIAL BY JURY AND HAVE FURTHER AGREED TO BINDING ARBITRATION OF CERTAIN DISPUTES AS PROVIDED HEREIN.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

(d) THE PARTIES RECOGNIZE THAT THEIR RELATIONSHIP IS UNIQUE AND THAT EACH FRANCHISEE IS SITUATED DIFFERENTLY FROM ALL OTHER FRANCHISEES, AND THAT NO ONE FRANCHISEE CAN ADEQUATELY REPRESENT THE INTEREST OF OTHERS. THEREFORE, THE PARTIES AGREE THAT ANY MEDIATION, ARBITRATION, SUIT, ACTION OR OTHER LEGAL PROCEEDING SHALL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT ON A CLASS-WIDE, MULTIPLE PLAINTIFF, CONSOLIDATED OR SIMILAR BASIS, AND FRANCHISEE HEREBY EXPLICITLY AND UNEQUIVOCALLY WAIVES IT'S RIGHT, IF ANY, TO JOIN A PLAINTIFF CLASS ACTION LAWSUIT IN ANY DISPUTE AGAINST FRANCHISOR OR TO ACT IN ANY ARBITRATION OR OTHERWISE IN THE INTEREST OF THE PUBLIC OR IN ANY PRIVATE ATTORNEY GENERAL CAPACITY.

#### **12.08 Limitation of Actions**

Franchisor and Franchisee agree that no form of action or proceeding permitted hereby will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless any Notification of Dispute required to be delivered under this Agreement has been delivered in accordance with paragraph 12.03 hereof and unless the proceeding is brought before the expiration of the earlier of (a) one (1) year after the date of discovery of the facts resulting in such alleged liability or obligation or (b) two (2) years after the date of the first act or omission giving rise to such alleged liability or obligation. The foregoing limitations periods shall not apply (i) to any claim by Franchisor for monies due to Franchisor by Franchisee, including, but not limited to, those liabilities or obligations discovered as a result of an examination conducted by Franchisor pursuant to subparagraph 9.09(a), or (ii) any disputes relating to (1) Franchisee's use of the Service Marks, or any other mark in which Franchisor or any of its affiliates has an interest; (2) acts that otherwise violate Franchisee's obligations under Article VII of this Agreement; or (3) conduct that is alleged to otherwise infringe the intellectual property rights of Franchisor or any of its affiliates. Notwithstanding the foregoing, where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply in all cases, in lieu of the time specified in (a) or (b) above.

### **XIII. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION**

#### **13.01 Franchisee's Obligations**

(a) Except as otherwise set forth in paragraph 10.01 with respect to assignment by Franchisor of any or all of its interest in this Agreement, in the event of termination or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time, or other cause, in addition to any other obligations provided for in this Agreement, Franchisee shall forthwith discontinue the use and/or display of the Service Marks in any manner whatsoever and all Materials containing or bearing same and shall not thereafter operate or do business under the Assumed Name or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by it or other owners of the Service Marks. In such event, Franchisee also shall comply with paragraph 13.02 respecting the return to Franchisor of certain Materials and shall not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or Materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, video disks, forms, advertising matter, marks, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business. At such time as requested by Franchisor, Franchisee shall make its books and records available to Franchisor's representatives who shall conduct a termination audit, and Franchisee shall pay any amount, as determined by such audit, due to Franchisor in connection with this Agreement.

(b) In the event of termination or expiration as described in paragraph 13.01(a) above, Franchisee shall promptly:

(i) remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Service Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Service Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) permanently discontinue all advertising of Franchisee to the effect that Franchisee is associated or affiliated with Franchisor;

(iv) refrain from doing anything that would indicate that Franchisee is or ever was an authorized Franchisee including, without limitation, indicating, directly or indirectly, that Franchisee was licensed to use the Service Marks or any other distinctive System features or that Franchisee at any time operated under any name, word or mark associated or affiliated with Franchisor;

(v) in the event that Franchisee engages in any business thereafter, it shall use trade names, service marks or trademarks (if any) that are significantly different from those under

which Franchisee had done business and shall use sign formats (if any) that are significantly different in color and type face; and take all necessary steps to ensure that its present and former employees, agents, officers, shareholders and partners observe the foregoing obligations;

(vi) in the event such termination is a result of a material default by Franchisee, then Franchisee shall take all action necessary to disconnect and change all telephone numbers and directory listings used by the Franchised Business immediately without providing for any forwarding numbers; or, at Franchisor's option, shall assign all interest and right to use all such telephone numbers and directory listings to Franchisor;

(vii) if this Agreement has expired in accordance with its terms as set forth in subparagraph 17.02(e), then Franchisee may retain its interest and right to use all telephone numbers and yellow page and white page listings. However, if the Agreement has terminated or expired for any other reason, the Franchisee shall assign all interest and right to use all telephone numbers and all yellow page and white page listings applicable to the Franchised Business in use at the time of such termination or expiration to Franchisor and take all action necessary to change all such telephone numbers immediately and change all such yellow page and white page listings as soon as possible; and

(viii) assign all Internet and web site addresses, e-mail addresses and domain names using the Service Marks to Franchisor and use best efforts to identify any individual Internet, web site addresses, e-mail addresses and domain names using the Service Marks that may have been created by employees or sales agents in violation of this Agreement and cause those employees or agents to assign the addresses or names to Franchisor. Franchisee shall instruct its Internet service provider to purge from its servers all domain name server information associated with such Internet and web site addresses, e-mail addresses and domain names being assigned or transferred.

(c) If Franchisee shall fail or omit to make or cause to be made any removal or change described in subparagraph 13.01(b) above, then Franchisor shall have the right within 15 days after written notice to enter upon Franchisee's premises upon which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at the expense of Franchisee, which expense Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisee's rights in the Assumed Name and any of the Service Marks.

(d) In the event that a Location or Restricted Purpose Location is Abandoned or otherwise closed for a period of seven consecutive days with or without Franchisor's prior written consent, Franchisee shall promptly take action to remove any indication that such Location or Restricted Purpose Location is associated or affiliated with either Franchisee or Franchisor, and remove at Franchisee's expense all signs erected or used by Franchisee on, in or in connection with such Location or Restricted Purpose Location and bearing either the Service Marks or any word or mark indicating that such Location or Restricted Purpose Location is associated or affiliated with either Franchisee or Franchisor, except as otherwise required by law.

### **13.02 Rights of Franchisor**

The expiration or termination of this Agreement shall be without prejudice to any rights of Franchisor against Franchisee and such expiration or termination shall not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee that, by their nature, survive the expiration or termination of this Agreement. Franchisee is obligated to return, at no expense to the Franchisor, any and all copies of the Operations Manual, computer equipment, video equipment, videotapes, videodisks, software, software manuals and documentation, and any other communications media and Material provided for Franchisee's use without additional charge in connection with the operation of the Franchised Business.

### **13.03 Franchisor's Right to Cure Defaults by Franchisee**

In addition to all other remedies herein granted, if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure such default for the account of and on behalf of Franchisee, and all costs or expenses including attorneys' fees incurred by Franchisor on account thereof shall be due and payable by Franchisee to Franchisor on demand.

### **13.04 Waiver and Delay**

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Operations Manual, shall constitute a waiver of the provisions of this Agreement or the Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

### **13.05 Attorneys' Fees and Expenses**

In any action or proceeding between the Franchisor and Franchisee for the purpose of enforcing or preventing any breach of any provision of this Agreement, whether by judicial or quasi-judicial action, arbitration or otherwise or any appeal thereof, each party shall bear its own costs including but not limited to its own attorneys' fees, except for those actions or proceedings, whether quasi-judicial action, arbitration or otherwise or any appeal thereof, brought for collection of moneys due, enforcement of indemnifications and/or with regard to the use or protection of the Service Mark, which proceedings or actions, whether by judicial or quasi-judicial action, arbitration or otherwise or any appeal thereof, the prevailing party shall be entitled to collect its fees and expenses including but not limited to attorneys' fees and arbitrator's fees from the other party.

## **XIV. GENERAL CONDITIONS AND PROVISIONS**

### **14.01 Relationship of Franchisee to Franchisor**

It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, director, officer, member, manager, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, director, officer, member, manager, partner or co-venturer of Franchisor or the owner of the Service Marks. All employees or agents hired or engaged by or working for Franchisee shall be only the employees or agents of Franchisee and shall not for any purpose be deemed employees or agents of Franchisor or the owner of the Service Marks, nor subject to Franchisor's control; and in particular, Franchisor shall have no authority to exercise control over the hiring or termination of such employees, officers, managers, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or the day-to-day activities of such persons, except to the extent necessary to protect the Service Marks. Franchisee agrees to respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor or the owner of the Service Marks in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees or agents and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

### **14.02 Indemnity**

Except as otherwise expressly provided in paragraph 7.07 hereof, Franchisee hereby agrees to protect, defend and indemnify Franchisor, its direct or indirect parents, their subsidiaries, affiliates, officers, directors, employees and designees and hold them harmless from and against any and all costs and expenses actually incurred by them or for which they are liable, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature, and including those incurred pursuant to a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including specifically without limitation any claim or controversy arising out of (a) any Transfer by Franchisee referred to in paragraph 10.02 hereof, (b) acts or omissions of Franchisee that are not in strict compliance with this Agreement and the Operations Manual in respect of use or display of the Service Marks, or (c) acts or omissions of Franchisee that tend to create an impression that the relationship between the parties hereto is other than one of Franchisor and Franchisee. Notwithstanding the foregoing, (x) Franchisee shall have no obligation to protect, defend or indemnify Franchisor, its direct or indirect parents, their subsidiaries, affiliates or designees from and against any such costs or expenses arising from the conduct of Franchisor found to be willful, malicious or grossly negligent, and (y) in any proceeding in which Franchisor has been found to have been actively negligent (as opposed to passively negligent or vicariously liable), Franchisor and Franchisee shall each bear all of such costs and expenses (i) in proportion to their share of responsibility in any finding of

comparative negligence made in such proceeding or (ii) if no such finding has been made, as shall be determined in a communication and dispute resolution proceeding pursuant to Article XII hereof, based on application of comparative negligence standards.

#### **14.03 Survival of Covenants**

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

#### **14.04 Successors and Assigns**

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Franchisor and shall be binding upon and inure to the benefit of the Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment by Franchisee contained herein.

#### **14.05 Joint and Several Liability**

If Franchisee consists of more than one person or entity, or a combination thereof, the obligation and liabilities to Franchisor of each such person or entity are joint and several.

#### **14.06 Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute a single instrument. Further, Franchisor and Franchisee agree that this Agreement may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind Franchisor and Franchisee so signing as a paper copy bearing such Franchisor and Franchisee's hand-written signature. Franchisor and Franchisee further consent and agree that the electronic signatures appearing on this Agreement shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

#### **14.07 Notices**

All notices that the parties hereto may be required or may desire to give under or in connection with this Agreement shall be in writing and shall be sent either by (i) United States certified mail, return receipt requested, postage prepaid, (ii) by other reliable overnight delivery service, expenses prepaid or (iii) by electronic mail (subject to the limitations on electronic mail communications set forth below), addressed as follows:

**If to Franchisor:**

BHH Affiliates, LLC  
18500 Von Karman Avenue, Suite 400  
Irvine, California 92612  
Attention: Law Department  
[Legal@HSFranchise.com](mailto:Legal@HSFranchise.com)

Delivery by electronic mail alone will not constitute the required notice by Franchisee to Franchisor with respect to notices given under (x) Section XI of this Agreement, or (y) paragraph 12.03 of this Agreement. All such notices must be transmitted in accordance with subparagraphs 14.07(i) or (ii) hereof.

If to Franchisee: to the attention of the Responsible Agent and/or Broker at the address and/or electronic mail address indicated in paragraph 17.02(c) hereof unless another or an additional receiving person and/or address is desired by Franchisee, in which event the different receiving person and/or address will be attached hereto as an exhibit. Electronic delivery of notices will not include notices sent under Section XI or paragraph 12.03 of this Agreement, unless you request electronic delivery of such notices in writing.

The addresses and/or electronic mail addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices shall be deemed given: (i) three business days after deposit in the United States certified mail or on the next business day after delivery to such reliable overnight delivery service as aforesaid, or (ii) if sent electronically, on the date delivered to the authorized electronic mail address.

Franchisee hereby consents, without the need for any additional consent, to Franchisor communicating with Franchisee electronically, including via electronic mail, facsimile and telephone, notwithstanding whether any of Franchisee's Location telephone numbers appear on a "do not call/text," "do not fax" or similar laws.

Franchisor and Franchisee each consent to the other forwarding facsimile and electronic mail transmissions to each other, in the case of Franchisor, Franchisor may forward facsimile and electronic mail transmissions to the Contact Person designated by Franchisee pursuant to paragraph 9.07 or anyone else designated by Franchisee in writing to Franchisor.

**14.08 CPI Adjustment**

The following amounts may be adjusted by Franchisor periodically:

- The Thresholds in subparagraphs 5.02(a) and (b) hereof;
- Marketing Fees and Thresholds set forth in paragraph 5.03 hereof;
- The transfer and processing fees set forth in paragraph 10.02 hereof;



Any other amounts as required by any other provision that by its terms calls for adjustments corresponding to the Consumer Price Index.

The foregoing amounts may be increased by the cumulative annual average percentage increase in the Consumer Price Index from December 31, 2012 through the date of adjustment, provided that the cumulative annual average percentage increase from December 31, 2012 through the date of adjustment shall not exceed the cumulative increase in the Consumer Price Index from December 31, 2012 through the date of adjustment. Franchisor reserves the right to increase the Marketing Fees for the total cumulative annual average percentage increase and for any future increases in the Consumer Price Index.

## **XV. CONSTRUCTION OF AGREEMENT**

### **15.01 Governing Law**

This Agreement and the totality of the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of the State of Delaware, subject to the Lanham Act (15 U.S.C. 1051 et seq.) and except as otherwise required by federal law, except that statutes or regulations of that state pertaining to the franchise relationship, termination or renewal thereof, or disclosure with regard thereto, shall apply only to those agreements contemplating operation of a Franchised Business within that state or to a franchisee which, as of the Effective Date, is domiciled in that state.

### **15.02 Entire Agreement; Modification**

This Agreement contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other promises or agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. Nothing in the Agreement is intended to disclaim Franchisor's representations set forth in its franchise disclosure document. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement. Franchisee agrees that it has executed this Agreement without reliance upon any such unauthorized representation or promise. This Agreement cannot be modified or changed except by (a) written instrument signed by all of the parties hereto, or (b) Franchisor's reduction of the scope of any of Franchisee's obligations under this Agreement, which may be done without Franchisee's consent and which is effective immediately upon notice. The ability of Franchisor to reduce the scope of any of Franchisee's obligations under this Agreement shall not be interpreted as according Franchisor any right correspondingly to reduce the scope of any of its obligations under this Agreement, unless otherwise specifically empowered to do so hereunder.

### **15.03 Titles of Convenience**

Paragraph titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

#### **15.04 Gender**

All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any paragraph may require.

#### **15.05 Severability**

Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Operations Manual and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter shall prevail, but in such event the provision of this Agreement or the Operations Manual thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, Article, paragraph, sentence or clause of this Agreement or the Operations Manual shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining parts thereof shall continue in full force and effect, unless said provision pertains to the payment of fees pursuant to Article V hereof, in which case this Agreement shall terminate.

#### **15.06 No Third Party Beneficiaries**

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity shall be entitled to any rights hereunder by virtue of so-called “third party beneficiary rights” or otherwise.

### **XVI. SUBMISSION OF AGREEMENT**

The submission of this Agreement to Franchisee does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY THE PRESIDENT OR OTHER EXECUTIVE OFFICER OF FRANCHISOR. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS FRANCHISEE SHALL HAVE BEEN FURNISHED BY FRANCHISOR WITH ANY DISCLOSURE, IN WRITTEN FORM, AS MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW.

### **XVII. ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE**

#### **17.01 Certain Acknowledgements and Representations of Franchisee**

Franchisee represents and warrants that the following statements are true and accurate:

(a) Franchisee is a duly licensed real estate broker under the laws of the state within which the Locations are situated and is in compliance with all applicable laws, rules and regulations of cognizant authorities. Additionally, if Franchisee is a partnership, corporation or a limited liability company, the Responsible Agent and/or Broker identified in paragraph 17.02(c) below is a duly licensed real estate broker under the laws of the state within which the

Locations are located and is in compliance with all applicable laws, rules and regulations of cognizant authorities.

(b) Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business and/or the Franchise.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Operations Manual. Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with the standards of Franchisor.

(d) If Franchisee is a corporation or limited liability company, Franchisee is duly incorporated or formed and is qualified to do business in the state and any other applicable jurisdiction within which the Locations are located.

(e) The execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement shall constitute a valid and binding obligation of the Franchisee and, if applicable, all of its partners, if Franchisee is a partnership.

(g) Franchisee has, or if a partnership, corporation or other entity, its partners, managers, members, executive officers or its other principals have, carefully read this Agreement and all other related documents to be executed by it concurrently or in conjunction with the execution hereof, that it has obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound thereby.

(h) This Agreement has been developed from the experiences of Franchisor's affiliates and the Network, including Franchisor's current and former employees, agents and franchisees, who collectively possess substantial experience in the business of franchised residential real estate brokerage. The formation of this Agreement and the disclosures made in connection with the franchise relationship set forth herein have been governed in part by the franchise relations acts, the franchise investment laws, the franchise disclosure laws and the regulations promulgated thereunder in the states in which Franchisor and the Network do business. Such laws, regulations and disclosure requirements have been implemented for the protection and benefit of franchisees and prospective franchisees. Franchisee acknowledges that it has been advised to obtain legal advice and counsel to evaluate the opportunity of becoming a franchisee of Franchisor and the benefits and duties of this Agreement. Franchisee acknowledges that it has chosen to enter into this Agreement solely based upon independent judgment as to its needs at a time when other prominent residential real estate franchise opportunities were available.

(i) Neither Franchisor nor any of its representatives has made any of the following representations:

(i) that Franchisor guarantees, conditionally or unconditionally, or make a written or oral representation (a) that would cause a reasonable person in Franchisee’s position to believe that income is assured, (b) that Franchisee will derive income from the franchised business, (c) that Franchisee’s investment is protected from loss or (d) that Franchisee can earn a profit in excess of its initial payment;

(ii) that Franchisor will refund all or part of the fees paid by Franchisee (including, without limitation, a representation that Franchisor will refund Franchisee’s initial payment or return any promissory note upon termination or non-renewal of the franchised business) or repurchase any of the products, equipment, supplies, goods or chattels supplied by Franchisor or its affiliate to Franchisee;

(iii) that Franchisee will be provided with retail outlets or accounts, or assistance in establishing retail outlets or accounts, for the sale or distribution of goods or services; or

(iv) that there is a market for the goods or services to be offered, sold or distributed by Franchisee.

(j) Franchisee acknowledges that Franchisor is relying on the representations and warranties set forth above in deciding to grant a franchise to Franchisee.

**17.02 Additional Information Respecting Franchisee**

(a) Franchisee represents that attached hereto as Exhibit C is a schedule containing complete information respecting the owners, members, managers, partners, shareholders, officers and directors, as the case may be, of Franchisee.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to paragraph 14.07 hereof) where Franchisee’s financial and other records are maintained and electronic mail address is:

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(c) The name, business address and electronic mail address (written notice of any change in this information after the Effective Date must be delivered to Franchisor pursuant to paragraph 14.07 hereof) of Franchisee’s “Responsible Agent or Broker” is:

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(d) Franchisee represents that Franchisee has delivered to Franchisor complete and accurate copies of all organizational documents relating to Franchisee, including without limitation all partnership agreements, certificates of partnership, Articles or certificates of incorporation or other organization, by-laws and shareholder or member agreements, including all amendments, side letters and other items modifying such documents.

(e) The term (as described in paragraph 6.01 hereof) of this Agreement expires on \_\_\_\_\_.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed.

FRANCHISOR:  
**BHH AFFILIATES, LLC**  
a Delaware limited liability company

By: HSF AFFILIATES LLC, its sole member  
a Delaware limited liability company

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

Its: \_\_\_\_\_

FRANCHISEE:

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

Its: \_\_\_\_\_

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

Its: \_\_\_\_\_

**List of Exhibits to Franchise Agreement:**

Exhibit A – Approved Broker Management Systems

Exhibit B – Original Locations and Other Offices

Exhibit C – Schedule of Names and Addresses of Sole Proprietor or Shareholders, Partners, Principal Officers, and if a Limited Liability Company, Members and Managers, as Applicable and Other Information

## **NONDISCLOSURE, NONCOMPETITION AND NONTRANSFER COVENANT AND PERSONAL GUARANTEE**

(To be executed, if Franchisee is not an individual, by all persons, their spouses, and entities who have more than a ten percent equity interest in the Franchisee)

In consideration of the execution by BHH Affiliates LLC (“Franchisor”) of that certain Real Estate Brokerage Franchise Agreement (“Franchise Agreement”) being executed concurrently herewith by and between Franchisor and \_\_\_\_\_. (“Franchisee”), and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, being all of the persons and legal entities having more than a ten percent equity interest in Franchisee, do hereby agree, individually and jointly, to comply with and be bound by subparagraph 9.09(a) and all provisions of this Franchise Agreement in any way related to nondisclosure, noncompetition and nontransfer to the same extent as if each of them were the Franchisee, including but not limited to paragraphs 3.04, 7.01, 7.03, 9.04, 9.12, 13.01 and all of Article X, and hereby agree not to engage in any activities not permitted to the Franchisee thereunder (whether on their own behalf or in any capacity on behalf of any entity).

The undersigned hereby unconditionally and irrevocably guarantee the full performance of each and all of the terms, covenants and conditions of said Franchise Agreement to be kept and performed by Franchisee, including, but not limited to, the payment of all sums due thereunder.

The undersigned do hereby further agree that this covenant and agreement on their part shall continue in favor of Franchisor notwithstanding any extensions, modifications, renewals, or alterations of the Franchise Agreement entered into by and between the parties thereto, or their successors or assigns, or notwithstanding any assignment of said Franchise Agreement, and no extension, modification, alteration or assignment of the Franchise Agreement shall in any manner release or discharge the undersigned, and they hereby consent thereto.

The undersigned do hereby waive notice of any demand by Franchisor, as well as notice of nonpayment, nonperformance or default, excepting such notices as may be specifically provided for in the Franchise Agreement.

Franchisor may assign this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee in whole or in part. The undersigned expressly waive the provisions of Section 2845 of the Civil Code of California. All of the obligations of the undersigned under this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee are independent of the obligations of Franchisee under the Franchise Agreement, and a separate action may be brought against the undersigned whether or not an action is brought against Franchisee under the Franchise Agreement.

The parties agree that any controversy or claim arising out of this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee, or any breach thereof, shall be adjudicated in accordance with Article XII of the Franchise Agreement which includes, among other provisions, a waiver of the right to trial by jury.

This Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee (i) shall be executed by all persons, their spouses, and other legal entities who now have and who

shall from time to time have more than a 10 percent equity interest in Franchisee, and the execution hereof by all such persons and legal entities shall be the responsibility of the undersigned; (ii) shall be governed in accordance with the laws of the same state whose laws govern this Franchise Agreement; and (iii) shall be binding upon and inure to the benefit of the respective successors and assigns of the parties herein named.

\_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
Residence  
Address: \_\_\_\_\_

Residence  
Telephone  
Number: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
Residence  
Address: \_\_\_\_\_

Residence  
Telephone  
Number: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
Residence  
Address: \_\_\_\_\_

Residence  
Telephone  
Number: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
Residence  
Address: \_\_\_\_\_

Residence  
Telephone  
Number: \_\_\_\_\_



## EXHIBIT A

APPROVED BROKER MANAGEMENT SYSTEMS (“BMS”)	Vendor Name & Address	Relationship Contact, Title, Phone & Email
AccountTECH	AccountTECH 574 Boston Road, Suite 8 Billerica, MA 01821	Mark Blagdensales@accounttech.com (781) 276-1555  www.accounttech.com
Broker Centrics	GURU Solutions 6437 Old Bust Head Road Broad Run, VA 20137	703-961-1401
LanTrax	LanTrax, Inc. 1967 Wehrle Drive, Ste. 2 Williamsville, NY 14221	Keith Hunter keith.hunter@lantrax.com (866)887-4905 <a href="http://www.lantrax.com/">http://www.lantrax.com/</a>
Lone Wolf Real Estate Technologies	Lone Wolf Real Estate Technologies, Inc. 1425 Bishop Street, Unit #3 Cambridge, Ontario N1R 6J9	Sales <a href="mailto:sales@lewolf.com">sales@lewolf.com</a> (866) 279-9653  <a href="http://www.lonewolf.com">www.lonewolf.com</a>
Consellation1	Consellation16737W. Washington Street, Suite 2120 Milwaukee, WI 53214	<u>Andrew Seminari</u> andrew.seminari@constellation1.com (425) 636-6958 <a href="http://www.consellation1.com">www.consellation1.com</a>

EXHIBIT B

ORIGINAL LOCATIONS AND OTHER OFFICES

The following are the Franchisee's Original Locations, including the addresses and telephone numbers for each:

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Telephone: (      )

Fax: (      )

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Telephone: (      )

Fax: (      )

---

---

Telephone: (      )

Fax: (      )

---

---

Telephone: (      )

Fax: (      )

[If more space is needed, please attach separate sheet]

**EXHIBIT C**

NAMES AND ADDRESSES OF SOLE PROPRIETOR OR SHAREHOLDERS,  
PARTNERS, PRINCIPAL OFFICERS,  
AND IF A LIMITED LIABILITY COMPANY, MEMBERS AND MANAGERS, AS APPLICABLE,  
AND OTHER INFORMATION

Legal Name of Entity:

d/b/a: Berkshire Hathaway HomeServices

Address:

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1. If Franchisee is a sole proprietorship, list below the name and residence address of the sole owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. If Franchisee is a partnership, list below the names, residence addresses and respective percentage ownership interests in the partnership of each partner (and whether any partner is a managing partner) and submit a copy of the partnership agreement, if any, to BHH Affiliates, LLC (if more space is required, attach additional sheets hereto):

a.	_____	b.	_____
	_____		_____
	_____		_____
_____ %	_____	_____ %	_____
c.	_____	d.	_____
	_____		_____
	_____		_____
_____ %	_____	_____ %	_____

EXHIBIT C, P.2

Legal Name of Entity:

d/b/a: Berkshire Hathaway HomeServices

Address:



3. If Franchisee is a corporation, list below the names, residence addresses and percentage ownership of each shareholder (if more space is required, attach additional sheets hereto):

a.	_____	b.	_____
	_____		_____
	_____		_____
_____ %	_____		_____ %
	_____		_____
c.	_____	d.	_____
	_____		_____
	_____		_____
_____ %	_____		_____ %
	_____		_____

4. If Franchisee is a corporation, list below the names and residence addresses of each director of the corporation, if not previously provided herein (if more space is required, attach additional sheets hereto):

a.	_____	b.	_____
	_____		_____
	_____		_____
	_____		_____
	_____		_____
c.	_____	d.	_____
	_____		_____
	_____		_____
	_____		_____
	_____		_____

EXHIBIT C, P.3

Legal Name of Entity:

d/b/a: Berkshire Hathaway HomeServices

Address:



5. If Franchisee is a corporation, list below the names and residence addresses of each applicable executive officer (if necessary, list other corporate executive officers on additional sheets attached hereto):

a. President:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b. Secretary:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

c. Vice President:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

d. Treasurer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. If Franchisee is a limited liability company, list below the names, residence addresses and respective percentage of ownership interests in the company of each member (and whether any member is a managing member) and submit a copy of the management agreement, if any, to BHH Affiliates, LLC (if more space is required, attach additional sheets hereto):

a. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_%

\_\_\_\_\_

b. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_%

\_\_\_\_\_

c. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_%

\_\_\_\_\_

d. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_%

\_\_\_\_\_

EXHIBIT C, P.4

Legal Name of Entity:

d/b/a: Berkshire Hathaway HomeServices

Address:

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7. If any legal entities have been listed at Items 2, 3 or 6 above, list below the names, residence addresses and percentage ownership of each shareholder, partner or holder of an equity interest therein (if more space is required, attach additional sheets hereto):

a.	_____	b.	_____
	_____		_____
	_____		_____
_____ %	_____		_____ %
c.	_____	d.	_____
	_____		_____
	_____		_____
_____ %	_____		_____ %

8. The term "Designated Equity Holders" as used in the Franchise Agreement including without limitation paragraphs 10.02(b) and 10.03, shall mean the following individuals agreed to by Franchisor and Franchisee:

a. \_\_\_\_\_

b. \_\_\_\_\_

FRANCHISEE INITIAL HERE [ ]  
[ ]  
[ ]

**ADDENDUM TO REAL ESTATE  
BROKERAGE FRANCHISE AGREEMENT FOR  
ADDITIONAL LOCATION**

**ADDENDA TO REAL ESTATE  
BROKERAGE FRANCHISE AGREEMENT FOR  
ADDITIONAL RESTRICTED PURPOSE LOCATIONS**

**AMENDMENT TO  
REAL ESTATE BROKERAGE FRANCHISE AGREEMENT  
(Residential Exclusivity Amendment)**

and

Optional:  
**COMMERCIAL RESOURCE TIER II  
SUBSCRIPTION AGREEMENT**

**ADDENDUM TO REAL ESTATE  
BROKERAGE FRANCHISE AGREEMENT FOR  
ADDITIONAL LOCATION**

This Addendum to Real Estate Brokerage Franchise Agreement for Additional Location ("Addendum") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (the "Effective Date"), by and between BHH Affiliates, LLC, a Delaware limited liability company ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ doing business in the state of \_\_\_\_\_ as Berkshire Hathaway HomeServices \_\_\_\_\_ ("Franchisee").

Franchisor and Franchisee entered into that certain Real Estate Brokerage Franchise Agreement effective \_\_\_\_\_ ("Franchise Agreement"), under the terms of which Franchisee is licensed by the Franchisor to use a certain "System" including proprietary marks of Franchisor for the promotion and assistance of Franchisee's independently owned and operated real estate brokerage business.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee desire to modify the Franchise Agreement as set forth below, and in connection therewith, the parties do hereby agree as follows:

1. Establishment of Additional Location

1.1 Franchisee, in accordance with the requirements of Paragraph 4.03 of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed additional location at \_\_\_\_\_ ("Additional Location").

1.2 Franchisor hereby agrees to grant its approval for the Additional Location and, by their respective executions hereof, Franchisor and Franchisee hereby modify the Franchise Agreement to include the Additional Location as an Additional Location within the meaning of Paragraph 4.03 of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Additional Location fee of \$2,500.00.

**OR**

Franchisee hereby authorizes Franchisor to deduct the Additional Location fee of Two Thousand Five Hundred Dollars (\$2,500.00) from Franchisee's ACH Account.

3. Representations of Franchisee

3.1 Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise Agreement and that the Additional Location shall remain open on a full-time basis after the Effective Date. Franchisee further agrees that, in addition to the initial fee described above, Franchisee will pay to Franchisor Continuing Royalties and other fees as set forth in the Franchise Agreement attributable to the Additional Location.

3.2 Franchisee hereby represents and warrants that Franchisee owns, directly and beneficially, all interest in the Additional Location, including but not limited to the real property on



which the Additional Location is situated or if leased, Franchisee is the holder of the leasehold interest of the premises in which the Additional Location is situated.

4. Incorporation of Franchise Agreement

All other terms and conditions of the Franchise Agreement not specifically modified hereby shall remain in full force and effect and the terms of the Franchise Agreement shall be fully applicable to the operations of the Additional Location.

5. Counterparts; Electronic Signatures

This Addendum may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute a single instrument. Further, Franchisor and Franchisee agree that this Addendum may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind Franchisor and Franchisee so signing as a paper copy bearing such Franchisor and Franchisee's hand-written signature. Franchisor and Franchisee further consent and agree that the electronic signatures appearing on this Addendum shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the Effective Date entered above.

**FRANCHISEE:**

\_\_\_\_\_  
a(an) \_\_\_\_\_

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

Its: Title

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

Its: Title

**FRANCHISOR:**

**BHH AFFILIATES, LLC,**  
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

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

Its: \_\_\_\_\_

**ADDENDUM TO REAL ESTATE  
BROKERAGE FRANCHISE AGREEMENT FOR  
ADDITIONAL RESTRICTED PURPOSE LOCATION  
(Service Center)**

This Addendum to Real Estate Brokerage Franchise Agreement for Additional Restricted Purpose Location ("Addendum") is made and entered into as of this «Date\_Agrmt\_Entered\_», (the "Effective Date"), by and between BHH Affiliates, LLC, a Delaware limited liability company ("Franchisor") and «Legal\_Name\_», a (an) «Entity\_State» «Entity\_Type» doing business in the state of «Entity\_St\_does\_Bus» as Berkshire Hathaway HomeServices «DBA» ("Franchisee").

Franchisor and Franchisee entered into that certain Real Estate Brokerage Franchise Agreement which became effective on «Agrmt\_Effective» ("Franchise Agreement"), under the terms of which Franchisee is licensed by the Franchisor to use a certain "System" including proprietary marks of Franchisor for the promotion and assistance of Franchisee's independently owned and operated real estate brokerage business.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee desire to modify the Franchise Agreement as set forth below, and in connection therewith, the parties do hereby agree as follows:

1. Establishment of Additional Restricted Purpose Location

1.1 Franchisee, in accordance with the requirements of Paragraph 4.03 of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed additional office location at «New\_Location» which meets Franchisor's criteria for designation as an Additional Restricted Purpose Location as such term is defined in the Franchise Agreement.

1.2 Franchisor hereby agrees to grant its approval for the Additional Restricted Purpose Location and, by their respective executions hereof, Franchisor and Franchisee hereby modify the Franchise Agreement to include the Additional Restricted Purpose Location as an Additional Restricted Purpose Location within the meaning of Paragraph 4.03 of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00).

**OR**

Franchisor shall deduct the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00) from Franchisee's Depository Checking Account.

3. Representations and Acknowledgment of Franchisee

3.1 Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise Agreement. Franchisee agrees that it shall operate the Restricted Purpose Location in accordance with the Operations Manual and further acknowledges that (a) the Restricted Purpose Location may not appear in any of Franchisee's marketing or advertising materials, including Franchisee's website (b) there can be no sales activity performed nor may any of Franchisee's sales professionals be licensed through the

Additional Restricted Purpose Location, (c) the Restricted Purpose Location may only be used for purposes of a service center and (d) no signage will be permitted in connection with the Additional Restricted Purpose Location.

3.2 Franchisee hereby represents and warrants that Franchisee owns, directly and beneficially, all interest in the Additional Restricted Purpose Location, including but not limited to the real property on which the Additional Restricted Purpose Location is situated or if leased, Franchisee is the holder of the leasehold interest of the premises in which the Additional Restricted Purpose Location is situated.

3.3 Franchisee further represents and warrants that the Additional Restricted Purpose Location currently meets all of Franchisor's criteria for a service center as set forth in the Operations Manual and that the Additional Restricted Purpose Location will continue to meet such criteria. In the event that Franchisee wishes to change the use of the Additional Restricted Purpose Location to something other than a service center, Franchisee will seek Franchisor's consent thereto which consent, Franchisee acknowledges, may be granted or withheld in Franchisor's sole discretion.

#### 4. Incorporation of Franchise Agreement

All other terms and conditions of the Franchise Agreement not specifically modified hereby shall remain in full force and effect and the terms of the Franchise Agreement shall be fully applicable to the operations of the Additional Restricted Purpose Location.

#### 5. Counterparts; Electronic Signatures

This Addendum may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute a single instrument. Further, Franchisor and Franchisee agree that this Addendum may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind Franchisor and Franchisee so signing as a paper copy bearing such Franchisor and Franchisee's hand-written signature. Franchisor and Franchisee further consent and agree that the electronic signatures appearing on this Addendum shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the Effective Date entered above.

**FRANCHISEE:**

«Legal\_Name\_»

a(an) «Entity\_State» «Entity\_Type»

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

«Owner\_1»

Its: «Owner\_1\_Title»

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

«Owner\_2»

Its: «Owner\_2\_Title\_»

**FRANCHISOR:**  
**BHH AFFILIATES, LLC,**  
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

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

«Atty»

Its: «Atty\_Title»

**ADDENDUM TO REAL ESTATE  
BROKERAGE FRANCHISE AGREEMENT FOR  
ADDITIONAL RESTRICTED PURPOSE LOCATION  
(Subdivision Sales Office)**

This Addendum to Real Estate Brokerage Franchise Agreement for Additional Restricted Purpose Location ("Addendum") is made and entered into as of this «Date\_Agrmt\_Entered\_», (the "Effective Date"), by and between BHH Affiliates, LLC, a Delaware limited liability company ("Franchisor") and «Legal\_Name\_», a (an) «Entity\_State» «Entity\_Type» doing business in the state of «Entity\_St\_does\_Bus» as Berkshire Hathaway HomeServices «DBA» ("Franchisee").

Franchisor and Franchisee entered into that certain Real Estate Brokerage Franchise Agreement which became effective on «Agrmt\_Effective» ("Franchise Agreement"), under the terms of which Franchisee is licensed by the Franchisor to use a certain "System" including proprietary marks of Franchisor for the promotion and assistance of Franchisee's independently owned and operated real estate brokerage business.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee desire to modify the Franchise Agreement as set forth below, and in connection therewith, the parties do hereby agree as follows:

1. Establishment of Additional Restricted Purpose Location

1.1 Franchisee, in accordance with the requirements of Paragraph 4.03 of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed additional office location at «New\_Location» which meets Franchisor's criteria for designation as an Additional Restricted Purpose Location as such term is defined in the Franchise Agreement.

1.2 Franchisor hereby agrees to grant its approval for the Additional Restricted Purpose Location and, by their respective executions hereof, Franchisor and Franchisee hereby modify the Franchise Agreement to include the Additional Restricted Purpose Location as an Additional Restricted Purpose Location within the meaning of Paragraph 4.03 of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00)

**OR**

Franchisor shall deduct the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00) from Franchisee's Depository Checking Account.

3. Representations and Acknowledgment of Franchisee

3.1 Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise Agreement. Franchisee agrees that it shall operate the Restricted Purpose Location in accordance with the Operations Manual and further acknowledges that the Restricted Purpose Location may only be used for subdivision sales activities.

3.2 Franchisee hereby represents and warrants that Franchisee owns, directly and beneficially, all interest in the Additional Restricted Purpose Location, including but not limited to the real property on which the Additional Restricted Purpose Location is situated or if leased, Franchisee is the holder of the leasehold interest of the premises in which the Additional Restricted Purpose Location is situated.

3.3 Franchisee further represents and warrants that the Additional Restricted Purpose Location currently meets all of Franchisor's criteria for a Subdivision Sales Office as set forth in the Operations Manual and that the Additional Restricted Purpose Location will continue to meet such criteria. In the event that Franchisee wishes to change the use of the Additional Restricted Purpose Location to something other than a Subdivision Sales Office, Franchisee will seek Franchisor's consent thereto which consent, Franchisee acknowledges, may be granted or withheld in Franchisor's sole discretion.

#### 4. Incorporation of Franchise Agreement

All other terms and conditions of the Franchise Agreement not specifically modified hereby shall remain in full force and effect and the terms of the Franchise Agreement shall be fully applicable to the operations of the Additional Restricted Purpose Location.

#### 5. Counterparts; Electronic Signatures

This Addendum may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute a single instrument. Further, Franchisor and Franchisee agree that this Addendum may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind Franchisor and Franchisee so signing as a paper copy bearing such Franchisor and Franchisee's hand-written signature. Franchisor and Franchisee further consent and agree that the electronic signatures appearing on this Addendum shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the Effective Date entered above.

**FRANCHISEE:**

«Legal\_Name\_»

a(an) «Entity\_State» «Entity\_Type»

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

«Owner\_1»

Its: «Owner\_1\_Title»

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

«Owner\_2»

Its: «Owner\_2\_Title\_»

**FRANCHISOR:**  
**BHH AFFILIATES, LLC,**  
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

By: \_\_\_\_\_  
«Atty»

Its: «Atty\_Title»

**ADDENDUM TO REAL ESTATE  
BROKERAGE FRANCHISE AGREEMENT FOR  
ADDITIONAL RESTRICTED PURPOSE LOCATION  
(Information Kiosk)**

This Addendum to Real Estate Brokerage Franchise Agreement for Additional Restricted Purpose Location ("Addendum") is made and entered into as of this «Date\_Agrmt\_Entered\_», (the "Effective Date"), by and between BHH Affiliates, LLC, a Delaware limited liability company ("Franchisor") and «Legal\_Name\_», a (an) «Entity\_State» «Entity\_Type» doing business in the state of «Entity\_St\_does\_Bus» as Berkshire Hathaway HomeServices «DBA»("Franchisee").

Franchisor and Franchisee entered into that certain Real Estate Brokerage Franchise Agreement which became effective on «Agrmt\_Effective» ("Franchise Agreement"), under the terms of which Franchisee is licensed by the Franchisor to use a certain "System" including proprietary marks of Franchisor for the promotion and assistance of Franchisee's independently owned and operated real estate brokerage business.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee desire to modify the Franchise Agreement as set forth below, and in connection therewith, the parties do hereby agree as follows:

1. Establishment of Additional Restricted Purpose Location

1.1 Franchisee, in accordance with the requirements of Paragraph 4.03 of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed Information Kiosk located at «New\_Location» which meets Franchisor's criteria for designation as an Additional Restricted Purpose Location as such term is defined in the Franchise Agreement.

1.2 Franchisor hereby agrees to grant its approval for the Additional Restricted Purpose Location and, by their respective executions hereof, Franchisor and Franchisee hereby modify the Franchise Agreement to include the Additional Restricted Purpose Location as an Additional Restricted Purpose Location within the meaning of Paragraph 4.03 of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Additional Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00).

**OR**

Franchisee hereby authorizes Franchisor to deduct the Restricted Purpose Location fee of One Thousand Dollars (\$1,000.00) from Franchisee's ACH Account.

3. Representations and Acknowledgment of Franchisee

3.1 Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise Agreement. Franchisee agrees that it shall operate the Restricted Purpose Location in accordance with the Operations Manual and further acknowledges that (a) no permanent signage will be permitted in connection with the Additional Restricted Purpose Location except for displaying sandwich or yard signs during the hours that the Additional Restricted Purpose Location is manned, (b) the Additional Restricted Purpose Location may not be served by direct, inbound telephone numbers made available to customers or the general public, (c) the Additional Restricted Purpose Location may only be used



for providing information with no sales activities conducted (d) no advertising may be published that gives the impression that the Additional Restricted Purpose Location is a Location and (e) the address of the Additional Restricted Purpose Location shall not be used on advertising, business cards or stationary.

3.2 Franchisee hereby represents and warrants that Franchisee owns, directly and beneficially, all interest in the Additional Restricted Purpose Location, including but not limited to the real property on which the Additional Restricted Purpose Location is situated or if leased, Franchisee is the holder of the leasehold interest of the premises in which the Additional Restricted Purpose Location is situated.

3.3 Franchisee further represents and warrants that the Additional Restricted Purpose Location currently meets all of Franchisor's criteria for an Information Kiosk as set forth in the Operations Manual and that the Additional Restricted Purpose Location will continue to meet such criteria. In the event that Franchisee wishes to change the use of the Additional Restricted Purpose Location to something other than an Information Kiosk, Franchisee will seek Franchisor's consent thereto which consent, Franchisee acknowledges, may be granted or withheld in Franchisor's sole discretion.

#### 4. Incorporation of Franchise Agreement

All other terms and conditions of the Franchise Agreement not specifically modified hereby shall remain in full force and effect and the terms of the Franchise Agreement shall be fully applicable to the operations of the Additional Restricted Purpose Location.

#### 5. Counterparts; Electronic Signatures

This Addendum may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute a single instrument. Further, Franchisor and Franchisee agree that this Addendum may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind Franchisor and Franchisee so signing as a paper copy bearing such Franchisor and Franchisee's hand-written signature. Franchisor and Franchisee further consent and agree that the electronic signatures appearing on this Addendum shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed as of the Effective Date entered above.

**FRANCHISEE:**

«Legal\_Name\_»

a(an) «Entity\_State» «Entity\_Type»

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

«Owner\_1»

Its: «Owner\_1\_Title»

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

«Owner\_2»

Its: «Owner\_2\_Title\_»

**FRANCHISOR:**  
**BHH AFFILIATES, LLC,**  
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

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

«Atty»

Its: «Atty\_Title»

**AMENDMENT TO  
REAL ESTATE BROKERAGE FRANCHISE AGREEMENT  
(Residential Exclusivity Amendment)**

This \_\_\_\_\_ Amendment to Real Estate Brokerage Franchise Agreement (“Exclusivity Amendment”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ but shall be effective as of the "Effective Date" as that term is defined in that certain First Amendment to Real Estate Brokerage Franchise Agreement (“First Amendment”) which is being executed concurrently herewith by and between BHH Affiliates, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ proposing to do business in the State of \_\_\_\_\_ as Berkshire Hathaway HomeServices \_\_\_\_\_ (“Franchisee”), with reference to the following facts:

A. Franchisor and Franchisee are concurrently herewith executing a Real Estate Brokerage Franchise Agreement and the First Amendment (together the “Franchise Agreement”), under the terms of which Franchisee, upon the Effective Date of the Franchise Agreement, will be licensed by the Franchisor to use a certain "System," including proprietary marks of Franchisor, for the promotion and assistance of Franchisee’s independently owned and operated real estate brokerage business.

