

FRANCHISE DISCLOSURE DOCUMENT



The Agency Real Estate Franchising, LLC
a Delaware limited liability company
331 Foothill Road, Suite 100, Beverly Hills,
California 90210, (424) 230-3700
info@theagencyfranchising.com,
www.theagencyre.com

®

The franchise offered is to establish and operate real estate brokerage offices under the name *The Agency*®, as part of a network of real estate brokerage businesses that cater to high-end real estate buyers and sellers worldwide. The franchise will be operated from a real estate office under the management of an existing real estate broker's license. The franchisee will promote *The Agency's* image and brand standards to advance network development and clientele satisfaction through proprietary electronic platforms, innovative advertising and public relations.

The total investment necessary to begin operation of a *The Agency*® office franchise is \$119,600 to \$856,150. This includes \$47,500 to \$48,700 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a *The Agency*® limited purpose office franchise is \$12,550 to \$323,800. This includes \$2,000 that must be paid to the franchisor or affiliate.

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

The terms of your contract will govern your franchise relationship. Don't rely on this 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 Billy Rose at 331 Foothill Road, Suite 100, Beverly Hills, California 90210 and (424) 230-3702.

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

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

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How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in [Exhibit 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 arbitration and/or litigation only in California. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in California than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE
MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa, Lansing, Michigan 48933
(517) 335-7567

Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration section of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, Its Parents, Predecessors and Affiliates

The franchisor is The Agency Real Estate Franchising, LLC ("TAREF"), a limited liability company established on March 18, 2014 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 "TAREF." These shorthand terms do not include corporate officers, employees, directors, managers or members of TAREF, but may include affiliates when referring to activities undertaken and performed by TAREF or its 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 (defined below) also will apply to certain shareholders, general partners or members, as the case may be.

Our principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210. Our agents for service of process are listed in Exhibit D of this disclosure document.

We do not have any predecessors. Our immediate parent company is The Agency Holdco, Inc. ("Agency Holdco"). Its principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210. As a result of a merger effective April 29, 2022 between Agency Holdco and Suitey, Inc. d/b/a Triplemint, a real estate brokerage business based in New York, New York, our ultimate parent company is RealTech Holdings, Inc. ("RealTech Holdings"). RealTech Holdings' principal business address is 7 West 18th Street, 7th Floor, New York, New York 10011. Our affiliate, The Agency IP Holding Co., LLC ("Agency IP Holding"), owns the Marks (defined in Item 13) we license to you. Its principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210. We have several affiliates that operate Offices (defined below) that are disclosed in Item 20. We anticipate that additional affiliates will be formed to operate additional Offices in the future. Neither our parents nor any of our affiliates offer franchises in this or any other line of business and, with the exception of RULC Marketing, Inc. ("RULC") and UMRO Realty Corp. ("UMRO"), neither our parents nor any of our affiliates provide products or services to our franchisees. Our affiliates RULC and UMRO provide marketing and support services to our franchisees. UMRO also granted franchises under *The Agency*[®] service mark and System (defined below) outside of the United States from 2017 to 2018. Their principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210.

The Franchise Offered

We franchise the right to use *The Agency*[®] service mark and System in the operation of real estate brokerage businesses (each business, an "Office"). We began offering franchises in 2015. We conduct business under the name *The Agency*[®]. In this disclosure document, we may use the words "The Agency System" or "The Agency Network" to describe our franchise system and network of franchisees, as well as our company- or affiliate-owned Offices. We do not have any other business activities.

The franchise includes the right to use our Marks as well as our training programs and materials, advertising, marketing, operations and promotional infrastructure and programs in the operation of a real estate brokerage (together, the "System"). While you apply for franchise rights, you must sign a confidentiality and non-disclosure agreement (the "Confidentiality and Non-

Disclosure Agreement) (Exhibit C) before receiving the Operations Manual (defined in Item 8) or other proprietary information of TAREF. If your application to become a franchisee is approved, we will enter into a franchise agreement with you for the establishment and operation of an Office (a "Franchise Agreement") (Exhibit A). Under the Franchise Agreement, we may permit you to open an additional office(s) and business premises we approve in your Territory (defined in Item 12) from which you may conduct real estate activities using the Marks according to the terms of the Franchise Agreement and the Operations Manual (each, an "Additional Office"). If we grant you rights to develop and operate an Additional Office, you will sign the office addendum attached as Exhibit C to the Franchise Agreement (the "Office Addendum"). Any Additional Office will, except as otherwise noted, comply with and be subject to all of the terms, conditions, provisions and restrictions of the Franchise Agreement as are applicable to the Office. We will consider your Office and any Additional Office(s) you operate as one Office for purposes of reporting Gross Revenue (defined in Item 6) under the Franchise Agreement. All references to "Office" in this disclosure document will include any Additional Office(s) we allow you to open and operate, unless otherwise noted.