B. Franchisee and Franchisor desire to provide for certain exclusive territory rights as more fully set forth below.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Grant of Limited Exclusivity.

Subject to the further provisions of this Exclusivity Amendment, Franchisor agrees that Franchisor will not license any person or entity to use the System by Acting as a Real Estate Broker with respect to residential real estate transactions from business premises owned or leased by such person or entity in the Exclusive Territories (as defined below) during the term of the Franchise Agreement which expires \_\_\_\_\_ years from the Effective Date. Nothing herein shall limit the right of Franchisor to use, develop or license rights other than the System that is the subject of the Franchise Agreement or to use or license the Service Marks that are part of the System for business purposes other than use of the System, including without limitation the licensing of the service marks in connection with the grant of a commercial only real estate brokerage franchise. Furthermore, Franchisee acknowledges that nothing herein shall prevent other franchisees of Franchisor who have Locations and places of business outside the Exclusive Territory from Acting as a Real Estate Broker with respect to residential properties located within the Exclusive Territories, and nothing herein shall prevent other franchisees of Franchisor from having Locations and other places of business outside the boundaries of any or all of the Exclusive Territory, as defined below.

2. Exclusive Territory.

The "Exclusive Territory" consists of the following geographical area:

\_\_\_\_\_.

3. Existing Franchisees.

(a) Franchisee acknowledges that there may be existing franchisees who operate in the Berkshire Hathaway HomeServices, Prudential Real Estate or Real Living Real Estate franchise systems (the "Existing Franchisees") who may currently operate from places of business located within the Exclusive Territory. The parties agree that, if there are any Existing Franchisees on the Effective Date, Paragraph 1 of this Exclusivity Amendment shall not apply in any manner to the Existing Franchisees in the Exclusive Territory, and Franchisor may license any Existing Franchisee to use the System by Acting as a Real Estate Broker from the business premises owned or leased by Existing Franchisees in the Exclusive Territory from which such Existing Franchisee currently operates, as well as any new business premises not currently so owned or leased, notwithstanding any change in the ownership or management of such Existing Franchisee or in the event of an assignment of such Existing Franchisee's franchise agreement to another person or entity who shall be considered an Existing Franchisee.

(b) Franchisee further acknowledges and agrees that Paragraph 1 of this Exclusivity Amendment shall not apply in any manner to (i) any real estate brokerage currently owned, directly or indirectly, by HomeServices of America, Inc. ("HSOA Brokerage") operating from any location(s) within the exclusive territories, (ii) any franchisees ("HSOA Brokerage Franchisees") associated with any HSOA Brokerage operating from any locations within the Exclusive Territories, (iii) any real estate brokerage subsequently acquired, directly or indirectly by HomeServices of America, Inc. ("Subsequently Acquired HSOA Brokerage") which is operating from locations within the Exclusive Territories as well as (iv) any franchisees ("Subsequently Acquired HSOA Brokerage Franchisees") associated with any Subsequently Acquired HSOA Brokerage operating from any locations within the Exclusive Territories. Franchisor may license any HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee and Subsequently Acquired HSOA Brokerage Franchisee to use the System by Acting as a Real Estate Broker from (i) the business premises owned or leased by any HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee in the Exclusive Territories from which such HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee operates, as well as any new business premises not then so owned or leased, notwithstanding any change in the ownership or management of such HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee or in the event of an assignment of such HSOA Brokerage's, Subsequently Acquired HSOA Brokerage's, HSOA Brokerage Franchisee's or Subsequently Acquired HSOA Brokerage Franchisee's franchise agreement to another person or entity who shall be considered an HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee, as the case may be.

#### 4. Minimum Performance –Exclusive Territory.

No later than December 31, \_\_\_\_\_, and for each year ended December 31 thereafter, Franchisee shall (i) maintain no less than a \_\_\_\_\_ percent (\_\_\_\_%) Market Share, and (ii) rank as one of the top \_\_\_\_\_ companies within the Exclusive Territory, with each of (i) and (ii) based on closed dollar volume of residential transactions for properties located in the Exclusive Territory.

Market Share is defined as the percentage that Franchisee's total closed dollar volume of residential transactions for properties located in the Exclusive Territory for the calendar year being measured bears to the total closed dollar volume of residential transactions for all properties located in the Exclusive Territory for the calendar year being measured.

Franchisor shall make its determination as to whether Franchisee has achieved the minimum performance criteria for the Exclusive Territory using closed residential transaction information reported to Franchisor by Franchisee, or alternatively, Franchisor may utilize quarterly

statistical reports issued by a third party vendor employed by Franchisor for such purpose. In the event Franchisor's vendor ceases to provide such information, then Franchisor may obtain such information from another source which is, in Franchisor's reasonable discretion, a substitute for such information, in which case the substitute information shall constitute company ranking information and the Franchisee closed dollar volume and closed board volume information used to determine whether Franchisee has achieved the minimum performance criteria for the Exclusive Territory. Should Franchisor determine that the necessary information can only be obtained from one or more Multiple Listing Services in which Franchisee participates, then in such event, Franchisee shall provide access to such Multiple Listing Service(s) for the limited purpose stated herein. Franchisor shall provide to Franchisee a written summary of its calculation and the information used to support it.

Alternatively, if requested by Franchisor, then within ninety (90) days after any such request, Franchisee shall provide Franchisor with information about closed residential transactions in the Exclusive Territory, Franchisee's financial information and any other information that Franchisor shall, in its reasonable discretion, determine is necessary and in such form as may be reasonably directed by Franchisor to enable it to make its determination. Franchisee agrees that such information is necessary to allow Franchisor to determine whether or not Franchisee has met the minimum performance requirements for any Exclusive Territory.

#### 5. Termination of Exclusivity.

(a) If Franchisee fails to meet the required minimum performance criteria as set forth in paragraph 4 above, then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall terminate immediately.

(b) If any payments of Continuing Royalties, Marketing Fees or any other amounts due to Franchisor from Franchisee under the terms of the Franchise Agreement are delinquent and unpaid (a "Payment Default") after written notice and demand to cure from Franchisor as provided for in the Franchise Agreement; then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall terminate immediately without further opportunity to cure and this Exclusivity Amendment shall be deemed null, void and of no further force and effect.

(c) If Franchisee is in material breach (other than a Payment Default) of any material provision of the Franchise Agreement, or any other agreement to which both Franchisor or any of its affiliates and either Franchisee or any of its affiliates or Equity Holders are party, after written notice and demand to cure from Franchisor as set forth in the Franchise Agreement or any other agreement, as the case may be, then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall be deemed null, void and of no further force and effect.

#### 6. Construction of Amendment.

(a) Entire Agreement. The foregoing constitutes the entire agreement between the parties hereto with respect to the matters set forth herein; all other understandings or representations, whether oral or written, having been incorporated herein, are otherwise superseded.

(b) Effect on Franchise Agreement. The parties agree that the terms and conditions of this Exclusivity Amendment supersede inconsistent terms of the Franchise Agreement, that the Franchise Agreement is hereby modified as set forth herein, and that this Exclusivity Amendment constitutes a part of the Franchise Agreement. All of the terms and conditions of the Franchise Agreement not specifically modified herein shall remain in full force and effect.

(c) This Exclusivity Amendment may be executed in one or more counterparts, each of which shall be an original, and all of which together shall constitute a single instrument. Further, Franchisor and Franchisee agree that this Exclusivity Amendment may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind Franchisor and Franchisee so signing as a paper copy bearing such Franchisor and Franchisee's hand-written signature. Franchisor and Franchisee further consent and agree that the electronic signatures appearing on this Exclusivity Amendment shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

7. Confidentiality.

Franchisee acknowledges that Franchisor is willing to enter into this Exclusivity Amendment subject to the condition that Franchisee maintains the confidentiality of this Exclusivity Amendment as set forth in this paragraph. Franchisee agrees that it will maintain the confidentiality of this Exclusivity Amendment and will not permit the terms hereof or the content of discussions between Franchisee and Franchisor or their representatives related hereto to be disclosed to any parties other than the parties hereto and Franchisee's officers, shareholders, attorneys and accountants and also agrees that it shall cause any party to which it discloses such terms or conditions to maintain the confidentiality of such information and not to disclose such information to any parties other than those to whom Franchisee is permitted to make disclosures under this paragraph. Franchisor acknowledges that this paragraph shall not prohibit Franchisee from making disclosures required by law. Franchisee agrees however, that prior to making such disclosure it shall provide Franchisor with prompt notice of such requirement and shall cooperate with Franchisor in seeking a protective order waiving such disclosure and obtaining reliable assurance that confidential treatment will be accorded to any confidential information disclosed.

IN WITNESS WHEREOF, the parties hereto have caused this Exclusivity Amendment to be executed on or as of the date indicated above:

FRANCHISEE:

\_\_\_\_\_

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

Its: \_\_\_\_\_

FRANCHISOR:

BHH AFFILIATES, LLC  
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

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

Its: \_\_\_\_\_

**ORION TIER II**  
**SUBSCRIPTION AGREEMENT**

(Broker ID # \_\_\_\_\_)

This ORION TIER II SUBSCRIPTION AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 202\_\_ (“Effective Date”), by and between HSF Affiliates LLC, a Delaware limited liability company (“HSF”), with its principal place of business at 18500 Von Karman Ave, Suite 400, Irvine, California, 92612, and \_\_\_\_\_, a \_\_\_\_\_ (“Subscriber”) doing business in the state of \_\_\_\_\_ as Berkshire Hathaway HomeServices \_\_\_\_\_, with reference to the following facts:

A. Subscriber has entered into a Real Estate Brokerage Franchise Agreement with BHH Affiliates, LLC (“BHH”). In addition, to representing buyers and sellers of residential real estate, Subscriber may also represent buyers and sellers of commercial real estate, as permitted by the terms of Subscriber’s franchise agreement with BHH.

B. HSF hosts and maintains the ORION Platform website (now accessible through [www.bhhsresource.com](http://www.bhhsresource.com)) for the benefit of Berkshire Hathaway HomeServices franchisees.

C. Subscriber wishes to enter into this Agreement in order to avail itself of the ORION Platform, the features of which are more particularly described in Schedule I attached hereto and incorporated herein by this reference.

**NOW THEREFORE**, in consideration of the foregoing facts and other valuable consideration, the receipt and adequacy of which is hereby acknowledge, the parties hereto do hereby agree as follows:

**1. SUBSCRIPTION FEE.** Subscriber shall pay to HSF an annual subscription fee of Three Thousand Five Hundred U.S. Dollars (\$3,500.00) (“Subscription Fee”) paid in a lump sum at the beginning of the first full 12 month subscription period and each subscription period thereafter. As used herein, the term “subscription period” shall mean the twelve (12) month period following May 1, 2022 and each additional twelve (12) month period thereafter. For the period commencing on the Effective Date through April 30, 2022 (“Stub Subscription Period”), Subscriber shall pay to HSF a prorated Subscription Fee calculated at \$9.59 times the number of days in the Stub Subscription Period. The prorated Subscription Fee will be paid to HSF upon the execution and delivery of this Agreement by Subscriber. All fees to be paid to HSF pursuant to this Agreement shall be paid via the automated clearing house account Subscriber is required to maintain pursuant to its franchise agreement with BHH. Subscriber acknowledges that HSF may adjust the annual Subscription Fee, from time to time, at HSF’s sole discretion, however, in no event (a) shall HSF adjust the annual Subscription Fee more than one time in any subscription period and (b) any such adjustment shall not affect the then current remaining term of Subscriber’s subscription. In the event that this Agreement is terminated during a subscription period, HSF shall refund Subscriber a prorata portion of the Subscription Fee paid to HSF based upon the number of months left in the subscription period had this Agreement not been terminated.

**2. LIMITATION OF LIABILITY. UNDER NO CIRCUMSTANCES SHALL HSF OR ITS AFFILIATES BE LIABLE TO SUBSCRIBER FOR ANY CONSEQUENTIAL, INDIRECT OR INCIDENTAL LOSS OR DAMAGE (INCLUDING CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE) HOWSOEVER CAUSED OR ARISING OUT OF SUBSCRIBERS USE OF THE ORION PLATFORM UNLESS SUCH LOSS OR DAMAGE IS CAUSED BY HSF'S GROSS NEGLIGENCE OR HSF'S ACTUAL INFRINGEMENT ON THE RIGHTS OF OTHERS.**

**3. HSF'S INTELLECTUAL PROPERTY RIGHTS.** Subscriber shall recognize and respect the rights of HSF in its' trademarks and trade names, and Subscriber shall not use any other trademarks or trade names in conjunction with the Subscribers without prior written consent of HSF. Subscriber shall supply to HSF samples of any labels or advertising material used by Subscriber and bearing any trademarks or trade names of HSF. Subscriber shall also recognize and respect the rights of HSF in the HSF or other technology provided by HSF, as well as any related intellectual property including, but not limited to systems, processes, forms, templates and training materials and Subscriber shall not use such technology or intellectual property without the consent of HSF.

3.01 Ownership and Title: Title to the HSF Technology, including ownership rights to patents, copyrights, trademarks, systems, processes, forms, templates, education, training and trade secrets in connection therewith shall be the exclusive property of HSF.

3.02 Reverse Engineering: Subscriber shall not reverse engineer the Software and shall use reasonable efforts to prevent reverse engineering of the Software. For purposes of this Agreement, the term "Software" means the ORION Platform, powered by HSF.

3.03 Modifications: Subscriber shall not copy the Software and Documentation and shall not allow the Software and Documentation to be copied without the prior written consent of HSF. Subscriber shall not modify the Software and Documentation and shall not allow the Software and Documentation to be modified without the prior written consent of HSF. If the Software or Documentation is modified, such modifications shall be the sole and exclusive property of HSF and HSF shall own any and all of the rights, title, and interests to such modifications, including (but not limited to) any and all copyrights, patents, and trade secrets related thereto. For purposes of this Agreement, the term "Documentation" means any and all written and/or printed material contained within the ORION platform, whether now or in the future.

3.04 Proprietary Information: Subscriber shall not disclose Proprietary Information except to Authorized Persons. For purposes of this Agreement, "Proprietary Information" shall mean HSF's confidential, business and proprietary information, including without limitation information relating to technology, such as computer systems and systems architecture, computer hardware, computer software, source code, object code, documentation, methods of processing and operational methods. "Authorized Persons" shall mean any active employee, owner, broker, manager or sales professional of a Berkshire Hathaway HomeServices franchisee who has been assigned a roster management role in BHH's CRM system of: Commercial REsource Company Manager, Commercial REsource Office Manager, or Commercial REsource User. Subscriber shall hold Proprietary Information in strict confidence and shall not duplicate, use or disclose Proprietary Information except as otherwise permitted under this Agreement. Subscriber hereby acknowledges and agrees that the Proprietary



Information derives independent economic value (actual or potential) from not being generally known to other persons who can obtain economic value from its disclosure or use and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; is the subject of reasonable efforts under the circumstances to maintain its secrecy; and is a trade secret as defined under the Restatements.

3.05 No Contest: Subscriber shall not contest or aid in contesting the ownership or validity of the copyrights, trademarks, service marks and trade secrets of HSF in connection with the ORION Platform and content.

3.06 Non-Compete: Subscriber shall not (directly or indirectly) promote, advertise, market or provide any product or service similar to or competitive with the ORION Platform.

#### 4. TERM AND TERMINATION.

- (a) The term of this Agreement will commence on the Effective Date and end on the earlier of (i) April 30, 2023 or (ii) the expiration or earlier termination of the franchise agreement between BHH and Subscriber. This Agreement shall automatically renew for subsequent additional one (1) year terms (subscription periods) unless either party gives not less than thirty (30) days prior written notice that it does not wish to renew this Agreement.
- (b) Either party may terminate this Agreement at any time upon at least thirty (30) days prior written notice to the other party.
- (c) HSF shall have the right to terminate this Agreement upon ten (10) days prior written notice in the event Subscriber fails to pay the annual Subscription Fee referred to in paragraph 1 of this Agreement within ten (10) days of its' due date.
- (d) Upon termination of this Agreement, Subscriber shall immediately cease using the technology provided by HSF and any related intellectual property, and shall immediately return to HSF all such technology, property, documents and other information provided by HSF. HSF shall immediately terminate Subscriber's access to the ORION Platform.

5. ASSIGNABILITY. Except to any person or entity to which Subscriber has assigned its franchise agreement with BHH (and BHH has consented to said assignment) this Agreement shall not be assigned by Subscriber without the prior written consent of HSF.

6. NOTICES. Any notice required or authorized be given pursuant to this Agreement shall be served by overnight delivery courier or by certified letter, return receipt requested, addressed to HSF or Subscriber (as the case may be) at the applicable address stated in this Agreement. Notices required by this Agreement shall be addressed to any other addresses which may be specified by either party by written notice to the other.

7. ENTIRE AGREEMENT AND MODIFICATIONS. This Agreement, including any schedule(s), constitutes the entire agreement between the parties with respect to the subject matter

and supersedes and terminates all prior agreements between the parties relating to the same subject matter. Unless otherwise stated in this Agreement, any change, addition, deletion or waiver of the terms and conditions of this Agreement shall be binding upon the parties only if approved in writing by authorized representatives of the parties. The failure of either party to require the performance of any term or condition of this Agreement, or the waiver of either party of any breach of this Agreement, shall not prevent a later enforcement of such term or condition or be deemed a waiver of any later breach. If any provision or paragraph of this Agreement shall be deemed legally invalid, the other provisions and paragraphs shall remain in full force and effect.

**8. GOVERNING LAW.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California without giving effect to the conflict-of-laws provisions thereof. Subject to the parties' agreement to mediate and arbitrate certain disputes as set forth in Section 9, the parties must bring any legal or equitable action or proceeding arising under or relating to this Agreement exclusively in the state of California or federal courts, which courts will have exclusive jurisdiction to decide any disputes between the parties arising out of or relating to this Agreement. Each party knowingly and voluntarily consents to and waives any objection or defense to personal jurisdiction, improper or inconvenient venue, or inconvenient forum in the state of California or federal courts.

**9. DISPUTE RESOLUTION.**

9.1 Mediation. The parties must attempt in good faith to promptly resolve any disputes between them through mandatory nonbinding mediation. A party may commence mediation by delivering written notice to the other party. All negotiations between the parties during the mediation will be confidential and will be treated as compromise and settlement negotiations under the federal and state rules of evidence. JAMS or the American Arbitration Association ("AAA") will conduct the mediation. No party can withdraw from the mediation before it concludes. Each party will be required to pay its own attorney's and expert fees, costs, and expenses for the mediation. If a party refuses to mediate a dispute under this Section 9.1, the other party may seek to enforce the nonconsenting party's obligations to mediate under the law and in the courts specified in Section 8.

9.2 Arbitration. If mandatory mediation under Section 9.1 concludes without resolving the parties' dispute, either party may commence binding arbitration to resolve the dispute. If a party initiates a binding arbitration under this Section 9.2, JAMS or the AAA will conduct the arbitration in Orange County, California under the then current JAMS or AAA rules applicable to the dispute. Alternatively, the parties may agree to use another provider or person and different rules to arbitrate their dispute. The arbitrator will be barred from issuing any award that includes any whole or partial award of punitive, special, consequential, incidental, indirect, or exemplary damages. Any arbitration result, determination, finding, or award will be final and binding on the parties, and the prevailing party may confirm or enforce any of them in court. If a party refuses to arbitrate a dispute under this Section 9.2, then the other party may enforce the nonconsenting party's obligations to arbitrate in the courts specified in Section 8. The prevailing party in an arbitration under this Section 9.2 will be entitled to an award of the attorney's and expert fees, costs, and expenses that the party incurred in the arbitration.

**10. COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, taken together, shall be deemed to constitute a single instrument. Further, the parties agree that this Agreement may be signed and/or transmitted by electronic mail of a .PDF document or electronic signature (e.g., DocuSign or similar electronic signature technology) and thereafter maintained in electronic form, and that such electronic record shall be valid and effective to bind the parties so signing as a paper copy bearing such parties' hand-written signature. The parties further consent and agree that the electronic signatures appearing on this Agreement shall be treated, for purpose of validity, enforceability and admissibility, the same as hand-written signatures.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first set forth above.

**HSF Affiliates LLC:**

**SUBSCRIBER:**

By: \_\_\_\_\_  
David S. Beard

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

Its: Vice President and General Counsel, Corporate

Its: \_\_\_\_\_

## Schedule 1 to ORION Tier II Subscription Agreement

- Web Site Access
- Unlimited number of company users
- Company Administration Functions
- Expert Support
- Data Feeds to [www.bhhscre.com](http://www.bhhscre.com)
- Data Feeds to Publicly Accessible CIE Platforms
- Network Shared Business Forms Inventory
  - TOPAS System (PowerPoint & MS Word Presentations)
    - Sales & Leasing
      - Seller Representation
      - Buyer Representation
      - Landlord Representation
      - Tenant Representation
    - Build To Suit
  - Sample Listing/Representation & Commission Agreements
  - Confidentiality/Non-Disclosure/Non-Circumvention Agreements
  - Associate Business Planning & Review
    - Annual Associate Business Planning
    - Weekly Goals Setting
    - Quarterly Associate Performance Review
  - Sample Disclosure Agreements
  - Property Management Forms
    - General Commercial
    - Residential/Apartment/Condo
    - Retail
  - Office Administration Forms
- National Network PROPERTY SEARCH Module
- National NETWORK COMMERCIAL ASSOCIATE Search Module
- Network Wide Announcements & Local Office Events Listings
- PDF Property flyer creation
- APOD/CFA Tool
- Social media placement options
- Helpful Links – Common (and not so common) Commercial Real Estate Related Web Site Links
- Sample Investment Analysis Forms
- Sample Property Profile Templates

- Sample RFP's, Proposals and Letters of Intent
- Sales Professional Recruiting & Interviewing System
- Due Diligence Documents Vault
- Targeted Marketing Program
- Marketing Budget Rationale
- Recent Sales Module
- Property Watch List
- Closed and Pending Transactions Tracking
- Active Assignments Tracking
- Expirations Tracking and Notifications
- In-House Training Program
  - Four Weeks Toward Success™ New Associate Start-Up Program
  - CREST™ (Commercial Real Estate Success Training – 26 Modules)
  - Sales Tips
- Live Web Based CRE Training
- Live, Web Based Admin. Training and Orientation for ORION Platform
- PowerPoint Associate Orientation and Training for ORION Platform
- Training Library

**EXHIBIT B**  
**LIST OF CURRENT AND FORMER FRANCHISEES**  
**AS OF 12/31/2022**



**BHH Affiliates, LLC**  
**Franchisees as of 12/31/2022**  
 By State and City

Franchisee Business Name	Franchisee Mailing Address	City	State	Zip	Phone Number	Primary Contact
<b>USA</b>						
<b>ALASKA</b>						
Berkshire Hathaway HomeServices Alaska Realty	561 E. 36th Avenue Suite 200	Anchorage	AK	99503	(907) 646-3600	Connie Yoshimura
<b>ALABAMA</b>						
Berkshire Hathaway Homeservices Preferred Real Estate	1810 E. Glenn Ave. Ste. 130	Auburn	AL	36830	(334) 826-1010	Stacy Williams Jordan
Berkshire Hathaway Homeservices Showcase Properties	2307 Hartford Hwy.	Dothan	AL	36305	(334) 792-7474	Susan R. Vierkandt
Berkshire Hathaway Homeservices Rise Real Estate	3603 South Memorial Parkway	Huntsville	AL	35801	(256) 882-0304	Jimmie Adams
Berkshire Hathaway Homeservices Cooper & Co., REALTORS	900 Hillcrest Rd. Ste. B-1	Mobile	AL	36695	(251) 639-4000	Ron Morrow
<b>ARIZONA</b>						
Berkshire Hathaway Homeservices Advantage Realty	609 S. Beeline Hwy.	Payson	AZ	85541	(928) 474-2337	Tori Elizabeth Martinez
Berkshire Hathaway Homeservices Premier Properties	7231 E. Speedway	Tucson	AZ	85710	(520) 577-8333	Fawn Whitford
<b>ARKANSAS</b>						
Berkshire Hathaway Homeservices Solutions Real Estate	2905 S. Walton Blvd. Ste. 29	Bentonville	AR	72712	(479) 271-2424	Danielle R Pike
<b>CALIFORNIA</b>						
Berkshire Hathaway HomeServices California Properties	16911 Bellflower Blvd.	Bellflower	CA	90706	(562) 860-2625	Dennis Rosas
Berkshire Hathaway HomeServices Lifestyle Properties	24501 Dana Drive	Dana Point	CA	92629	(949) 308-7168	Susan Latini Powell
Berkshire Hathaway HomeServices Drysdale Properties	588 San Ramon Valley Blvd. Ste. 250	Danville	CA	94526	(925) 244-1933	Gretchen Pearson
Berkshire Hathaway HomeServices NorCal Real Estate	4364 Town Center Boulevard Ste 315	El Dorado Hills	CA	95762	(916) 933-8700	Jeff Trexler
Berkshire Hathaway HomeServices Redwood Realty	3015 F St.	Eureka	CA	95501	(707) 825-8177	Karen Orsolics
Berkshire Hathaway HomeServices Sonoma County Properties	16315 Main St.	Guerneville	CA	95446	(707) 869-9011	Debra Johnson
Berkshire Hathaway HomeServices California Realty	28895 Greenspot Road Suite 100	Highland	CA	92346	(909) 862-4851	Gary Whitworth
Berkshire Hathaway HomeServices California Properties	5848 Edinger Ave.	Huntington Beach	CA	92649	(714) 846-4485	Joseph F Ciccarella
Berkshire Hathaway HomeServices Divine Properties	215 S. Hwy 49	Jackson	CA	95642	(209) 304-5674	Kandi Thompson
Berkshire Hathaway HomeServices Crest Real Estate	4005 Foothill Blvd.	La Crescenta	CA	91214	(818) 845-8322	Mirzakhanian
Troth, REALTORS® & Associated Real Estate	1801 W. Ave. K	Lancaster	CA	93534	(661) 948-4646	Mark Troth
Berkshire Hathaway HomeServices California Properties	9003 Reseda Blvd. Ste. 105	Northridge	CA	91324	(818) 993-8900	Dennis Rosas
Berkshire Hathaway HomeServices Golden Properties	482 N. Rosemead Blvd. #101	Pasadena	CA	91107	(626) 797-7622	Dimejian
Berkshire Hathaway HomeServices California Realty & Perrie Mundy Realty Group	500 Stuart Avenue Ste. 110	Redlands	CA	92374	(909) 307-0616	Dave Corey
Berkshire Hathaway HomeServices Elite Real Estate	7412 Elsie Ave.	Sacramento	CA	95828	(916) 681-5112	Robert Do
Berkshire Hathaway HomeServices Real Time Realty	1459 N. Davis Rd.	Salinas	CA	93907	(831) 728-4276	Doris Lopez
Berkshire Hathaway HomeServices Franciscan Properties	677 Portola Dr.	San Francisco	CA	94127	(415) 664-9400	Steve Spears
Berkshire Hathaway HomeServices California Properties	1066 Palm Street	San Luis Obispo	CA	93401	(805) 556-3100	Bryan Friedman
Berkshire Hathaway HomeServices California Properties	25060 Avenue Stanford, Suite 150	Santa Clarita	CA	91355	(661) 702-0188	Alex Woltman
Berkshire Hathaway HomeServices California Properties	115 W. Sierra Madre Blvd	Sierra Madre	CA	91024	(626) 355-1600	Monica Johnson



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<b>USA</b>						
<b>CALIFORNIA (continued)</b>						
Berkshire Hathaway HomeServices California Properties	812 Fair Oaks Ave.	South Pasadena	CA	91030	(626) 441-3141	Matthew N Bryant
Berkshire Hathaway HomeServices Ranch & Coast Real Estate	43386 Business Park Drive	Temecula	CA	92590	(951) 694-6767	Destry Johnson
Berkshire Hathaway HomeServices California Realty	2860 Thousand Oaks Boulevard	Thousand Oaks	CA	91362	(805) 496-0555	Bob Majorino
Berkshire Hathaway HomeServices California Properties	23530 Hawthorne Bl. Ste. 100	Torrance	CA	90505	(310) 373-0021	Bruce Short
Berkshire Hathaway HomeServices California Realty	1770 W. Walnut Ave.	Visalia	CA	93277	(559) 732-2500	Teymour Farhang
Berkshire Hathaway HomeServices Lake Almanor Real Estate	289 Clifford Dr. N.	Westwood	CA	96137	(530) 259-5687	Wendi Durkin
Berkshire Hathaway HomeServices Heritage, REALTORS®	950 Tharp Road Ste. 702	Yuba City	CA	95993	(530) 671-6000	Shiela Messick
<b>COLORADO</b>						
Berkshire Hathaway Homeservices Signature Properties	400 East Main Street Suite 101	Aspen	CO	81611	(970) 429-8275	Mark Ronay
Berkshire Hathaway Homeservices Rocky Mountain, REALTORS	4710 Table Mesa Dr. Ste. A	Boulder	CO	80305	(303) 494-7700	John H McCoy
Berkshire Hathaway Homeservices Preferred Real Estate	7505 Village Square Dr. Ste. 102	Castle Pines	CO	80108	(303) 688-6644	Don Bobeda
Berkshire Hathaway Homeservices Synergy Realty Group	5225 N. Academy Blvd. #301	Colorado Springs	CO	80918	(719) 418-5000	Charles D'Alessio
Berkshire Hathaway Homeservices Colorado Real Estate	2460 W. 26th Ave. #120C	Denver	CO	80211	(303) 289-7009	Scott and Lora Nordby
Berkshire Hathaway Homeservices Elevated Living Real Estate	29029 Upper Bear Creek Rd #104	Evergreen	CO	80439	(303) 670-3232	Mark Footer
Berkshire Hathaway Homeservices Today Realty & Associates	137 W. Tomichi Ave. Ste. A	Gunnison	CO	81230	(970) 209-9615	Jason Lain
Berkshire Hathaway Homeservices Real Estate of the Rockies	355 South Teller St. #200	Lakewood	CO	80226	(303) 438-8080	David Binkowski
Berkshire Hathaway Homeservices Colorado Properties	511 E. Lionshead Circle	Vail	CO	81657	(970) 476-2482	Michael Slevin
<b>DELAWARE</b>						
Berkshire Hathaway Homeservices PenFed Realty	16712 Kings Hwy.	Lewes	DE	19958	(302) 645-6661	Kevin Wiles
<b>FLORIDA</b>						
Berkshire Hathaway Homeservices Chaplin Williams Realty	5472 1st Coast Hwy.Ste. 1	Fernandina Beach	FL	32034	(904) 261-9311	Hugh Williams
Berkshire Hathaway Homeservices Florida Showcase Properties	2450 N. Citrus Hills Blvd.	Hernando	FL	34442	(352) 746-0744	Mark Casper
Berkshire Hathaway Homeservices Knight & Gardner Realty	336 Duval St.	Key West	FL	33040	(305) 294-5155	Will Langley
Berkshire Hathaway HomeServices Palm West Realty	2 Florida Park Dr. N	Palm Coast	FL	32137	(386) 445-7000	Lou Delgado
Berkshire Hathaway Homeservices Results Realty	2801 E. Irlo Bronson Memorial Hwy.	Kissimmee	FL	34744	(407) 514-2800	Timothy St. Gordon
Berkshire Hathaway Homeservices The Property Place	776 Country Club Dr.	Titusville	FL	32780	(321) 268-0868	Michael Martucci
Berkshire Hathaway Homeservices Florida Properties Group	7916 Evolutions WaySte. 210	Trinity	FL	34655	(727) 847-6556	Dewey Mitchell
<b>GEORGIA</b>						
Berkshire Hathaway HomeServices First Magnolia Realty	820 Brookstone Centre Pkwy #202	Columbus	GA	31904	(860) 933-7022	Cal Knecht
Berkshire Hathaway Homeservices Beazley, REALTORS	625 Blue Ridge Drive	Evans	GA	30809	(706) 863-1775	Susan Pitcher
Berkshire Hathaway Homeservices RPA Realty	1011 Lake Country Drive	Greensboro	GA	30642	(706) 621-4090	Vinece Pastor
Berkshire Hathaway Homeservices Hodnett Cooper Real Estate	520 Ocean Blvd	Saint Simons Island	GA	31522	(912) 638-5450	Pat Hodnett Cooper
Berkshire Hathaway Homeservices Kennedy Realty	1000 Bermuda Run Rd.	Statesboro	GA	30458	(912) 764-6249	Everett Kennedy
Berkshire Hathaway HomeServices South Routes Realty	Trenton	Trenton	GA	30752	(706) 657-2353	Vickie McBryar





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<b>USA</b>						
<b>HAWAII</b>						
Berkshire Hathaway Homeservices Hawaii Realty	46 Hoolai St. #D	Kailua	HI	96734	(808) 792-3910	Scott Bradley
Berkshire Hathaway Homeservices Maui Properties						Alex Skenderian
Berkshire Hathaway HomeServices Hawaii Island Properties	256 Papalaua St.	Lahaina	HI	96761	(808) 661-5200	John Skenderian
<b>IDAHO</b>						
Berkshire Hathaway Homeservices Idaho Realty	219 N. 27th St.	Boise	ID	83702	(208) 344-0200	Greg Jensen
Berkshire Hathaway Homeservices Silverhawk Realty	2805 Blaine StreetSte. 200	Caldwell	ID	83605	(208) 459-4326	Tracy Kasper
Berkshire Hathaway Homeservices Silverhawk Realty East Idaho	901 Pier View Drive Ste. 106	Idaho Falls	ID	83402	(208) 913-2447	Julie Anglesey
Berkshire Hathaway Homeservices Sun Valley Properties	411 5th Street E Unit 1	Ketchum	ID	83340	(208) 726-3411	John Sofro
Berkshire Hathaway Homeservices Jacklin Real Estate	510 Clearwater Loop #303, Rm 2	Post Falls	ID	83854	(208) 758-7474	Wade Jacklin
Berkshire Hathaway Homeservices Idaho Homes & Properties	1411 Falls Ave. E. Suite 215	Twin Falls	ID	83301	(208) 733-5336	Mandi Riddle
<b>ILLINOIS</b>						
Berkshire Hathaway Homeservices Snyder Real Estate	1 Brickyard Dr.	Bloomington	IL	61701	(309) 664-1833	Ed Neaves
Berkshire Hathaway HomeServices Speckman Realty	612 Armour Road	Bourbonnais	IL	60914	(815) 937-4370	Peter Grant
Berkshire Hathaway Homeservices American Heritage Real Estate	1010 Rohlwing Road	Elk Grove Village	IL	60007	(847) 364-6030	Frank Ramljak
Berkshire Hathaway Homeservices Prairie Path, REALTORS	500 Spring Rd.	Elmhurst	IL	60126	(630) 279-9500	Mickey Muisenga
Berkshire Hathaway Homeservices MAC Real Estate	835 N. Sterling Ave.Ste. 200	Palatine	IL	60067	(847) 934-1153	Andy & Aaron Starck
Berkshire Hathaway Homeservices American Homes	824 Hillgrove	Western Springs	IL	60558	(708) 246-5500	Bonnie Hampton
<b>INDIANA</b>						
Berkshire Hathaway Homeservices Indiana Realty	3801 E. 82nd St	Indianapolis	IN	46240	(317) 595-2100	Craig West
Berkshire Hathaway Homeservices Newlin-Miller, REALTORS	601 Ohio St.	Terre Haute	IN	47807	(812) 478-1900	Chip Miller
Berkshire Hathaway Homeservices Executive Group Real Estate	2612 N. Calumet Ave.	Valparaiso	IN	46383	(219) 464-8521	Larry Hitz
<b>IOWA</b>						
Berkshire Hathaway Homeservices One Realty Centre	236 National Dr.	Waterloo	IA	50701	(319) 233-7000	Jason Strelow
<b>KANSAS</b>						
Berkshire Hathaway Homeservices First, REALTORS	2858 S.W. Villa West Dr., Ste. 200	Topeka	KS	66614	(785) 271-2888	Doug Bassett
<b>KENTUCKY</b>						
Berkshire Hathaway Homeservices de Movellan Properties	171 Prosperous Pl.	Lexington	KY	40509	(859) 266-0451	Tony de Movellan
Berkshire Hathaway Homeservices Parks & Weisberg, Realtors	295 N. Hubbards Ln.Ste. 102	Louisville	KY	40207	(502) 897-3321	Dave Parks
Berkshire Hathaway Homeservices Foster, REALTORS	920 Barnes Mill Rd.Ste. A	Richmond	KY	40475	(859) 623-9427	Amanda Stepp Marcum
<b>LOUISIANA</b>						
Berkshire Hathaway Homeservices United Properties	8440 Jefferson HwySte. 100	Baton Rouge	LA	70809	(225) 615-8055	Jonathan L. Starns
Berkshire Hathaway Homeservices Ally Real Estate	700 OgilvieSte. D	Bossier City	LA	71111	(318) 231-2000	Leighton Allen
Berkshire Hathaway Homeservices Sarver Realty	2846 Country Club Rd.	Lake Charles	LA	70605	(337) 478-4111	Daren M Sarver
Berkshire Hathaway Homeservices Preferred, REALTORS®	4018 Magazine St.	New Orleans	LA	70115	(504) 799-1702	Christopher Slinker



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<b>USA</b>						
<b>MAINE</b>						
Berkshire Hathaway Homeservices Northeast Real Estate	160 Broadway	Bangor	ME	04401	(207) 942-8261	Chad Norris
<b>MASSACHUSETTS</b>						
Berkshire Hathaway Homeservices Warren Residential	535 Boylston St.	Boston	MA	02116	(617) 848-9616	Nick Warren
Berkshire Hathaway HomeServices Realty Professionals	443 Shaker Road Unit D	East Longmeadow	MA	01028	(413) 567-3361	Robert P Molta
Berkshire Hathaway Homeservices Barnbrook Realty	271 Main St.	Great Barrington	MA	01230	(413) 528-4423	Maureen White Kirkby
Berkshire Hathaway Homeservices Page Realty	489 Main St.	Medfield	MA	02052	(508) 359-2331	Al Rao
Berkshire Hathaway Homeservices Island Properties	35A Old South Rd.	Nantucket	MA	02554	(508) 228-6999	Michael Joseph O'Mara
Berkshire Hathaway Homeservices Commonwealth Real Estate	12 Huron Dr.	Natick	MA	01760	(508) 810-0700	George Patsio
Berkshire Hathaway Homeservices Mel Antonio Real Estate	1160 Rockdale Avenue	New Bedford	MA	02740	(508) 991-6661	Mel Antonio
Berkshire Hathaway Homeservices Stephan Real Estate	400 Boston Post Rd.	Sudbury	MA	01776	(978) 443-7300	Louis Bryan Stephan
Berkshire Hathaway Homeservices Town and Country Real Estate	239 Washington St.	Wellesley Hills	MA	02481	(781) 237-8787	Gail Lockberg
Berkshire Hathaway Homeservices Cape Shores Real Estate	282 Main St.	Wellfleet	MA	02667	(508) 349-1000	Amanda Robinson
Berkshire Hathaway Homeservices Evolution Properties	26 Franklin Street	Wrentham	MA	02093	(508) 384-3435	Julie Etter
<b>MICHIGAN</b>						
Berkshire Hathaway Homeservices Snyder & Company, Realtors®	2655 Plymouth Rd.	Ann Arbor	MI	48105	(734) 747-7500	Sharon A. Snyder
Berkshire Hathaway HomeServices Kee Realty	15501 Metropolitan Pkwy Suite 105	Clinton Township	MI	48036	(586) 840-0400	John P Meesseman
Berkshire Hathaway Homeservices The Loft Warehouse	3434 Russell St.Ste. 101	Detroit	MI	48207	(313) 658-6400	Sabra Sanzotta
Berkshire Hathaway Homeservices Clyde Hendrick, REALTORS	415 S. Beacon Blvd.	Grand Haven	MI	49417	(616) 842-5970	Robert C. Hendrick
Hathaway HomeServices Northern Indiana Real Estate	3000 East Beltline Avenue Northeast	Grand Rapids	MI	49525	(616) 364-9551	Steven J. Fase
Berkshire Hathaway Homeservices Heritage Real Estate	502 E. Grand River	Howell	MI	48843	(517) 546-6440	Sally Witt
Berkshire Hathaway Homeservices Hudkins, REALTORS	1255 S. Telegraph Rd.	Monroe	MI	48161	(734) 242-4700	Steve Hudkins
<b>MINNESOTA</b>						
Berkshire Hathaway Homeservices Sundial Realty	961 Hillwind Rd.	Minneapolis	MN	55432	(763) 571-9200	Thomas Blomberg
Berkshire Hathaway Homeservices Advantage Real Estate	660 W. Bridge Street Ste 300	Owatonna	MN	55060	(507) 451-7355	Darcy Ihrke
<b>MISSISSIPPI</b>						
Berkshire Hathaway Homeservices Panoramic Properties	2555 Marshall Road Suite A	Biloxi	MS	39531	(228) 280-8351	Jacqueline Ready
Berkshire Hathaway Homeservices Gateway Real Estate	105 Reunion Blvd.	Madison	MS	39110	(601) 853-0414	Rosemary Stovall
Berkshire Hathaway Homeservices Ann Prewitt Realty	735 Avignon Park	Ridgeland	MS	39157	(601) 898-0663	Ann Prewitt
Berkshire Hathaway HomeServices Cabin & Creek Real Estate	1105 Laurel Street, Suite A	Summit	MS		(601) 680-4606	Charles A Paulk III
<b>MISSOURI</b>						
Berkshire Hathaway Homeservices Hahn, REALTORS	509 N. Walnut Street	Cameron	MO	64429	(816) 632-2459	Debbie S Hahn
Berkshire Hathaway Homeservices Bridgeport REALTORS	109 S. Broadview.	Cape Girardeau	MO	63703	(573) 335-0121	Roger Skinner
Berkshire Hathaway Homeservices Vision Real Estate	22 N. 8th St.	Columbia	MO	65201	(573) 449-6200	J.D. Calvin
Berkshire Hathaway Homeservices Lake Ozark Realty	101 Crossings W.Ste. 202	Lake Ozark	MO	65049	(573) 365-6868	Marty Gum



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<b>USA</b>						
<b>MISSOURI (continued)</b>						
Berkshire Hathaway Homeservices Stein & Summers Real Estate	1007 E. St. Maartens Dr.	Saint Joseph	MO	64506	(816) 232-2000	Adam J. Stein
Berkshire Hathaway Homeservices Select Properties	1650 Des Peres Rd.Ste. 205	Saint Louis	MO	63131	(314) 835-6000	Maryann Vitale Alles
Berkshire Hathaway Homeservices Advantage, REALTORS	9147 Watson Rd.	Saint Louis	MO	63126	(314) 843-6500	Philip J Hunt
<b>MONTANA</b>						
Berkshire Hathaway Homeservices Floberg Real Estate	1550 Poly Dr.	Billings	MT	59102	(406) 254-1550	Dan Smith
Berkshire Hathaway Homeservices Montana Properties	2001 Stadium Dr.Ste. A	Bozeman	MT	59715	(406) 587-9566	Dan Ermatinger
<b>NEBRASKA</b>						
Berkshire Hathaway Homeservices Da-Ly Realty	2514 S. Locust St.	Grand Island	NE	68801	(308) 384-1101	Jeff Reed
<b>NEW HAMPSHIRE</b>						
Berkshire Hathaway Homeservices Verani Realty	1 Verani Wy.	Londonderry	NH	03053	(603) 845-2116	Margherita Verani
<b>NEW JERSEY</b>						
Berkshire Hathaway Homeservices Signature Properties	200 Main St.	Asbury Park	NJ	07712	(732) 897-9200	Anthony Newarski
Berkshire Hathaway Homeservices McGeehan & Pineiro Realty	888 Broadway	Bayonne	NJ	07002	(201) 858-3000	John Pineiro
Berkshire Hathaway Homeservices Diversified Realty	28 S. New York Rd. Ste. B-4	Galloway	NJ	08205	(609) 652-6690	James Cox
Berkshire Hathaway Homeservices Merendino Realty	236 Boulevard	Hasbrouck Heights	NJ	07604	(201) 288-4222	Aldo Merendino
Berkshire Hathaway Homeservices Van Der Wende Properties	76 E. Main St.	Little Falls	NJ	07424	(973) 785-8420	Bob Van Der Wende
Berkshire Hathaway Homeservices Zack Shore, REALTORS	675 Rt. 72 E.	Manahawkin	NJ	08050	(609) 597-5800	Kevin Thomas
Berkshire Hathaway Homeservices Horizon Realty	355 Rt. 46 W.	Mountain Lakes	NJ	07046	(973) 627-2270	Roberta Butera-Cooper
Berkshire Hathaway Homeservices Healy, Realtors	92 E. Water St.	Toms River	NJ	08753	(732) 557-0971	Sandra Healy
Berkshire Hathaway Homeservices Gross & Jansen, REALTORS	542 County Road Route 515	Vernon	NJ	07462	(973) 764-5555	Karen M Glowacki
Berkshire Hathaway HomeServices Jordan Baris Realty	50 Mt. Pleasant Avenue	West Orange	NJ	07052	(973) 736-1600	Blossom Vernon
Berkshire Hathaway Homeservices Abbott Realtors	235 Everett Ave.	Wyckoff	NJ	07481	(201) 891-2223	Robert Abbott
<b>NEW MEXICO</b>						
Berkshire Hathaway Homeservices New Mexico Properties	6711 Academy Rd. NESte. B	Albuquerque	NM	87109	(505) 798-6300	Jim Pitts
Berkshire Hathaway Homeservices Enchanted Lands, REALTORS	501 N. Main St.	Roswell	NM	88201	(575) 622-0875	Brad Davis
<b>NEW YORK</b>						
Berkshire Hathaway Homeservices Blake, REALTORS	8 Airline Dr.Ste. 104	Albany	NY	12205	(518) 452-4298	Jason Christiana
Berkshire Hathaway Homeservices River Towns Real Estate	133 Grand St.	Croton On Hudson	NY	10520	(914) 271-3300	Cynthia Lippolis
Berkshire Hathaway Homeservices Nutshell Realty	1209 State Route 213PO BOX 452	High Falls	NY	12440	(845) 687-2200	Tim Sweeney
Berkshire Hathaway Homeservices Heritage Realty	7 James Street	Homer	NY	13077	(607) 428-0708	Dana L. Decker
Berkshire Hathaway Homeservices Adirondack Premier Properties	2429 Main St.	Lake Placid	NY	12946	(518) 523-3333	Margie Philo
Berkshire Hathaway Homeservices Zambito, REALTORS	11228 Maple Ridge Road	Medina	NY	14103	(585) 798-9898	Rita Zambito
Berkshire Hathaway Homeservices CNY Realty	7575 Buckley Rd.	North Syracuse	NY	13212	(315) 218-1480	Daniel J. Hartnett
Berkshire Hathaway Homeservices Discover Real Estate	162 S. Union St.	Spencerport	NY	14559	(585) 352-4896	Dennis Levandowski