We may permit a qualified franchisee to open and operate another office, together with their franchised Office, that accommodates special market conditions and serves a limited purpose (each, a "Limited Purpose Office"). As of the date of this disclosure document, Limited Purpose Offices include "Development Offices," "Salesperson Offices" and "Administrative Offices." A Development Office is a temporary tract sales office within or immediately adjacent to a new homes subdivision or development operated for the sole purpose of selling residential property in that subdivision or development. A Salesperson Office is an additional office used by the Office for the purpose of providing licensed real estate brokers and/or licensed real estate salespersons a place to conduct certain real estate activities from an administrative location. An Administrative Office is an additional office used by the Office for purely administrative purposes and the housing of administration personnel only. If we grant you rights to develop and operate one or more Limited Purpose Offices, you will sign the applicable limited purpose office addendum to the Franchise Agreement (a "Limited Purpose Office Addendum") (Exhibit B). We may modify or discontinue offering Limited Purpose Offices at any time. You must operate any approved Limited Purpose Office together with your Office. We will consider your Office and any Limited Purpose Office you operate as one Office for purposes of reporting Gross Revenue under the Franchise Agreement. All references to "Office" in this disclosure document will include any Limited Purpose Office we allow you to open and operate, unless otherwise noted.

Market, Competition and Regulations

The real estate brokerage business is developed and competitive. Your competitors include other real estate companies, including other local, regional, national and international real estate brokerage networks and franchises. The market for the services offered by your Office will depend on the number of active buyers and sellers in your area, the condition of the real estate market and the economy and the number of other established real estate companies in your area.

There are specific federal laws and standards that regulate the real estate industry, including the federal Real Estate Settlement Procedures Act of 1974 (RESPA) and the Fair Housing Act (FHA). In addition, all states have laws that regulate real estate operations and that require real estate brokers and their salespersons to hold state licenses. These laws and standards vary from state to state and could affect your franchise. Exhibit F contains references to some of these laws.

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 Office. These may include laws affecting the terms of your office space and employment agreements and that require you to obtain a business or similar license.

You should consult with your attorney to learn more about specific laws applicable to your franchised Office. You will be required to comply with all applicable laws at your own expense.

ITEM 2

BUSINESS EXPERIENCE

Mauricio Umansky – Chief Executive Officer

TAREF (Beverly Hills, CA), Chief Executive Officer: 03/2014 – present; UMRO d/b/a The Agency (Beverly Hills, CA), Chief Executive Officer: 08/2011 – present; Closed Escrow, Inc. (Beverly Hills, CA), Chief Executive Officer: 12/2015 – present.

Rainy Hake Austin – President

TAREF (Beverly Hills, CA), President: 02/2021 – present; UMRO d/b/a The Agency (Beverly Hills, CA), President: 11/2020 – present; Compass, Inc. (New York, NY), Head of Operations West: 03/2019 – 10/2020; Alain Pinel Realtors (Saratoga, CA), Executive Vice President and Chief Operating Officer: 06/2009 – 02/2019.

Billy Rose – Chief Culture Officer

TAREF (Beverly Hills, CA), Chief Culture Officer: 04/2022 – present; TAREF (Beverly Hills, CA), Vice Chairman: 02/2021 – 04/2022; TAREF (Beverly Hills, CA), President: 03/2014 – 02/2021; UMRO d/b/a The Agency (Beverly Hills, CA), President: 11/2011 – 11/2020; Closed Escrow, Inc. (Beverly Hills, CA), President: 12/2015 – present.

Shane Farkas – Chief Operations Officer

UMRO d/b/a The Agency (Beverly Hills, CA), Chief Operations Officer: 09/2017 – present; UMRO d/b/a The Agency (Beverly Hills, CA), Chief Technology Officer: 11/2011 – 04/2022.

James Ramsay – Executive Vice President, Franchise Sales

TAREF (Beverly Hills, CA), Executive Vice President, Franchise Sales: 01/2021 – present; Engel and Völkers Americas, Inc. (New York, NY), Chief Operating Officer: 01/2014 – 12/2020; Engel & Völkers Canada, Inc. (Toronto, Ontario, Canada), Director: 01/2014 – 12/2020.

Brandon Braga – Secretary and General Counsel

TAREF (Beverly Hills, CA), Secretary: 02/2017 – present; UMRO d/b/a The Agency (Beverly Hills, CA), General Counsel: 02/2017 – present.