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<b>USA</b>						
<b>NEW YORK (continued)</b>						
Berkshire Hathaway HomeServices Cangiano Estates	3888 Amboy Road	Staten Island	NY	10308	(718) 605-5800	Traci Cangiano
Berkshire Hathaway Homeservices Laffey International Realty	193 Hillside Ave.	Williston Park	NY	11596	(516) 308-0550	Emmett Laffey
<b>NORTH CAROLINA</b>						
Berkshire Hathaway Homeservices Lifestyle Properties	2 Walden Ridge Drive Ste 70	Asheville	NC	28803	(828) 274-1004	Bruce Alexander
Berkshire Hathaway Homeservices Vincent Properties	989 Main Street	Blowing Rock	NC	28605	(828) 265-6141	Jay Vincent
Berkshire Hathaway Homeservices Great Smokys Realty	184 Everett St. P.O. Box 1819	Bryson City	NC	28713	(828) 488-2200	Eugene L Strickland
Berkshire Hathaway HomeServices Great Smokys Realty	112 South Tryon Street Ste. 1250	Charlotte	NC	28284	(704) 553-7777	Crystie Huntley
Berkshire Hathaway HomeServices Elite Properties	6920 Cliffdale Dr.	Fayetteville	NC	28314	(910) 868-1976	Jay Dowdy
Berkshire Hathaway Homeservices McMillen and Associates Realty	1004 N. Berkeley Blvd.	Goldsboro	NC	27534	(919) 778-9500	Judith McMillen
Berkshire Hathaway HomeServices Prime Properties	2625 Charles Blvd	Greenville	NC	27858	(252) 321-1990	Rudy Schulte
Berkshire Hathaway Homeservices Meadows Mountain Realty	488 Main Street PO Box 1000	Highlands	NC	28741	(828) 526-1717	Judy Michaud
Berkshire Hathaway Homeservices Hometown, REALTORS	3466 Henderson Dr.	Jacksonville	NC	28546	(910) 938-1976	Wright
Berkshire Hathaway HomeServices Blue Ridge, REALTORS	301 N. Sterling Street Suite 102	Morganton	NC	28655	(828) 438-3660	Keith Whitaker
Berkshire Hathaway Homeservices Hickory Metro Real Estate	7907 Village Center North	Sherrills Ford	NC	28673	(828) 324-5555	Laura Bowman-Messick
Berkshire Hathaway HomeServices Carolina Premier Properties	1612 Military Cutoff Road Suite 200	Wilmington	NC	28403	(910) 256-0021	Jeffrey Sweyer
<b>NORTH DAKOTA</b>						
Berkshire Hathaway HomeServices Premier Properties	1815 38th St. S.	Fargo	ND	58103	(701) 356-3600	Tyrone Leslie
Berkshire Hathaway HomeServices Family Realty	1725 32nd Ave. S.	Grand Forks	ND	58201	(701) 746-0303	Michael Marcotte
<b>OHIO</b>						
Berkshire Hathaway Homeservices American Realty Center	521 Hill Rd. N.	Pickerington	OH	43147	(614) 548-0555	Joe Mosher
Berkshire Hathaway Homeservices Simon & Salhany Realty	205 W. Portage Trail Ext	Cuyahoga Falls	OH	44223	(330) 929-0707	Paul Simon
Berkshire Hathaway Homeservices Koehler Realty	2103 Tiffin Avenue	Findlay	OH	45840	(419) 422-4082	James C Koehler II
Berkshire Hathaway Homeservices Calhoon Company, REALTORS	3535 Fishingier Blvd.Ste. 100	Hilliard	OH	43026	(614) 777-1000	Sam Calhoon
Berkshire Hathaway Homeservices Kathy Reid Realty	205 N. Main St.	Hudson	OH	44236	(330) 650-2600	Kathy Reid
Berkshire Hathaway Homeservices Lucien Realty	18630 Detroit Ave.	Lakewood	OH	44107	(440) 331-8500	Ron Lucien
Berkshire Hathaway Homeservices Crager Tobin Real Estate	27 S. Main St.	London	OH	43140	(614) 879-6700	Laura Crager
Berkshire Hathaway Homeservices Professional Realty	5700 GatewaySte. 200	Mason	OH	45040	(513) 755-4400	Kimberley Luckow
Berkshire Hathaway HomeServices Metro & Fields Realty	5 S. Main Street	Mechanicsburg	OH	43044	(937) 834-7653	Lisa Yates
Berkshire Hathaway Homeservices Plus Realty	285 S. Liberty St.	Powell	OH	43065	(614) 880-2800	John W. Stomps
Berkshire Hathaway Homeservices Platinum Realty Group	121 Commerce Park Dr.	Westerville	OH	43082	(614) 794-1000	Roberta Melvin
<b>OKLAHOMA</b>						
Berkshire Hathaway Homeservices Benchmark Realty	3601 N. Harrison	Shawnee	OK	74804	(405) 275-8182	Pamela Jane O'Rorke



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<b>USA</b>						
<b>PENNSYLVANIA</b>						
Berkshire Hathaway Homeservices Regency Real Estate	811 N. 19th St.	Allentown	PA	18104	(610) 432-5252	Larry Ginsburg
Berkshire Hathaway Homeservices Preferred Properties	721 South State Street	Clarks Summit	PA	18411	(570) 585-1500	Robert Vanston
Berkshire Hathaway Homeservices Paul Ford, REALTORS	126 Bushkill St.	Easton	PA	18042	(610) 253-6123	Clay Mitman
Berkshire Hathaway Homeservices Poggi, REALTORS	1149 Wyoming Ave.	Forty Fort	PA	18704	(570) 283-9100	Edmund H Poggi
Berkshire Hathaway Homeservices Pocono Real Estate	10 Roosevelt Dr.	Hawley	PA	18428	(570) 226-1800	Kimberly Stevens
Berkshire Hathaway Homeservices Homesale Realty	215 S. Centerville Rd.Ste. B	Lancaster	PA	17603	(717) 393-0783	Rod Messick
Berkshire Hathaway Homeservices Keystone Properties	2131 N. Broad St.Ste. 200	Lansdale	PA	19446	(215) 855-1165	Ted Miller
Berkshire Hathaway Homeservices Choice Properties	145 S. Main St.	Nazareth	PA	18064	(610) 759-7833	Dave Lichtenwalner
Berkshire Hathaway Homeservices Prime Real Estate	7341 Frankford Ave.	Philadelphia	PA	19136	(215) 338-3200	David J. Leipert
Berkshire Hathaway Homeservices Benjamin Real Estate	4327 Rt. 309	Schnecksville	PA	18078	(610) 799-9100	Charles J. Breidinger
Berkshire Hathaway Homeservices Home Edge Realty Group	431 Science Park RoadSuite 201	State College	PA	16803	(814) 308-5308	Jacqui Chiarkas
Berkshire Hathaway HomeServices Regional Realty	2 Hertzell Street	Warren	PA	16365	(814) 723-3910	Karlene Smith
Berkshire Hathaway Homeservices The Preferred Realty	9840 Old Perry Hwy.	Wexford	PA	15090	(412) 367-1170	Tom Hosack
Berkshire Hathaway Homeservices Hodrick Realty	448 River Ave.	Williamsport	PA	17701	(570) 321-7000	Kevin Hodrick
<b>RHODE ISLAND</b>						
Berkshire Hathaway Homeservices Pinnacle Realty	1251 Atwood Ave.	Johnston	RI	02919	(401) 331-3948	Jamison Monello
<b>SOUTH CAROLINA</b>						
Berkshire Hathaway Homeservices Bay Street Realty Group	701 Bay Street	Beaufort	SC	29902	(843) 301-0013	Ken Willis
Berkshire Harthaway HomeServices Midlands Real Estate	2720 Devine Street	Columbia	SC	29205	(803) 409-0830	Harold Reaves
Berkshire Hathaway Homeservices Burt Jordan Realtors	3037 W. Palmetto St.	Florence	SC	29501	(843) 393-4010	Burt Jordan
Berkshire Hathaway Homeservices C. Dan Joyner, REALTORS	745 N. Pleasantburg Dr.	Greenville	SC	29607	(864) 242-6650	David Crigler
Berkshire Hathaway Homeservices Cambridge Realty	1717 By Pass 72 NE	Greenwood	SC	29649	(864) 227-2577	William D. Baer
Berkshire Hathaway Homeservices Hilton Head Realty	23-C Shelter Cove Ln.Ste, 100-A	Hilton Head Island	SC	29928	(843) 785-9500	Randy Smith
Berkshire Hathaway Homeservices Carolina Sun Real Estate	1440 Ben Sawyer Blvd.Ste. 1503	Mount Pleasant	SC	29464	(843) 388-8118	Sean Leighton
Berkshire Hathaway Homeservices Myrtle Beach Real Estate	7421 N. Kings Hwy.	Myrtle Beach	SC	29572	(843) 449-9444	Marvin C Heyd
Berkshire Harthaway HomeServices Coastal Real Estate	1232 B Farrow Parkway	Myrtle Beach	SC	29577	(843) 232-0000	Lisa Bradford
Berkshire Hathaway Homeservices Southern Coast Real Estate	112 W. Doty St.Ste. C	Summerville	SC	29483	(843) 871-5091	Linda Collins
Berkshire Hathaway Homeservices John M. Brabham Real Estate	1081 Alice Dr.	Sumter	SC	29150	(803) 775-1201	John M. Brabham, Jr.
<b>SOUTH DAKOTA</b>						
Berkshire Hathaway HomeServices Sioux Falls Real Estate	1205 East 57th Street	Sioux Falls	SD	57108	(605) 274-1034	Austin Nielsen
<b>TENNESSEE</b>						
Berkshire Hathaway Homeservices Woodmont Realty	5107 Maryland Wy.Suite 100	Brentwood	TN	37027	(615) 661-7800	Tonya Hamilton
Berkshire Hathaway Homeservices J Douglas Properties	100 Tremont St.	Chattanooga	TN	37405	(423) 802-3430	Doug Edrington
Berkshire Hathaway HomeServices McLemore & Co., Realty	118 E. Mulberry St. Suite 101	Collierville	TN	38017	(901) 701-7555	David McLemore



**BHH Affiliates, LLC**  
**Franchisees as of 12/31/2022**  
 By State and City

Franchisee Business Name	Franchisee Mailing Address	City	State	Zip	Phone Number	Primary Contact
<b>USA</b>						
<b>TENNESSEE (continued)</b>						
Berkshire Hathaway Homeservices Southern Realty	820 N. Main St.	Crossville	TN	38555	(931) 707-7800	Johnny Reeves
Berkshire Hathaway Homeservices Realty Center	5475 Hixson Pk.	Hixson	TN	37343	(423) 756-9999	Byron Kelly
Berkshire Hathaway Homeservices Greg Cox Real Estate	3121 Bristol Hwy.	Johnson City	TN	37601	(423) 282-2411	Greg Cox
Berkshire Hathaway Homeservices Dean-Smith Realty	412 S. Northshore Dr.	Knoxville	TN	37919	(865) 588-5000	Richard Smith
Berkshire Hathaway HomeServices Lakeside Realty	100 Chota Center	Loudon	TN	37774	(865) 458-9600	Michael Ruppert
Berkshire Hathaway Homeservices Taliesyn Realty	7990 Trinity RoadSuite 202	Cordova	TN	38018	(901) 466-4000	Edwin Noel Scruggs
<b>TEXAS</b>						
Berkshire Hathaway Homeservices Stovall, Realtors	3382 South 27th St	Abilene	TX	79605	(325) 691-1410	Tonya Goff
Berkshire Hathaway Homeservices Texas Realty	3303 Northland Dr.Ste. 100	Austin	TX	78731	(512) 483-6000	Dede Jenkins
Berkshire Hathaway Homeservices Caliber Realty	700 University Dr. EastSte. 108	College Station	TX	77840	(979) 694-8844	D'Anne Pamplin
Berkshire Hathaway Homeservices Real Estate Center	14302 S. Padre Island Dr.	Corpus Christi	TX	78418	(361) 949-7033	Jacqueline Svoboda
Berkshire Hathaway Homeservices Moseley Real Estate	1001 Early Blvd.	Early	TX	76802	(325) 646-4186	Brent Moseley
Berkshire Hathaway Homeservices Pondera Properties	1406 Park Rd 36	Graford	TX	76449	(940) 779-2600	Marsha Bettis
Berkshire Hathaway Homeservices Premier Properties	1803 W. 43rd St.	Houston	TX	77018	(713) 686-5454	Stacy Lee Mathews
Berkshire Hathaway Homeservices Tiffany Curry & Co.	2211 Norfolk StreetSuite 1030	Houston	TX	77098	(713) 208-4862	Tiffany Curry
Berkshire Hathaway HomeServices Karapasha Realty	21306 Provincial Blvd.	Katy	TX	75093	(281) 599-6590	Karen Karapasha
Berkshire Hathaway Homeservices Worldwide, REALTORS	1727 Keller Pkwy.	Keller	TX	76248	(817) 379-3111	Ellen Johnston
Berkshire Hathaway Homeservices RGV Realty	208 Nolana Ave.	Mc Allen	TX	78504	(956) 682-4701	Kathy Shepherd
Berkshire Hathaway Homeservices A Action, REALTORS	3220 Gus ThomassonSte. 111	Mesquite	TX	75150	(972) 698-9700	Kalani Hooker
Berkshire Hathaway Homeservices Cooper Realty	3415 W. Illinois	Midland	TX	79703	(432) 689-7700	Brian Cooper
Berkshire Hathaway Homeservices Addresses, REALTORS®	3005 Green Meadow Dr.	San Angelo	TX	76904	(325) 374-4943	Laura Vincent Scott
Berkshire Hathaway Homeservices Don Johnson, REALTORS	16845 Blanco Rd.Ste. 101	San Antonio	TX	78232	(210) 493-1766	Bernie Johnson
Berkshire Hathaway Homeservices Miles Realty	4545 Old Jacksonville Hwy.Ste. 100	Tyler	TX	75703	(903) 565-0400	Dottie Miles
Berkshire Hathaway Homeservices Hill County Properties	687 N. MainBox 825	Utopia	TX	78884	(210) 415-9850	Morris Killough
<b>UTAH</b>						
Berkshire Hathaway HomeServices Elite Real Estate	825 E 1180 S.Suite 300	American Fork	UT	84003	(801) 224-9011	Bruce Tucker
Berkshire Hathaway HomeServices Utah Properties	537 Main St.P.O. Box 1226	Park City	UT	84060	(435) 649-7171	Kyle England
<b>VERMONT</b>						
Berkshire Hathaway HomeServices Stratton Home	54 Vt. Rte. 30 PO Box 396	Bondville	VT		(802) 297-2100	Elyn Bischof
Berkshire Hathaway Homeservices Vermont Realty Group	1161 Williston Road	South Burlington	VT	05403	(802) 658-5555	Lynn Russell
<b>VIRGINIA</b>						
Berkshire Hathaway Homeservices Jones Property Group	153 West Main Street	Abingdon	VA	24210	(276) 628-2618	Carol Jones
Berkshire Hathaway Homeservices PenFed Realty	2930 Eisenhower Ave	Alexandria	VA	22314	(703) 716-2900	Kevin Wiles



**BHH Affiliates, LLC**  
**Franchisees as of 12/31/2022**  
 By State and City

Franchisee Business Name	Franchisee Mailing Address	City	State	Zip	Phone Number	Primary Contact
<b>USA</b>						
<b>VIRGINIA (continued)</b>						
Berkshire Hathaway Homeservices Simpson, Realtors	77 Cambridge St.	Fredericksburg	VA	22405	(540) 371-1616	John T. Simpson, Jr.
Berkshire Hathaway Homeservices Smith Mountain Lake Real Estate	13247 Booker T. Washington Hwy.	Hardy	VA	24101	(540) 721-8659	Catherine Daniel
Berkshire Hathaway Homeservices Dawson Ford Garbee & Co., REALTORS®	18281 Forest Rd.	Lynchburg	VA	24502	(434) 455-4777	Robert E. Dawson
Berkshire Hathaway Homeservices Premier, REALTORS	3090 Electric Road Suite D	Roanoke	VA	24018	(540) 343-5000	Tom Wilson
Berkshire Hathaway Homeservices Towne Realty	984 First Colonial Rd. Ste. 204	Virginia Beach	VA	23454	(757) 481-8448	Barbara M Wolcott
Berkshire Hathaway Homeservices Mountian Sky Properties	305 North 4th Street	Wytheville	VA	24382	(276) 688-3555	Victoria Pearman
<b>WASHINGTON</b>						
Berkshire Hathaway HomeServices Bayside Realty	1306 11th Street	Bellingham	WA	98225	(360) 603-4751	Chris Farkas
Berkshire Hathaway Homeservices Jessup Real Estate	503 Grant Rd.	East Wenatchee	WA	98802	(509) 470-8244	NormaJean Jessup
Berkshire Hathaway HomeServices Brick & Mortar Real Estate	400 W. 5th Avenue Suites A & B	Ellensburg	WA	98926	(509) 859-3770	Gina Styler
Berkshire Hathaway Homeservices South Sound Properties	1251 Regents Boulevard	Fircrest	WA	98466	(253) 267-0149	Pamela Hendrickson
Berkshire Hathaway Homeservices Tri Cities Real Estate	8500 W. Gage Blvd.Ste. B	Kennewick	WA	99336	(509) 783-2112	Paul Presby
Berkshire Hathaway Homeservices Leavenworth Properties	305 US Highway 2	Leavenworth	WA	98826	(509) 548-3311	Camiekae Lynch
Berkshire Hathaway Homeservices Signature Properties	13301 Lake City Way N.E.	Seattle	WA	98125	(206) 362-4600	Gary O'Leyar
Berkshire Hathaway Homeservices Northwest Real Estate Shelton	1781 W. Shelton Matlock Rd.	Shelton	WA	98584	(360) 426-9748	Kevin Allen Cronquist
Berkshire Hathaway Homeservices First Look Real Estate	421 N. Mullan	Spokane	WA	99206	(509) 928-3413	Ken Lewis
Berkshire Hathaway HomeServices Walla Walla Realty	6 North Spokane Street	Walla Walla	WA	99362	(509) 876-0102	Sam Galano
Berkshire Hathaway Homeservices Central Washington Real Estate	4112 Summitview Ave.	Yakima	WA	98908	(509) 966-3030	Chris Pauling
<b>WEST VIRGINIA</b>						
Berkshire Hathaway HomeServices Four Seasons Slect Properties	3501 E. Cumberland Rd	Bluefield	WV	24701	(307) 373-2491	Brian Cox
Berkshire Hathaway Homeservices Great Expecations Realty	1337 Virginia Street East	Charleston	WV	25301	(304) 346-0300	Cheri Callaghan
Berkshire Hathaway Homeservices Touchdown Home Pros Realty	601 Venture DriveSuite 200	Morgantown	WV	26508	(304) 322-4101	Lindsay R. Williams
<b>WISCONSIN</b>						
Berkshire Hathaway Homeservices Epic Real Estate	6040 39th Ave., Ste. 4	Kenosha	WI	53142	(262) 605-1500	Mark Bourque
Berkshire Hathaway HomeServices Matson Real Estate	1601 E. Main Street, PO Box 333	Stoughton	WI	53589	(608) 873-8700	Thomas W Matson
Berkshire Hathaway Homeservices Metro Realty	11225 W. Bluemound Rd.	Wauwatosa	WI	53226	(262) 439-8897	Chris Slinker
<b>WYOMING</b>						
Berkshire Hathaway Homeservices Brokerage West, Inc. Real Estate	1432 Sheridan Ave.	Cody	WY	82414	(307) 587-6234	Karl Butler
Berkshire Hathaway Homeservices Preferred Real Estate Group	819 Country Club Rd.	Gillette	WY	82718	(307) 686-6360	Pat Green
Berkshire Hathaway Homeservices Brokers of Jackson Hole Real Estate	140 North Cache St.	Jackson	WY	83001	(307) 733-4339	Kurt Harland
Berkshire Hathaway HomeServices Hake Realty	744 Big Horn Avenue	Worland	WY	82401	(307) 347-3271	Susan Lockhart



**BHH Affiliates, LLC**  
**\*Former Franchisees as of 12/31/2022**  
 By State and Business Name

Franchisee	State	Main Contact	Last Known Address	City/State/Zip	Phone	Reason for Leaving the System
MBMC, Inc.	CA	Vickie Mullins	800 11th St.	Paso Robles, CA 93446	(805) 237-4700	Mutual Termination
Keehfuss Family Enterprises, Inc.	CO	Jeffrey L. Keehfuss	435 S. Townsend Ave.	Montrose, CO 81401	(970) 249-4663	Mutual Termination/Other**
Home Team Realty Services of Central Florida, LLC	FL	Robert Kennedy	2161 E. Ft. King Street	Ocala, FL 34471	(352) 622-9700	Mutual Termination/Other**
Vidmar Elite Real Estate, Inc.	IL	John Postlewaire	1867 Bay Scott Cir., Ste. 108	Naperville, IL 60540	(630) 388-2000	Mutual Termination/Other**
Executive, LLC	IN	Steven J. Fase	421 W. US Hwy 30	Schererville, IN 46375	(219) 864-5000	Mutual Termination/Other**
Bobby Tallo Realty LLC	LA	Kyle Tallo	1801 C M Fagan Dr., Ste. 5	Hammond, LA 70403	(985) 345-6802	Mutual Termination
Bowen Real Estate Ventures, Inc.	MD	Taylor B. Bowen	11949 Robinwood Dr., Ste. 100	Hagerstown, MD 21742	(301) 745-1647	Mutual Termination/Other**
The McNelis Group, LLC	MD	Chris McNelis	14488 Solomons Island Road South	Solomons, MD 20688	(410) 610-4045	Mutual Termination/Other**
Hannett, Wilson & Whitehouse, LLC	MI	Gerry Burke	880 S. Old Woodward Ave.	Birmingham, MI 48009	(248) 646-6200	Mutual Termination/Other**
Dearborn Select Real Estate, Inc.	MI	Carrie J. Gandolfo	22320 Garrison	Dearborn, MI 48124	(313) 278-8000	Mutual Termination/Other**
PNJP, LLC	NJ	William Keleher, Jr.	1996 Washington Valley Road	Martinsville, NJ 08836	(732) 627-8400	Aquired by HSOA
Castle Point Realty, Inc.	NJ	Rehanna Gallagher	626 Washington St.	Hoboken, NJ 07030	(201) 216-0909	Mutual Termination
G & C Realty and Management Corp	NM	Gary Lynch	616 Mechem Dr.	Ruidoso, NM 88345	(575) 257-4011	Mutual Termination/Other**
O Get Real, Ltd.	NY	Bonnie D. Gipson	6 Hamilton Ave.	Monticello, NY 12701	(845) 292-6333	Mutual Termination
PMRE, LLC	SC	Kathy Garrick	3200 Devine Street, Ste. 100	Columbia, SC 29205	(803) 409-0830	Mutual Termination/Other**
RammerJammer, Inc.	TX	Hershel Manley	900 S. Main St., Ste. 908	Lumberton, TX 77657	(409) 227-5052	Mutual Termination/Other**
Alexander Chandler Realty, LLC	TX	Alexander Chandler	2900 Hulen St., Ste. 10	Ft. Worth, TX 76109	(817) 806-4100	Mutual Termination/Other**

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

**\*\*Franchisee was aquired by another franchisee still in the system.**





**BHH Affiliates, LLC**  
**Franchisees as of 12/31/2022**

**By Country**

<b>International</b>						
<b>Franchisee Business Name</b>	<b>Franchisee Mailing Address</b>	<b>City</b>	<b>Country</b>	<b>Zip</b>	<b>Phone Number</b>	<b>Primary Contact</b>
<b>ARUBA</b>						
Berkshire Hathaway HomeServices Aruba Realty	Beatrixstraat 38	Oranjestad	Aruba	0000	+297 592 8167	July Garcia
<b>BAHAMAS</b>						
Berkshire Hathaway HomeServices Bahamas Real Estate	Capital Union Financial Center Lyford C Nassau		Bahamas	00000	(242) 702-8788	Jim Bernard
<b>CANADA</b>						
Berkshire Hathaway HomeServices Toronto Realty	287 Davenport Road Unit 1	Toronto	Ontario	M5R 1J9	(416) 504-6133	Mark Wadden
Berkshire Hathaway HomeServices Advisory Realty	287 Davenport Road Unit 1	Toronto	Ontario	M5R 1J9	(416) 568-2419	Mark Wadden
Berkshire Hathaway HomeServices Quebec	5329 Rue Ferrier	Montréal	Quebec	H4P 1M1	(514) 924-6229	Sacha Brosseau
<b>GREAT BRITIAN</b>						
Berkshire Hathaway HomeServices London Kay & Co	24-25 Albion Street	London	Great Britain	W2 2AX	44 20 7486 6338	Martin Bikhit
<b>GREECE</b>						
Berkshire Hathaway HomeServices Athens Properties	Ethnarchou Makariou 31	Peristeri	Greece	121 31	+30 210 700 7148	Kyriakos Xydis
<b>INDIA</b>						
Berkshire Hathaway HomeServices Orenda India	G-56 Green Park Main Road	New Delhi	India	110016	+91 99108 04360	Shrey Aeren
<b>ITALY</b>						
Berkshire Hathaway HomeServices MAGGI Properties Agency	Via Campagna 49	Piacenza	Italy	29121	39 0523 498114	Cesare Maggi
Berkshire Hathaway Roma Immobiliare	Corso del Rinascimento	Roma	Italy	00186	390 6682 10070	Francesco Minervini
<b>MEXICO</b>						
Berkshire Hathaway HomeServices Applegate Realtors	Km. 1.5, Carretera Federal 200 Conchas Chinas	Puerto Vallarta	Jalisco, Mexico	48399	Mexico	0443222941514
Berkshire Hathaway HomeServices Baja Real Estate	Calle Hidalgo & Zaragoza Plaza Mijares, Local 4, Col. Centro	Los Cabos	Baja California Sur	23400	+52 624 262 9211	Ian A Gengos
Berkshire Hathaway HomeServices Cancun Properties	Centro Empresarial Nautilus Área Frontal, Blvd. Kukulcan Km. 3.5 Zona Hotelera	Cancún	Quintana Roo_Q	77500	52 998 849 5267	Luis A. Mirabent
Berkshire Hathaway HomeServices Colonial Homes San Miguel	3 Correo	San Miguel de Allende	Guanajuato_G	37700	54 415 154 4971	Nora Vidargas
<b>SPAIN</b>						
Berkshire Hathaway HomeServices LARVIA	Fernando el Santo 7	Madrid	Spain	28010	34 609 008 584	Álvaro González De La Hoz Fernández
<b>PORTUGAL</b>						
Berkshire Hathaway HomeServices Atlantic Portugal	Avenida Marginal 8554	Lisbon	Portugal	2754-536	+351 218 061 039	César Santos
Berkshire Hathaway HomeServices Portugal Property	Avenida da Marina, Edif. Marina Plaza, Loja 71	Vilamoura	Faro	8125-401	351 308800878	Mihaela Silva
<b>UNITED ARAB EMIRATES</b>						
Berkshire Hathaway HomeServices Gulf Properties	Office 1301, The Onyx 1 The Greens, Sheikh Zayed Road	Dubai	Dubai	00000	971 4 399 2447	Philip Munro Sheridan



**BHH Affiliates, LLC**

**\*Former Franchisees as of 12/31/2022**

By Country and Business Name

Franchisee	Country	Main Contact	Last Known Address	City/State/Zip	Phone	Reason for Leaving the System
Rubina Real Estate & Rubina Real Estate GmbH	<b>Germany</b>	Carsten Heinrich	Charlottenstraße 18	Berlin, Berlin, Germany 10117	49 30 417 17 040	Insolvency

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

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

# HSF Affiliates LLC

Consolidated Financial Statements  
as of December 31, 2022 and 2021 and for the  
Years Ended December 31, 2022, 2021 and 2020  
and Independent Auditor's Report

# HSF AFFILIATES LLC

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of HSF Affiliates LLC:

### **Opinion**

We have audited the consolidated financial statements of HSF Affiliates LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in members' capital, and cash flows for the three years ended December 31, 2022, 2021 and 2020, and the related notes to the consolidated financial statements (collectively referred to as 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

*Deloitte + Touche LLP*

May 1, 2023

# HSF AFFILIATES LLC

## CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021 (In thousands)

	2022	2021
<b>ASSETS</b>		
CURRENT ASSETS:		
Accounts receivable—net of allowances of \$177 and \$60, respectively	\$ 3,350	\$ 3,274
Accounts and notes receivable—related parties (Note 6)	51,646	84,546
Notes receivable—current—net of allowances of \$962 and \$1,563, respectively	7,141	5,765
Other current assets	4,567	5,662
Total current assets	<u>66,704</u>	<u>99,247</u>
NONCURRENT ASSETS:		
Notes receivable—net of allowances of \$1,191 and \$1,397, respectively	42,596	35,562
Notes receivable—related parties (Note 6)	-	1,061
Property and equipment—net (Note 4)	13,840	16,779
Right-of-use assets (Note 7)	2,617	3,122
Other noncurrent assets	278	507
Total noncurrent assets	<u>59,331</u>	<u>57,031</u>
TOTAL ASSETS	<u>\$ 126,035</u>	<u>\$ 156,278</u>
<b>LIABILITIES AND MEMBER'S CAPITAL</b>		
CURRENT LIABILITIES:		
Accrued expenses and accounts payable	\$ 7,719	\$ 7,292
Due to related parties—net (Note 6)	-	189
Income taxes payable	25	27
Unexpended marketing fee (Note 5)	3,992	5,004
Other current liabilities	1,078	1,249
Total current liabilities	12,814	13,761
LONG-TERM LIABILITIES:		
Other long-term liabilities	<u>2,085</u>	<u>2,562</u>
Total liabilities	14,899	16,323
COMMITMENTS AND CONTINGENCIES (Note 9)	-	-
MEMBER'S CAPITAL	<u>111,136</u>	<u>139,955</u>
TOTAL LIABILITIES AND MEMBER'S CAPITAL	<u>\$ 126,035</u>	<u>\$ 156,278</u>

See notes to consolidated financial statements.



## HSF AFFILIATES LLC

### CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020 (In thousands)

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	2022	2021	2020
REVENUES:			
Royalty fees—net	\$ 61,772	\$ 82,450	\$ 70,516
Revenue from related parties (Note 6)	36,762	37,550	28,298
Other revenue—net	<u>4,313</u>	<u>2,127</u>	<u>5,399</u>
Total revenues	102,847	122,127	104,213
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	<u>51,641</u>	<u>48,840</u>	<u>49,030</u>
OPERATING INCOME	51,206	73,287	55,183
INTEREST AND OTHER INCOME	<u>3,578</u>	<u>3,368</u>	<u>2,861</u>
INCOME BEFORE INCOME TAX EXPENSE	54,784	76,655	58,044
INCOME TAX EXPENSE (Note 8)	<u>116</u>	<u>117</u>	<u>80</u>
NET INCOME	<u>\$ 54,668</u>	<u>\$ 76,538</u>	<u>\$ 57,964</u>

See notes to consolidated financial statements.

## HSF AFFILIATES LLC

### CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S CAPITAL FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020 (In thousands)

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	Member's Capital	Accumulated Earnings	Total
Balance—December 31, 2019	\$ 34,696	\$ 66,507	\$ 101,203
Net income	-	57,964	57,964
Distributions	<u>-</u>	<u>(37,546)</u>	<u>(37,546)</u>
Balance—December 31, 2020	34,696	86,925	121,621
Net income	-	76,538	76,538
Distributions	<u>-</u>	<u>(58,204)</u>	<u>(58,204)</u>
Balance—December 31, 2021	34,696	105,259	139,955
Net income	-	54,668	54,668
Distributions	<u>-</u>	<u>(83,488)</u>	<u>(83,488)</u>
Balance—December 31, 2022	<u>\$ 34,696</u>	<u>\$ 76,440</u>	<u>\$ 111,136</u>

See notes to consolidated financial statements.

# HSF AFFILIATES LLC

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020 (In thousands)

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 54,668	\$ 76,538	\$ 57,964
Adjustments to reconcile net income to net cash flows from operating activities:			
Allowance for credit losses	(545)	72	745
Depreciation	5,324	4,432	3,290
Loss on disposal of property and equipment	-	270	77
Changes in assets and liabilities:			
Accounts and notes receivable	4,519	7,446	1,023
Accounts and notes receivable—related parties	33,772	(26,091)	(20,061)
Due to related parties	(189)	189	(136)
Unexpended marketing fee	(1,012)	4,191	3,441
Other current and noncurrent assets	1,324	(526)	1,511
Accrued expenses and accounts payable	(7,166)	(7,742)	(11,025)
Other current liabilities	(50)	(153)	34
Income taxes payable/receivable	(2)	(31)	74
Right-of-use assets	(93)	(63)	(35)
Other long-term liabilities	-	(279)	279
Net cash flows from operating activities	<u>90,550</u>	<u>58,253</u>	<u>37,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Issuances of notes to franchisees	(13,248)	(2,656)	(4,235)
Payments received on notes from franchisees	8,637	7,963	11,124
Payments for the purchase of property and equipment	<u>(2,451)</u>	<u>(5,356)</u>	<u>(6,524)</u>
Net cash flows (used in) from investing activities	(7,062)	(49)	365
CASH FLOWS FROM FINANCING ACTIVITIES—Distribution to members	<u>(83,488)</u>	<u>(58,204)</u>	<u>(37,546)</u>
NET (DECREASE) INCREASE IN CASH	-	-	-
CASH:			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION FOR INCOME TAXES PAID (REFUNDED)	<u>\$ 118</u>	<u>\$ 125</u>	<u>\$ (6)</u>

See notes to consolidated financial statements.

# HSF AFFILIATES LLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021 AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

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### 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

HSF Affiliates LLC (“HSF” or the “Company”) owns and operates real estate franchise networks and provides sales support, lending, referral, technology, and marketing services to franchisee real estate brokers. HSF’s ultimate member is HomeServices of America, Inc. (“HomeServices” or “Member”). As of December 31, 2022, Berkshire Hathaway Energy Company (“BHEC”) owned 100% of HomeServices’ outstanding common stock. BHEC is a consolidated subsidiary of Berkshire Hathaway Inc. (“BHI”).

The Company offers and sells independently owned and operated residential real estate brokerage franchises. In exchange for certain fees, the Company provides the right to use the trademarks, trade names, and other related service marks. The Company provides an initial orientation program, training and consultation services, and advertising programs. The Company also provides loans to certain franchisees (Note 3). The Company’s principal market is the United States, and has franchisees in Europe, North America, the Middle East, Asia and the Caribbean.

BHH Affiliates LLC (“BHH”) is wholly owned by HSF and operates a real estate franchise network under the trademark “Berkshire Hathaway HomeServices”.

BHH Iowa Affiliates, LLC (“BHH Iowa”) is wholly owned by BHH. BHH Iowa holds the franchise agreements with franchisees located in the state of Iowa. BHH Iowa is a single-member limited liability company that has elected to be treated as an association taxable as a corporation effective January 1, 2020.

Real Living Real Estate, LLC (“RLRE”) is wholly owned by HSF and operates a real estate franchise network under the trademark “Real Living”. On September 20, 2021, RLRE announced it will no longer pursue expansion of the Real Living network. RLRE will continue to support and honor its franchisor obligations until all existing contracts terminate or expire.

Residential real estate activity is cyclical in nature and is affected greatly by the general level of economic activity, the cost and availability of long-term mortgage funds or a pandemic. Residential real estate activity and, in turn, the Company’s real estate revenue base can be adversely affected during an economic slowdown and/or during periods of high interest rates.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**—The consolidated financial statements were prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States of America, and include the results of HSF Affiliates LLC and its subsidiaries after elimination of intercompany balances and transactions.

**Cash**—HomeServices transfers cash from the Company to a central concentration bank controlled by HomeServices to be redeployed as needed.

**Accounts Receivable**—Consists of amounts due but not yet collected for royalty, referral, and other service-related fees from broker affiliates.

**Accounts Receivable—Related Parties**—Consists of the excess net cash swept from the Company by HomeServices (Note 6). Accounts receivable—related parties also consists of transactions between the operating entities and real estate franchise brokerage operations owned by HomeServices. These transactions include royalty fees and related revenue where the operating entity is the franchisor (Note 6).

**Notes Receivable—Related Parties**—Consists of conversion notes (Note 6) between BHH and real estate franchise brokerage operations owned by HomeServices. The portion of the notes due after 12 months are classified as noncurrent in the accompanying consolidated balance sheets.

**Notes Receivable—Net**—There are two major types of notes receivable issued by the Company: conversion and deferred fee. Conversion notes may be granted to finance conversion and other costs incurred by new or existing franchisees to come into compliance with the Company standards. In certain circumstances, conversion notes receivable balances are repaid via rebates of royalty fees received from the broker affiliate that are applied to the notes receivable balance, including accrued interest. Deferred fee notes may be granted for royalty fees due but not yet paid. Loans in which payments are delinquent are considered past due. Loans which management considers non-performing are placed on nonaccrual status and interest stops accruing. Subsequent amounts received on the loans are first applied to the principal and interest owed for the most delinquent amount. Interest income accruals are resumed once management classifies the loan as performing.

**Allowance for Credit Losses**—Accounts receivable and notes receivable are stated at the outstanding principal amount, net of expected allowance for credit losses. The allowance for credit losses is based on the Company's assessment of the collectability of amounts owed to the Company by the franchisees. This assessment requires judgement regarding the ability of the franchisees to pay or the outcome of any pending disputes. In measuring the allowance for credit losses, the Company primarily utilizes credit loss history. However, the Company adjusts the allowance for credit losses to reflect current conditions and reasonable supportable forecasts that deviate from historical experience.

**Property and Equipment—Net**—Consists of furniture, equipment, software, leasehold improvements, and artwork (Note 4). Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided utilizing the straight-line method over the estimated useful life of the asset. Property and equipment is tested for impairment whenever events or changes in circumstances suggest that an asset's carrying value may not be fully recoverable.

**Other Current Assets and Other Noncurrent Assets**—Consists of payments made in advance of the actual recognition of the goods or services. The advance payments consist of deposits for events that will be performed in the year 2023 or beyond, or prepaid expenses where the benefit of the goods or services span into the year 2023 or beyond.

**Due to Related Parties—Net**—Consists of net transactions between the Company and HomeServices, BHEC or its respective affiliates. These transactions may include, but are not limited to: accruals, payments or collections made by HomeServices, BHEC or its affiliates for the Company (Note 6).

**Deferred Revenue**—Consists primarily of prepaid royalty fees and cash payments made by franchisees for meetings and events received in advance of the meetings and events, all expected to be earned in the following year. Deferred revenue is classified in other current liabilities in the consolidated balance sheets.

**Revenue Recognition**—Royalty fees are based on either a percentage of the gross commission income from closed real estate transactions or upon the number of sales agents or brokers licensed or associated with the franchisee, or a combination of the two. Royalty fees are reported net of royalty fee credits, rebates on conversion notes receivable (Note 3) and revenue-sharing agreements. Under revenue-sharing agreements the Company is obligated to provide a pro-rata share of royalty fees.

Initial franchise fees are recognized when all significant obligations of the Company are fulfilled and are included in other revenue in the consolidated statements of operations.

Other revenue includes meetings and training revenue, referral fees, late fees, service fees, and franchise termination fees that are primarily earned when services have been completed. Interest income on notes receivable balances, except certain impaired notes, is recognized over the period in which it is earned, in accordance with the terms of the related note.

**Income Taxes**—HSF, BHH and RLRE are single-member limited liability companies which are not required to pay federal and state corporate income taxes, but may be subject to a minimal amount of state franchise taxes and foreign taxes. The earnings from these companies are taxable directly to their first corporate member. BHH Iowa, however, is a single-member limited liability company that has elected to be treated as an association taxable as a corporation effective January 1, 2020. Therefore, BHH Iowa is subject to corporate income taxes and is included in the Berkshire Hathaway Inc. and subsidiaries United States federal and Iowa income tax returns. BHH Iowa's provision for income taxes has been computed on a stand-alone basis.

In determining the Company's income taxes, management is required to interpret complex income tax laws and regulations. The Company's income tax returns are subject to continuous examinations by federal, state and local income tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. The Company recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that is more-likely-than-not to be realized upon ultimate settlement. Although the ultimate resolution of the Company's federal, state and local income tax examinations is uncertain, the Company believes it has made adequate provisions for these income tax positions. The aggregate amount of any additional income tax liabilities that may result from these examinations, if any, is not expected to have a material impact on the Company's financial results (Note 8).

**Use of Estimates**—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the Company's financial statements include valuation of accounts and notes receivable allowances for credit losses.

### 3. NOTES RECEIVABLE—NET

The Company provides promissory notes on a limited basis to new and existing affiliates. Generally, the principals of the affiliates personally guarantee the notes. Interest rates on the promissory notes range from 5.0% to 12.5%. The maturity dates of the promissory notes range from 2023 to 2040.

Notes receivable is comprised of the following as of December 31 (in thousands):

	<b>2022</b>	<b>2021</b>
Conversion notes	\$ 51,195	\$ 42,933
Deferred fee notes	695	1,354
Allowance for credit losses	<u>(2,153)</u>	<u>(2,960)</u>
Notes receivable—net	<u>\$ 49,737</u>	<u>\$ 41,327</u>

Approximately 98% and 96% as of December 31, 2022 and 2021, respectively, of the notes receivable balances were evaluated collectively for impairment, and the remainder of the notes receivable balances were evaluated individually for impairment. Management considers the total allowance for credit losses sufficient to cover the risk that the Company may not recover the full amount of the notes receivable. As part of the evaluation process, credit quality indicators are reviewed and notes receivable are designated as performing or nonperforming. Approximately 98% and 96%, as of December 31, 2022 and 2021, respectively, of the notes receivable balances were determined to be performing and approximately 98% and 95% of those balances were current as to payment status as of December 31, 2022 and 2021, respectively. The activity in the allowance for credit losses consisted of the following as of December 31 (in thousands):

	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 2,960	\$ 2,835
Write-offs	(105)	(62)
(Decrease) increase of credit losses	<u>(702)</u>	<u>187</u>
Ending balance	<u>\$ 2,153</u>	<u>\$ 2,960</u>

### 4. PROPERTY AND EQUIPMENT—NET

Property and equipment, net consists of the following as of December 31 (in thousands):

	<b>Depreciable Life</b>	<b>2022</b>	<b>2021</b>
Software	3-5 years	\$ 28,812	\$ 26,427
Leasehold improvements	5 years	853	853
Furniture and equipment	5 years	225	315
Computer equipment	3-5 years	231	238
Artwork	-	<u>28</u>	<u>28</u>
Total property and equipment		30,149	27,861
Accumulated depreciation		<u>(16,309)</u>	<u>(11,082)</u>
Total property and equipment, net		<u>\$ 13,840</u>	<u>\$ 16,779</u>

## 5. MARKETING FEES

Under the terms of the BHH affiliate broker franchise agreement, franchisees are required to contribute marketing fees to the Company, which the Company is required to use to promote and enhance the trademark within the context of its real estate franchise business. RLRE does not have a marketing fee program.

As of December 31, 2022 and 2021 marketing fees received by the Company exceeded marketing costs expensed by \$3,992 thousand and \$5,004 thousand, respectively, and is reported as unexpended marketing fee in the accompanying consolidated balance sheets.

## 6. RELATED-PARTY TRANSACTIONS

In the ordinary course of business, the Company has transactions with certain related parties. HomeServices transferred cash from the Company to a central concentration bank controlled by HomeServices to be redeployed as needed. The net cash is reported in accounts receivable—related parties in the accompanying consolidated balance sheet. The Company has franchise agreements with real estate franchise brokers wholly owned by HomeServices. The royalty fees and related revenue earned are reported as revenue from related parties and any unpaid amounts are reported in accounts and notes receivable—related parties in the accompanying consolidated statements of operations and consolidated balance sheets, respectively. Revenue from related parties totaled \$36,762 thousand, \$37,550 thousand and \$28,298 thousand for the years ended December 31, 2022, 2021 and 2020, respectively. The Company also had conversion notes with real estate franchise brokers wholly owned by HomeServices.

The current accounts receivable, for the net excess cash swept by HomeServices, the unpaid royalty fees as well as related revenue earned, and the current notes receivable from related parties as of December 31 were as follows (in thousands):

	<b>2022</b>	<b>2021</b>
Accounts receivable—related parties	\$ 51,646	\$ 84,342
Notes receivable—related parties	<u>-</u>	<u>204</u>
Total accounts and notes receivable—related parties	<u>\$ 51,646</u>	<u>\$ 84,546</u>

During 2022, 2021 and 2020, BHEC, BHI, HomeServices, and affiliated companies of BHI and HomeServices provided services to the Company. Intercompany charges and credits include, but are not limited to: costs for services, including human resources, accounting, information systems, legal costs, and other overhead allocations.

Related-party transactions for services or expenses included in selling, general, and administrative expenses in the accompanying consolidated statements of operations for the years ended December 31 were as follows (in thousands):

	<b>2022</b>	<b>2021</b>	<b>2020</b>
HomeServices	\$ 265	\$ 237	\$ 378
BHEC/BHI	<u>64</u>	<u>109</u>	<u>118</u>
Total services or expenses	<u>\$ 329</u>	<u>\$ 346</u>	<u>\$ 496</u>



The due to related parties totaled \$0 thousand and \$189 thousand as of December 31, 2022 and 2021, respectively.

## 7. LEASES

The Company rents office space under long-term operating lease agreements and equipment leases. Rental expense, which is included within selling, general, and administrative expenses, incurred for the years ended December 31, 2022, 2021 and 2020 was \$607 thousand, \$733 thousand and \$843 thousand, respectively. Future minimum lease payments under noncancelable operating leases at December 31, 2022, are as follows (in thousands):

2023	\$ 567
2024	586
2025	597
2026	618
2027	421
2028 and thereafter	<u>-</u>
Total	2,789
Less: Present value discount	<u>(218)</u>
Lease liability	<u>\$ 2,571</u>

The Company's operating right-of-use asset is recorded in noncurrent assets and the operating lease liabilities are recorded in other current and other long-term liabilities in the accompanying consolidated balance sheet as of December 31 were as follows (in thousands):

	<b>2022</b>	<b>2021</b>
Right-of-use assets	<u>\$ 2,617</u>	<u>\$ 3,122</u>
Lease liabilities:		
Current	\$ 486	\$ 607
Long-term	<u>2,085</u>	<u>2,562</u>
Total lease liabilities	<u>\$ 2,571</u>	<u>\$ 3,169</u>

The weighted-average remaining lease term (years) is 4.64 and 5.66 as of December 31, 2022 and 2021, respectively. The weighted-average discount rate is 3.53% and 3.53% as of December 31, 2022 and 2021.

The Company's supplemental cash flow information relating to leases for the year ended December 31, is as follows (in thousands):

	<b>2022</b>	<b>2021</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 700	\$ 796
Right-of-use assets obtained in exchange for operating lease liabilities:		
Operating leases	9	2,635

## 8. INCOME TAXES

Income tax expense consists of the following for the years ended December 31 (in thousands):

	2022	2021	2020
Current:			
Federal	\$ 58	\$ 69	\$ 65
State	32	39	21
Foreign	<u>26</u>	<u>9</u>	<u>(6)</u>
Total current income tax expense	<u>116</u>	<u>117</u>	<u>80</u>
Deferred:			
Federal	-	-	-
State	-	-	-
Foreign	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred income tax expense	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 116</u>	<u>\$ 117</u>	<u>\$ 80</u>

A reconciliation of the federal statutory income tax rate to the effective income tax rate applicable to income before income tax expense is as follows for the years ended December 31:

	2022	2021	2020
Federal statutory income tax rate	21.00 %	21.00 %	21.00 %
State income tax, net of federal income tax benefits	0.05	0.04	0.03
Foreign income tax	0.05	0.01	(0.01)
Income not taxed on disregarded entities	<u>(20.89)</u>	<u>(20.90)</u>	<u>(20.88)</u>
Effective income tax rate	<u>0.21 %</u>	<u>0.15 %</u>	<u>0.14 %</u>

### *Iowa Senate File 2417 and Iowa House File 2317*

In May 2018, Iowa Senate File 2417 was signed into law, which, among other items, reduces the state of Iowa corporate tax rate from 12% to 9.8% and eliminates corporate federal deductibility, both for tax years starting in 2021.

In March 2022, Iowa House File 2317 was signed into law, which has the potential to gradually reduce the state of Iowa corporate income tax rate from 9.8% to 5.5%. For every fiscal year in which net corporate income tax receipts exceed \$700 million, the surplus will be used to reduce the current top rate. Following the close of each fiscal year, the Iowa Department of Revenue will determine the new top corporate income tax rate and apply it effective January 1 of the following tax year until a 5.5% corporate income tax rate is achieved.

In September 2022, the Iowa Department of Revenue issued Order 2022-03, certifying that the top corporate income tax rate will be reduced from 9.8% to 8.4% in 2023.

**9. COMMITMENTS AND CONTINGENCIES**

The Company may, from time to time, be a defendant in litigation arising in the normal course of business. The Company does not expect such normal and routine litigation to have a material adverse effect on the consolidated financial results.

The Company entered into non-cancelable contracts related to its technology platform that are not reflected in the accompanying consolidated balance sheet. Minimum payments as of December 31, 2022, are as follows (in thousands):

2023	\$ 2,956
2024	3,460
2025	2,355
2026	-
2027	-
2028 and thereafter	-
Total commitments	<u>\$ 8,771</u>

**10. EMPLOYEE RETIREMENT PLAN**

The Company sponsors a defined contribution salary deferral plan (“Plan”) covering substantially all employees. Employee contributions to the Plan are subject to regulatory limitations and specific Plan provisions. The Company’s contributions are discretionary, but are based primarily on each participant’s level of contribution and cannot exceed the maximum allowable for tax purposes. For the years ended December 31, 2022, 2021 and 2020, the Company recognized plan expense of \$602 thousand, \$480 thousand and \$528 thousand, respectively, and is included within selling, general, and administrative expenses in the consolidated statements of operations.

**11. SUBSEQUENT EVENTS**

The Company has performed an evaluation of subsequent events through May 1, 2023, which is the date the consolidated financial statements were issued. There were no material subsequent events requiring adjustment to or disclosure in the consolidated financial statements.

\* \* \* \* \*

Interim unaudited Consolidated Balance Sheet as of October 31, 2023 and  
Statements of Operations and Member's Capital for the period ended  
October 31, 2023

**HSF AFFILIATES LLC**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**  
(in thousands)

	<b>October 31, 2023</b>
<b>Assets</b>	
Accounts receivable, net of allowances of \$446	\$ 3,300
Accounts and notes receivable - related party	38,654
Notes receivable - current, net of allowances of \$1,001	7,323
Other current assets	5,195
Total current assets	54,472
Notes receivable, net of allowances of \$1,384	42,675
Property and equipment, net of accumulated depreciation of \$20,598	10,133
Leased assets	2,199
Other noncurrent assets	273
Total noncurrent assets	55,280
Total assets	\$ 109,752
<b>Liabilities and Member's Capital</b>	
Accrued expenses and accounts payable	\$ 11,123
Income taxes payable	45
Unexpended marketing fees	2,928
Other current liabilities	1,092
Total current liabilities	15,188
Other long-term liabilities	1,680
Total long-term liabilities	1,680
Total liabilities	16,868
Commitments and contingencies	-
Member's capital	92,884
Total liabilities and member's capital	\$ 109,752

**HSF AFFILIATES LLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS**  
**for the ten months ended October 31, 2023**  
**(in thousands)**

	<b>October 31, 2023</b>
<b>Revenues</b>	
Royalty fees, net	\$ 42,965
Revenue from related party	26,934
Other revenue, net	4,121
Total revenues	<u>74,020</u>
Selling, general and administrative expenses	<u>44,621</u>
Operating income	29,399
Interest income	<u>3,297</u>
Income from operations before income tax expense	32,696
Income tax expense	86
Net income	<u><u>\$ 32,610</u></u>

**HSF AFFILIATES LLC**  
**UNAUDITED STATEMENT OF MEMBER'S CAPITAL**  
(in thousands)

	Member's Capital	Accumulated Earnings	Total
Balance at December 31, 2022	\$ 34,696	\$ 76,439	\$ 111,135
Net Income		32,610	32,610
Distributions		(50,862)	(50,862)
Balance at October 31, 2023	<u>\$ 34,696</u>	<u>\$ 58,188</u>	<u>\$ 92,884</u>

## Guarantee of Performance




## GUARANTEE OF PERFORMANCE

For value received, HSF Affiliates, LLC, a Delaware limited liability company (the "Guarantor"), located at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612, absolutely and unconditionally guarantees to assume the duties and obligations of BHH Affiliates, LLC, a Delaware limited liability company, located at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its May 1, 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns. This guarantee does not extend to third parties other than franchisees of Franchisor.

The Guarantor signs this guarantee at 18500 Von Karman Avenue, Irvine, CA 92612, on the 31<sup>th</sup> day of October, 2023.

Guarantor: HSF Affiliates, LLC

By:   
Steven Ladd

Title: Sr. Vice President and Chief Financial Officer

**EXHIBIT D**  
**STATE REGULATORY AUTHORITIES**

**Exhibit D**

**LIST OF STATE FRANCHISE ADMINISTRATORS**

<u>State</u>	<u>Title of Administrator</u>	<u>Telephone Number</u>
California	Toll Free Number	(866) 275-2677
	Commissioner of Corporations 320 W. 4th Street Suite 750 Los Angeles, California 90013-2344	(213) 576-7500
	or	
	One Sansome Street Suite 600 San Francisco, California 94104	(415) 972-8559
	or	
	1350 Front Street, Room 2034 San Diego, California 92101-3697	(619) 525-4233
	or	
	1515 K Street, Suite 200 Sacramento, California 95814-4052	(916) 445-7205
Hawaii	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	(808) 586-2744
Illinois	Attorney General 500 South Second Street Springfield, Illinois 62706	(217) 782-4465
Indiana	Securities Commissioner 302 West Washington St., Rm. E-111 Indianapolis, Indiana 46204	(317) 232-6681
Maryland	Office of the Attorney General, Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021	(410) 576-6360

Michigan	Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, Michigan 48913	(517) 373-7117
Minnesota	Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101	(612) 296-6328
New York	Attorney General New York State Department of Law 28 Liberty St. 21 <sup>st</sup> Floor New York, New York 10005	(212) 416-8285
North Dakota	Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510	(701) 328-4712
Oregon	Director, Department of Insurance and Finance Labor and Industries Building Salem, Oregon 97310	(503) 378-4387
Rhode Island	Director of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920-4407	(401) 222-3048
South Dakota	Director, Division of Securities 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501-3185	(605) 773-4823
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219	(804) 371-9051
Washington	Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd. SW Tumwater, Washington 98501	(306) 902-8760
Wisconsin	Commissioner of Securities 201 W Washington Avenue, Suite 300 Madison, Wisconsin 53703	(608) 266-3431

**EXHIBIT E**  
**AGENTS FOR SERVICE OF PROCESS**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

<u>State</u>	<u>Name and Address of Agent</u>
California	California Department of Business Oversight 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, California 90013-2344
Hawaii	Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
Indiana	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021
Michigan	Corporations, Securities and Land Development Bureau Michigan Department of Consumer and Industry Services 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48909
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
New York	Secretary of State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 12231
North Dakota	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capital, 5th Floor Dept 414 Bismarck, North Dakota 58505-0510

Rhode Island	Director of Rhode Island Department of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920-4407
South Dakota	Director of South Dakota Division of Securities c/o 124 S. Euclid Ave., Suite 104 Pierre, South Dakota 57501 -3185
Virginia	Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, Virginia 23219
Washington	Securities Administrator Washington State Department of Financial Institutions 150 Israel Rd. SW Tumwater, WA 98501
Wisconsin	Division Administrator 201 W Washington Avenue, Suite 300 Madison, Wisconsin 53703

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

**EXHIBIT F**  
**PROPOSED FORM OF PROMISSORY NOTE**



## FRANCHISE TERM NOTE

\$ \_\_\_\_\_

Irvine, California

FOR VALUE RECEIVED, the undersigned, (collectively “Maker”) hereby promises to pay to the order of BHH AFFILIATES, LLC, a Delaware limited liability company with its principal place of business at 18500 Von Karman, Suite 400, Irvine, CA 92612 (“Lender”), the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), together with interest at \_\_\_\_\_% per annum on the outstanding balance of said principal sum, commencing at the times and pursuant to the terms hereinafter provided until this Franchise Term Note is paid in full.

1. Annual Payments. The principal amount of this Franchise Term Note, together with accrued interest, shall be repaid in equal annual installments of principal and interest on the last day of the First Anniversary Year and on the last day of each ensuing Anniversary Year (as such terms are defined in the Real Estate Brokerage Franchise Agreement between \_\_\_\_\_ and Lender being entered into concurrently herewith, as the same may be amended, modified and in effect from time to time (the “Franchise Agreement”)), until paid in full, whether at maturity, by acceleration, or otherwise. All remaining principal, together with accrued interest, if any, shall be due and payable in full on the date set forth herein, or the termination or expiration of the term of the Franchise Agreement, whichever occurs first.

2. Franchise Agreement. Maker and Lender contemplate that so long as no default, breach, or other violation by \_\_\_\_\_ has occurred and is continuing under the Franchise Agreement, Lender shall apply, against the annual installment of principal and interest, an amount equal to those Continuing Royalties (as such term is defined in the Franchise Agreement) actually paid by \_\_\_\_\_ to Lender (the “Royalty Rebate”) during the twelve months preceding the due date of the annual installment. The amount of the Royalty Rebate applied to each installment will not exceed the amount of the applicable annual installment. In the event Maker does not qualify for the Royalty Rebate or the Royalty Rebate is not sufficient to pay the annual installment under this Franchise Term Note, then Maker shall immediately pay the annual installment or such shortfall, as the case may be to Lender within ten (10) days of the due date of such annual installment as set forth in this Franchise Term Note.

3. Acceleration Upon Default. If Maker does not make any payment of principal and accrued interest thereon, if any, when due, or if a default, breach or other violation by \_\_\_\_\_ under the Franchise Agreement has occurred, then, at the option of Lender, the entire outstanding principal amount of this Franchise Term Note, and any and all accrued and unpaid interest thereon, shall become immediately due and payable without demand, presentment for payment, notice of dishonor, protest and notice of protest, notice of intent to accelerate and notice of acceleration, diligence in collecting or bringing suit against Maker, or any other notice by Lender other than as expressly provided in the Franchise Agreement.

4. Prepayment. Maker may, upon at least three (3) business days’ prior written notice to Lender stating the proposed date and amount of the prepayment, prepay the outstanding balance of principal and interest, if any, of this Franchise Term Note in whole or in part, without premium or penalty. If Maker gives Lender notice of a prepayment, Maker shall make the prepayment on the date and in the amount stated in the notice.

5. Payments and Computations. All payments on account of indebtedness evidenced by this Franchise Term Note shall be made not later than 11:00 A.M. (Pacific Time) on the day when due in lawful money of the United States. All computations of interest shall be made by Lender on the basis of a 365-day year for the actual number of days occurring in the period for which such interest is payable. Said payments are to be made at such place as Lender or the legal holders of this Franchise Term Note may, from time to time, in writing appoint, and in the absence of such appointment, then at the principal place of business of Lender as set forth on the first page of this Franchise Term Note.

6. Applicable Law. Maker represents and agrees that this instrument and the rights and obligations of all parties hereunder shall be governed by and construed under the laws of the state which govern the Franchise Agreement, without regard to the conflicts of law principles of such State.

7. Severability. The parties hereto intend and believe that each provision in this Franchise Term Note comports with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Franchise Term Note is found by a court of law to be in violation of any applicable local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Franchise Term Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of all parties hereto that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable, that the remainder of this Franchise Term Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein, and that the rights, obligations and interest of Maker and Lender or the legal holders hereof under the remainder of this Franchise Term Note shall continue in full force and effect.

8. Maximum Interest. Notwithstanding any other provision of this Franchise Term Note or any other agreement between Maker and Lender, nothing herein shall require the Maker to pay, or the holder of this Franchise Term Note to accept, interest in an amount which subjects the holder to any penalty or forfeiture under applicable law, and in no event shall the total of all charges payable hereunder (whether of interest or of such other charges which may or might be characterized as interest) exceed the maximum rate permitted to be charged under applicable law. Should Lender or any other holder of this Franchise Term Note receive any payment which is or would be in excess of that permitted to be charged under applicable law, such payment shall have been, and shall be deemed to have been, made in error and shall be held as additional cash collateral for the indebtedness evidenced by this Franchise Term Note.

9. Waiver. Maker and all parties now or hereafter liable for the payment hereof, whether as endorser, guarantor, surety or otherwise, generally waive demand, presentment for payment, notice of dishonor, protest and notice of protest, notice of intent to accelerate and notice of acceleration, diligence in collecting or bringing suit against any party hereto, and all other notices other than as expressly provided in the Franchise Agreement and agrees to all extensions, renewals, indulgences, releases or changes which from time to time may be granted by the holder hereof and to all partial payments hereon, with or without notice before or after maturity.

10. Notices. All notices and communications pursuant to or in respect of this Franchise Term Note shall be given as provided in Section 14.07 of the Franchise Agreement.

11. Time. Time is of the essence as to all dates set forth herein.

12. Attorney's Fees. In case any payment herein provided for shall not be made in accordance with the terms herein, Borrower further promises to pay all costs of collection and reasonable attorney's fees.

DATED AS OF: \_\_\_\_\_, 201\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_, as an individual

By: \_\_\_\_\_, as an individual

**EXHIBIT G**  
**OPERATIONS MANUAL TABLE OF CONTENTS**



**BERKSHIRE HATHAWAY**  
HomeServices

# Operations Manual

For Franchisees in US

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**EXHIBIT H**

**STATE LAWS REQUIRING LICENSING OF REAL ESTATE BROKERS AND AGENTS**



## Exhibit H

### STATE LAWS REQUIRING LICENSING OF REAL ESTATE BROKERS AND AGENTS

Each of the states and the District of Columbia have specific requirements concerning the licensing of real estate brokers and agents. Franchisees must comply with these requirements and Berkshire Hathaway HomeServices strongly advises prospective franchisees to consult with their own advisors about compliance with these laws. Following is a list of these laws.

Alabama	Code of Alabama, Title 34, Chapter 27
Alaska	Alaska Statutes, Title 8, Chapter 88
Arizona	Arizona Revised Statutes, Title 32, Chapter 20
Arkansas	Arkansas Code, Title 17, Chapter 42
California	California Business & Professions Code, Division 4, Pt. 1, Chapters 1-3
Colorado	Colorado Revised Statutes, Title 12, Article 61
Connecticut	Connecticut General Statutes, Title 20, Chapter 392
Delaware	Delaware Code, Title 24, Chapter 29
District of Columbia	District of Columbia Code, Title 47, Chapter 28, Subchapter I-B, Part M
Florida	Florida Statutes, Title XXXII, Chapter 475
Georgia	Georgia Code, Title 43, Chapter 40
Hawaii	Hawaii Revised Statutes, Title 25, Chapter 467
Idaho	Idaho Code, Title 54, Chapter 20
Illinois	Illinois Compiled Statutes, Chapter 225, Act 454
Indiana	Indiana Statutes Title 25, Article 34.1
Iowa	Iowa Code, Title XIII, Subtitle 4, Chapter 543B
Kansas	Kansas Statutes, Chapter 58, Article 30
Kentucky	Kentucky Revised Statutes, Title XXVI, Chapter 324
Louisiana	Louisiana Revised Statutes, Title 37, Chapter 17
Maine	Maine Revised Statutes, Title 32, Chapter 114
Maryland	Maryland Business Occupations & Professions Article, Title 17
Massachusetts	Massachusetts General Laws, Chapter 112, Sections 87PP - 87DDD½
Michigan	Michigan Compiled Laws, Chapter 339, Article 25
Minnesota	Minnesota Statutes, Chapter 82
Mississippi	Mississippi Code, Title 73, Chapter 35
Missouri	Missouri Revised Statutes, Title 22, Chapter 339
Montana	Montana Code, Title 37, Chapter 51, Part 3
Nebraska	Nebraska Revised Code, Sections 81-885.01 - 885.05
Nevada	Nevada Revised Statutes, Chapter 645
New Hampshire	New Hampshire Revised Statutes, Title XXX, Chapter 331-A
New Jersey	New Jersey Statutes, Title 45, Chapter 15
New Mexico	New Mexico Statutes, Chapter 61, Article 29
New York	New York Real Property Law, Article 12-A, Sections 440 - 442
North Carolina	General Statutes of North Carolina, Chapter 93A
North Dakota	North Dakota Century Code, Title 43, Chapter 43-23
Ohio	Ohio Revised Code, Title 47, Chapter 4735
Oklahoma	Oklahoma Statutes, Title 59, Chapter 858
Oregon	Oregon Revised Statutes, Chapter 696
Pennsylvania	The Pennsylvania Code, Title 49, Chapter 35, Section 35.221-35.255
Rhode Island	General Laws of Rhode Island, Title 5, Chapter 5-20.5
South Carolina	South Carolina Code of Laws, Title 40, Chapter 57
South Dakota	South Dakota Codified Laws, Title 36, Chapter 36-21A
Tennessee	Tennessee Code, Title 62, Chapter 13
Texas	Texas Occupations Code, Title 7, Subtitle A, Chapter 1101
Utah	Utah Code, Title 61, Chapter 2c, Section 201
Vermont	Vermont Statutes, Title 26, Chapter 41
Virginia	Code of Virginia, Title 54.1, Chapter 21
Washington	Revised Code of Washington, Title 18, Chapter 18.85
West Virginia	West Virginia Code, Chapter 30, Article 40
Wisconsin	Wisconsin Statutes, Chapter 452
Wyoming	Wyoming Statutes, Title 33, Chapter 28

**EXHIBIT I**  
**STATE ADDENDA**

**BERKSHIRE HATHAWAY HOMESERVICES  
RESIDENTIAL OFFERING**

**STATE ADDENDA**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Item 3. Neither the franchisor nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. § 78a et seq., suspending or expelling these persons from membership in this association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

The franchise agreement requires binding arbitration. The arbitration will occur in Orange County, California with the respective costs being borne by each party, except in cases involving collection of moneys due, enforcement of indemnification obligations, or other matters involving the use or protection of the Service Marks, in which case the prevailing party is entitled to an award of attorneys' fees and costs. This provision may not be enforceable under California law.

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

The franchise agreement contains waivers of punitive damages and a jury trial. These provisions may not be enforceable under California law.

You must sign a general release if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT [WWW.DBO.CA.GOV](http://WWW.DBO.CA.GOV).

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF HAWAII**

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

YOUR RIGHTS UPON TERMINATION OR NONRENEWAL MAY BE AFFECTED BY THE HAWAII FRANCHISE INVESTMENT LAW, HAWAII REVISED STATUTES, TITLE 26, CHAPTER 482E, SECTION 482E-6(3).

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

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

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: Hawaii, Indiana, Maryland, Michigan, Minnesota, North Dakota, Rhode Island, South Dakota, Washington and Wisconsin.

2. A proposed registration or filing is or will be shortly on file in the following states: Illinois, New York, and Virginia.

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

The provisions of this Addendum only apply if the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF ILLINOIS**

1. The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

2. Cover Page. Risk factor 1 indicates that local law may supersede the Franchise Agreement. As noted in Paragraph 3 below, the Illinois Franchise Disclosure Act does supersede the Franchise Agreement and applies to Illinois franchisees.

\* **THE LAWS OF THE STATE OF ILLINOIS WILL GOVERN THE FRANCHISE RELATIONSHIP BETWEEN BERKSHIRE HATHAWAY HOMESERVICES AND YOU.**

\* **ANY MEDIATION, ARBITRATION, OR LITIGATION WILL TAKE PLACE IN COOK COUNTY, ILLINOIS OR OTHER MUTUALLY AGREEABLE LOCATION IN ILLINOIS.**

3. Item 17. The following language is added to Items 17v and 17w:

"Provided that the provisions of the Illinois law will govern franchises located in the State of Illinois."

4. Item 17v. Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of Illinois. Therefore, contrary to the provisions of Item 17v. of the Disclosure Document and Section 12.07 of the Franchise Agreement, any dispute will be resolved in Cook County, Illinois or other mutually agreeable location in Illinois.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.



**ADDENDUM TO THE FRANCHISE AGREEMENT OF BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF ILLINOIS**

1. The following language is added to Section 15.01 of the Franchise Agreement:

“Notwithstanding the foregoing provisions of this paragraph 15.01, Illinois law will govern franchises granted to residents of Illinois and franchises located in the State of Illinois when the offer was made or accepted in Illinois.”

2. Section 12. We are under no obligation to offer you an exclusive territory. If, however, we decide to grant you an exclusive territory, the terms of the exclusive territory will be governed by a separate amendment to the Franchise Agreement. A sample of the exclusive territory amendment is attached as Exhibit A to this Addendum.”

3. The following language is added to Section 12.07 of the Franchise Agreement:

“The parties acknowledge that Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration outside of Illinois. Therefore, notwithstanding the provisions of paragraph 12.07 of the Franchise Agreement, any Dispute will be resolved in Cook County, Illinois or other mutually agreeable location in Illinois.”

4. The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

5. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this state is void.”

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**DATED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_

FRANCHISOR:  
BHH AFFILIATES, LLC

FRANCHISEE:

By: HSF AFFILIATES, LLC, its sole member

\_\_\_\_\_

(Company)

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

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

**Exhibit A**  
\_\_\_\_\_  
AMENDMENT TO  
REAL ESTATE BROKERAGE FRANCHISE AGREEMENT  
(Residential Exclusivity Amendment)

This \_\_\_\_\_ Amendment to Real Estate Brokerage Franchise Agreement (“Exclusivity Amendment”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ but shall be effective as of the "Effective Date" as that term is defined in that certain First Amendment to Real Estate Brokerage Franchise Agreement (“First Amendment”) which is being executed concurrently herewith by and between BHH Affiliates, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ proposing to do business in the State of \_\_\_\_\_ as Berkshire Hathaway HomeServices \_\_\_\_\_ (“Franchisee”), with reference to the following facts:

A. Franchisor and Franchisee are concurrently herewith executing a Real Estate Brokerage Franchise Agreement and the First Amendment (together the “Franchise Agreement”), under the terms of which Franchisee, upon the Effective Date of the Franchise Agreement, will be licensed by the Franchisor to use a certain "System," including proprietary marks of Franchisor, for the promotion and assistance of Franchisee’s independently owned and operated real estate brokerage business.

B. Franchisee and Franchisor desire to provide for certain exclusive territory rights as more fully set forth below.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Grant of Limited Exclusivity.

Subject to the further provisions of this Exclusivity Amendment, Franchisor agrees that Franchisor will not license any person or entity to use the System by Acting as a Real Estate Broker with respect to residential real estate transactions from business premises owned or leased by such person or entity in the Exclusive Territories (as defined below) during the term of the Franchise Agreement which expires \_\_\_\_\_ years from the Effective Date. Nothing herein shall limit the right of Franchisor to use, develop or license rights other than the System that is the subject of the Franchise Agreement or to use or license the Service Marks that are part of the System for business purposes other than use of the System, including without limitation the licensing of the service marks in connection with the grant of a commercial only real estate brokerage franchise. Furthermore, Franchisee acknowledges that nothing herein shall prevent other franchisees of Franchisor who have Locations and places of business outside the Exclusive Territory from Acting as a Real Estate Broker with respect to residential properties located within the Exclusive Territories, and nothing herein shall prevent other franchisees of Franchisor from having Locations and other places of business outside the boundaries of any or all of the Exclusive Territory, as defined below.

2. Exclusive Territory.

The "Exclusive Territory" consists of the following geographical area:

---

3. Existing Franchisees.

(a) Franchisee acknowledges that there may be existing franchisees who operate in the Berkshire Hathaway HomeServices, Prudential Real Estate or Real Living Real Estate franchise systems (the "Existing Franchisees") who may currently operate from places of business located within the Exclusive Territory. The parties agree that, if there are any Existing Franchisees on the Effective Date, Paragraph 1 of this Exclusivity Amendment shall not apply in any manner to the Existing Franchisees in the Exclusive Territory, and Franchisor may license any Existing Franchisee to use the System by Acting as a Real Estate Broker from the business premises owned or leased by Existing Franchisees in the Exclusive Territory from which such Existing Franchisee currently operates, as well as any new business premises not currently so owned or leased, notwithstanding any change in the ownership or management of such Existing Franchisee or in the event of an assignment of such Existing Franchisee's franchise agreement to another person or entity who shall be considered an Existing Franchisee.

(b) Franchisee further acknowledges and agrees that Paragraph 1 of this Exclusivity Amendment shall not apply in any manner to (i) any real estate brokerage currently owned, directly or indirectly, by HomeServices of America, Inc. ("HSOA Brokerage") operating from any location(s) within the exclusive territories, (ii) any franchisees ("HSOA Brokerage Franchisees") associated with any HSOA Brokerage operating from any locations within the Exclusive Territories, (iii) any real estate brokerage subsequently acquired, directly or indirectly by HomeServices of America, Inc. ("Subsequently Acquired HSOA Brokerage") which is operating from locations within the Exclusive Territories as well as (iv) any franchisees ("Subsequently Acquired HSOA Brokerage Franchisees") associated with any Subsequently Acquired HSOA Brokerage operating from any locations within the Exclusive Territories. Franchisor may license any HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee and Subsequently Acquired HSOA Brokerage Franchisee to use the System by Acting as a Real Estate Broker from (i) the business premises owned or leased by any HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee in the Exclusive Territories from which such HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee operates, as well as any new business premises not then so owned or leased, notwithstanding any change in the ownership or management of such HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee or in the event of an assignment of such HSOA Brokerage's, Subsequently Acquired HSOA Brokerage's, HSOA Brokerage Franchisee's or Subsequently Acquired HSOA Brokerage Franchisee's franchise agreement to another person or entity who shall be considered an HSOA Brokerage, Subsequently Acquired HSOA Brokerage, HSOA Brokerage Franchisee or Subsequently Acquired HSOA Brokerage Franchisee, as the case may be.

4. Minimum Performance –Exclusive Territory.

No later than December 31, \_\_\_\_\_, and for each year ended December 31 thereafter, Franchisee shall (i) maintain no less than a \_\_\_\_\_ percent (\_\_\_\_%) Market Share, and (ii) rank as

one of the top \_\_\_\_\_ companies within the Exclusive Territory, with each of (i) and (ii) based on closed dollar volume of residential transactions for properties located in the Exclusive Territory.

Market Share is defined as the percentage that Franchisee's total closed dollar volume of residential transactions for properties located in the Exclusive Territory for the calendar year being measured bears to the total closed dollar volume of residential transactions for all properties located in the Exclusive Territory for the calendar year being measured.

Franchisor shall make its determination as to whether Franchisee has achieved the minimum performance criteria for the Exclusive Territory using closed residential transaction information reported to Franchisor by Franchisee, or alternatively, Franchisor may utilize quarterly statistical reports issued by a third party vendor employed by Franchisor for such purpose. In the event Franchisor's vendor ceases to provide such information, then Franchisor may obtain such information from another source which is, in Franchisor's reasonable discretion, a substitute for such information, in which case the substitute information shall constitute company ranking information and the Franchisee closed dollar volume and closed board volume information used to determine whether Franchisee has achieved the minimum performance criteria for the Exclusive Territory. Should Franchisor determine that the necessary information can only be obtained from one or more Multiple Listing Services in which Franchisee participates, then in such event, Franchisee shall provide access to such Multiple Listing Service(s) for the limited purpose stated herein. Franchisor shall provide to Franchisee a written summary of its calculation and the information used to support it.

Alternatively, if requested by Franchisor, then within ninety (90) days after any such request, Franchisee shall provide Franchisor with information about closed residential transactions in the Exclusive Territory, Franchisee's financial information and any other information that Franchisor shall, in its reasonable discretion, determine is necessary and in such form as may be reasonably directed by Franchisor to enable it to make its determination. Franchisee agrees that such information is necessary to allow Franchisor to determine whether or not Franchisee has met the minimum performance requirements for any Exclusive Territory.

#### 5. Termination of Exclusivity.

(a) If Franchisee fails to meet the required minimum performance criteria as set forth in paragraph 4 above, then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall terminate immediately.

(b) If any payments of Continuing Royalties, Marketing Fees or any other amounts due to Franchisor from Franchisee under the terms of the Franchise Agreement are delinquent and unpaid (a "Payment Default") after written notice and demand to cure from Franchisor as provided for in the Franchise Agreement; then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall terminate immediately without further opportunity to cure and this Exclusivity Amendment shall be deemed null, void and of no further force and effect.

(c) If Franchisee is in material breach (other than a Payment Default) of any material provision of the Franchise Agreement, or any other agreement to which both Franchisor or any of its affiliates and either Franchisee or any of its affiliates or Equity Holders are party, after written notice and demand to cure from Franchisor as set forth in the Franchise Agreement or any other agreement, as the

case may be, then all rights and obligations of Franchisee and Franchisor under this Exclusivity Amendment shall be deemed null, void and of no further force and effect.

6. Construction of Amendment.

(a) Entire Agreement. The foregoing constitutes the entire agreement between the parties hereto with respect to the matters set forth herein; all other understandings or representations, whether oral or written, having been incorporated herein, are otherwise superseded.

(b) Effect on Franchise Agreement. The parties agree that the terms and conditions of this Exclusivity Amendment supersede inconsistent terms of the Franchise Agreement, that the Franchise Agreement is hereby modified as set forth herein, and that this Exclusivity Amendment constitutes a part of the Franchise Agreement. All of the terms and conditions of the Franchise Agreement not specifically modified herein shall remain in full force and effect.

(c) Counterparts; Electronic Signatures. Franchisor and Franchisee agrees that this Exclusivity Amendment may be executed in any number of counterparts, each of which shall be considered an original, and all of which, when taken together, will constitute one and the same Exclusivity Amendment. Franchisor and Franchisee further agree that facsimile or scanned copies of this executed Exclusivity Amendment shall have the same force and effect as an original, and shall be fully binding on Franchisor and Franchisee.

7. Confidentiality.

Franchisee acknowledges that Franchisor is willing to enter into this Exclusivity Amendment subject to the condition that Franchisee maintains the confidentiality of this Exclusivity Amendment as set forth in this paragraph. Franchisee agrees that it will maintain the confidentiality of this Exclusivity Amendment and will not permit the terms hereof or the content of discussions between Franchisee and Franchisor or their representatives related hereto to be disclosed to any parties other than the parties hereto and Franchisee's officers, shareholders, attorneys and accountants and also agrees that it shall cause any party to which it discloses such terms or conditions to maintain the confidentiality of such information and not to disclose such information to any parties other than those to whom Franchisee is permitted to make disclosures under this paragraph. Franchisor acknowledges that this paragraph shall not prohibit Franchisee from making disclosures required by law. Franchisee agrees however, that prior to making such disclosure it shall provide Franchisor with prompt notice of such requirement and shall cooperate with Franchisor in seeking a protective order waiving such disclosure and obtaining reliable assurance that confidential treatment will be accorded to any confidential information disclosed.

IN WITNESS WHEREOF, the parties hereto have caused this Exclusivity Amendment to be executed on or as of the date indicated above:

FRANCHISEE:

\_\_\_\_\_

FRANCHISOR:

BHH AFFILIATES, LLC  
a Delaware limited liability company

By: HSF Affiliates LLC, its sole member

By:

Its:

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
OF BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF MARYLAND**

1. Item 17 (c) and (m) – Conditions for Franchisor Approval of Transfer. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Item 17 (h) – "Cause" Defined – Non-Curable Defaults. Provisions for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)
3. Item 17 (v) – Choice of Forum. 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 3 years after the grant of the franchise.

The provisions of this Addendum only apply if the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE AGREEMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF MARYLAND**

1. The following provisions is hereby added to Section 10.02 of the Franchise Agreement:

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

2. The following sentence is hereby added to Section 12.07 of the Franchise Agreement:

"Nothing in this paragraph shall prohibit a franchisee in Maryland from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

The Maryland Franchise Registration and Disclosure Law currently provides that any claims arising under it must be brought within three (3) years after the grant of a franchise.

3. The following sentence is hereby added to the Franchise Agreement:

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

The provisions of this Addendum only apply if the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed.

**DATED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_

By: HSF AFFILIATES, LLC, its sole member

FRANCHISEE: \_\_\_\_\_

(Company)

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

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

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

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



**ADDENDUM TO THE DISCLOSURE DOCUMENT OF  
BHH AFFILIATES, LLC  
BY THE STATE OF MINNESOTA**

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

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

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

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

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

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

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

No statement, questionnaire, or acknowledgement 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 with the franchise.

**AMENDMENT TO THE FRANCHISE AGREEMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF MINNESOTA**

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

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

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

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

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

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

No statement, questionnaire, or acknowledgement 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 with the franchise.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**DATED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_

FRANCHISOR:

FRANCHISEE:

BHH AFFILIATES, LLC

By: HSF AFFILIATES, LLC, its sole member

\_\_\_\_\_  
(Company)

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

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

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

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

## NEW YORK

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF NORTH DAKOTA**

THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise offering circulars which disclose the existence of covenants restricting competition contrary to Section 9-08-06 N.D.C.C., without further disclosing that such covenants will be subject to the statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
- C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
- I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Franchise agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF NORTH DAKOTA**

1. The following language is added to Section 12.07(a) of the Franchise Agreement:

“Provided, however, that Franchisee is not required to consent to the jurisdiction of a court outside of North Dakota.”

2. Sections 12.07(b) and (c) of the Franchise Agreement are deleted.

3. The following language is added to Section 12.08 of the Franchise Agreement:

“Provided, however, that in the event there is conflict between the provisions of this section and the statute of limitation under North Dakota law, then North Dakota law will prevail.”

4. The following language is added to Section 15.01 of the Franchise Agreement:

“Provided, however, that in the event there is a conflict between California law and North Dakota Law, then North Dakota Law will prevail.”

The provisions of this Addendum only apply if the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**DATED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_

FRANCHISOR:

FRANCHISEE:

BHH AFFILIATES, LLC

By: HSF AFFILIATES, LLC, its sole member

\_\_\_\_\_  
(Company)

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF RHODE ISLAND**

1. Item 17w. The following language is added to Item 17w:

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."

The provisions of this Addendum only apply if the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

Items 17g and h. The following is added to Items 17g and h:

"Pursuant 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 ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

The provisions of this Addendum only apply if the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**DATED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_

FRANCHISOR:

FRANCHISEE:

BHH AFFILIATES, LLC

By: HSF AFFILIATES, LLC, its sole member

\_\_\_\_\_  
(Company)

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## **WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington. The undersigned does hereby acknowledge receipt of this addendum.

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

**This addendum may also be used as a rider to the Franchise Disclosure Document.**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135, Wisconsin Statutes, supersedes any provision of the Franchise Agreement, if such provisions are in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE AGREEMENT OF  
BHH AFFILIATES, LLC  
REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**EXHIBIT J**  
**GUARANTEE OF PERFORMANCE**

## Exhibit J

### GUARANTEE OF PERFORMANCE

For value received, HSF Affiliates, LLC, a Delaware limited liability company (the "Guarantor"), located at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612, absolutely and unconditionally guarantees to assume the duties and obligations of BHH Affiliates, LLC, a Delaware limited liability company, located at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its May 1, 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns. This guarantee does not extend to third parties other than franchisees of Franchisor.

The Guarantor signs this guarantee at 18500 Von Karman Avenue, Irvine, CA 92612, on the 31<sup>th</sup> day of October, 2023.

Guarantor: HSF Affiliates, LLC

By:

  
\_\_\_\_\_

Steven Ladd

Title:

Sr. Vice President and Chief Financial Officer

**EXHIBIT K**  
**STATEMENT OF PROSPECTIVE FRANCHISEE**  
**(2 Versions)**



**STATEMENT OF PROSPECTIVE FRANCHISEE**

**A. The following dates are true and correct:**

1. \_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The date on which the undersigned received a Franchise Disclosure Document from BHH Affiliates, LLC about a Berkshire Hathaway HomeServices franchise.

\_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The date on which the undersigned was re-disclosed with a current Franchise Disclosure Document, if applicable.

\_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The date on which the undersigned was re-disclosed with a current Franchise Disclosure Document, if applicable.

2. \_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The date on which the undersigned executed the Franchise Agreement.

3. \_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The earliest date on which the undersigned delivered cash, check, or other consideration to a BHH Affiliates, LLC representative.

**B. Representations**

1. No oral, written, or visual claim or representation, which contradicted the Franchise Disclosure Document or Franchise Agreement executed by the undersigned, was made to the undersigned, except:

\_\_\_\_\_ Initial: \_\_\_\_\_  
(If none, the prospective franchisee shall write "none".)

2. The undersigned acknowledges that BHH Affiliates, LLC and the undersigned have not had any discussion regarding possible additional locations or opportunities to open additional locations:

Initial: \_\_\_\_\_

**For Residents and Franchisees located in Maryland Only:** 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 Registration and Disclosure Law.

**For Residents and Franchisees located in Washington Only:** This Statement of Prospective Franchisee does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

The above is true and correct to the best of my knowledge.

Prospective Franchisee: \_\_\_\_\_

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

Its: \_\_\_\_\_

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

Its: \_\_\_\_\_

**STATEMENT OF PROSPECTIVE FRANCHISEE**

**A. The following dates are true and correct:**

1. \_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The date on which the undersigned received a Franchise Disclosure Document from BHH Affiliates, LLC about a Berkshire Hathaway HomeServices franchise.

\_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The date on which the undersigned was re-disclosed with a current Franchise Disclosure Document, if applicable.

\_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The date on which the undersigned was re-disclosed with a current Franchise Disclosure Document, if applicable.

2. \_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The date on which the undersigned executed the Franchise Agreement.

3. \_\_\_\_\_, 20\_\_\_\_  
(date) (initials)

The earliest date on which the undersigned delivered cash, check, or other consideration to a BHH Affiliates, LLC representative.

**B. Representations**

1. No oral, written, or visual claim or representation, which contradicted the Franchise Disclosure Document or Franchise Agreement executed by the undersigned, was made to the undersigned, except:

\_\_\_\_\_ Initial: \_\_\_\_\_  
(If none, the prospective franchisee shall write "none".)

2. At the first face-to-face meeting with a BHH Affiliates, LLC representative to discuss the possible purchase of a Berkshire Hathaway HomeServices franchise, the undersigned received, or had already received, a current Franchise Disclosure Document from BHH Affiliates, LLC:

Initial: \_\_\_\_\_

3. The undersigned acknowledges that BHH Affiliates, LLC and the undersigned have not had any discussion regarding possible additional locations or opportunities to open additional locations:

Initial: \_\_\_\_\_

**For Residents and Franchisees located in Maryland Only:** 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 Registration and Disclosure Law.

**For Residents and Franchisees located in Washington Only:** This Statement of Prospective Franchisee does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

The above is true and correct to the best of my knowledge.

Prospective Franchisee: \_\_\_\_\_

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

Its: \_\_\_\_\_

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

Its: \_\_\_\_\_

## STATE EFFECTIVE DATES

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

The 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:

Hawaii:	May 12, 2023,Amendment Pending
Illinois:	Exempt
Indiana:	May 10, 2023,Amendment Pending
Maryland:	Pending
Michigan:	August 10, 2023,Amendment Pending
Minnesota:	July 21, 2023,Amendment Pending
New York:	Exempt
North Dakota:	June 19, 2023,Amendment Pending
Rhode Island:	May 4, 2023,Amendment Pending
South Dakota:	May 5, 2023,Amendment Pending
Virginia:	Exempt, ,Amendment Pending
Washington:	August 14, 2023,Amendment Pending
Wisconsin:	May 3, 2023,Amendment Pending

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

**RECEIPT**

**BERKSHIRE HATHAWAY HOMESERVICES DISCLOSURE DOCUMENT**

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 Berkshire Hathaway HomeServices offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Berkshire Hathaway HomeServices does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit D.

The franchisor is BHH Affiliates, LLC at 18500 Von Karman Avenue, Suite 400, Irvine, California 92612.

The franchise seller(s) for this offering is/are: \_\_\_\_\_.

Berkshire Hathaway HomeServices authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I have received a disclosure document dated **May 1, 2023, amended November 28, 2023**, that included the following Exhibits:

A. Franchise Agreement	H. State Laws Requiring Licensing of Real Estate Brokers and Agents
B. List of Current and Former Franchisees as of 12/31/2022	I. State Addenda
C. Financial Statements	J. Guarantee of Performance
D. State Regulatory Authorities	K. Statement of Prospective Franchisee (2 forms)
E. Agents for Service of Process	
F. Proposed Forms of Promissory Notes	
G. Operations Manual Table of Contents	

<u>PRINTED NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>	<u>DATE</u>
(1) _____	_____	_____	_____
(2) _____	_____	_____	_____

COMPANY OR PARTNERSHIP NAME: \_\_\_\_\_

**RETURN THIS RECEIPT TO:      BHH Affiliates, LLC**  
**18500 Von Karman Avenue, Suite 400**  
**Irvine, California 92612**

**RECEIPT**  
**BERKSHIRE HATHAWAY HOMESERVICES DISCLOSURE DOCUMENT**

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 Berkshire Hathaway HomeServices offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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<u>PRINTED NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>	<u>DATE</u>
(1) _____	_____	_____	_____
(2) _____	_____	_____	_____

COMPANY OR PARTNERSHIP NAME: \_\_\_\_\_

**PLEASE KEEP THIS RECEIPT FOR YOUR RECORDS.**