Tara Scholl – Senior Vice President, Franchise Operations

TAREF (Beverly Hills, CA), Senior Vice President, Franchise Operations: 08/2021 – present; Windermere Service Company (Seattle, WA), President Services, NCA & NV: 05/2013 – 08/2021.

Kumar Patel – Vice President, Franchise Operations – East

TAREF (Beverly Hills, CA), Vice President, Franchise Operations – East: 09/2021 – present; Century 21 New Millennium (Alexandria, VA), Vice President, Branch Leader: 11/2017 – 09/2021.

Stacey Tilford – Vice President, Franchise Operations – West

TAREF (Beverly Hills, CA), Vice President, Franchise Operations – West: 11/2021 – present; Engel and Völkers Americas, Inc. (Park City, UT), Director, Training & Technology: 08/2021 – 11/2021; RE/MAX, LLC (Denver, CO), Franchise Sales: 02/2021 – 08/2021; Compass, Inc. (New York, NY), Corporate Trainer: 10/2017 – 02/2021.

Judy Parsons – Vice President, Franchise Sales – East

TAREF (Beverly Hills, CA), Vice President, Franchise Sales – East: 11/2021 – present; Keller Williams Showcase Properties (Braintree, MA), Vice President of Operations: 01/2019 – 11/2021; Weichert Realtors (Scituate, MA), Director of Business Development: 01/2018 – 01/2019.

Ricardo Beer – Vice President, Franchise Sales – West

TAREF (Beverly Hills, CA), Vice President, Franchise Sales – West: 10/2021 – present; TAREF (Beverly Hills, CA), Director, Franchise Communications: 10/2016 – 10/2021; UMRO d/b/a The Agency (Beverly Hills, CA), Director, Franchise Communications: 10/2016 – 10/2021.

Bryan Shaffer – Vice President, Franchise Sales – Midwest

TAREF (Beverly Hills, CA), Vice President, Franchise Sales – Midwest: 09/2022 – present; Oxford Property Group (New York, NY), Senior Vice President of Strategic Growth: 04/2022 – 09/2022; Engel and Völkers Americas, Inc. (New York, NY), Vice President of Expansion: 11/2017 – 04/2022.

John Thorpe – Vice President of Sales

TAREF (Beverly Hills, CA), Vice President of Sales: 01/2024 – present; TAREF (Beverly Hills, CA), Vice President, Sales & Operations – Europe: 02/2022 – 01/2024; Von Poll Real Estate (Frankfurt, Germany), Vice President – International Business Development: 05/2021 – 10/2021; Realogy - Better Homes & Gardens Real Estate, LLC (Madison, NJ), Regional VP - Membership Development: 07/2013 – 03/2021.

ITEM 3

LITIGATION

Gael Fierro, et al. vs. National Association of Realtors, et al., United States District Court for the Central District of California, Case No. 2:24-cv-00449. On January 17, 2024, we were named in a lawsuit filed by a California home seller on behalf of a putative class of residential property sellers that allege that defendants participated in a system that resulted in sellers of residential property purportedly paying inflated buyer broker commissions in violation of federal and state antitrust laws. The plaintiff seeks a permanent injunction enjoining the defendants from requiring home sellers to pay buyer-broker commissions or from otherwise restricting competition among brokers, an award of declaratory relief and damages on behalf of the putative class, as well as attorneys' fees and costs of suit. The plaintiff alleges joint and several liability and seeks treble or other multiple damages. We believe we were named in error in this litigation and will seek dismissal or defend vigorously against all claims.

Sam Hakim v. UMRO Realty Corp., Mauricio Umansky, et al., Superior Court of the State of California for the County of Los Angeles, West District, Case No. 19SMCV01619. On September 13, 2019, Hakim filed a complaint against several parties which included UMRO and Mauricio Umansky. In the complaint, Hakim, a prospective purchaser of the Malibu property at issue in the Sweetwater case disclosed below, alleged that Umansky, as the broker of the property, dissuaded him from making a written offer for the property that exceeded the below-market offer made by another the defendant that was the ultimate purchaser. Hakim alleged that he lost the opportunity to purchase the Malibu property and profit from the property's re-development and re-sale. The complaint asserted claims for breach of the duty of honesty and fairness, breach of the duty to disclose, aiding and abetting breach of the duty of honesty and fairness, aiding and abetting breach of the duty to disclose, fraud, negligent misrepresentation, intentional interference with prospective economic advantage, and constructive trust. After extensive discovery and motion practice undermined Hakim's allegations, Hakim agreed to dismiss his lawsuit with prejudice and release the defendants in exchange for the defendants making a \$75,000 contribution to a charity in Israel, which they promptly did. The case was dismissed with prejudice in December 2023.

Sweetwater Malibu, LLC and Teodoro Nguema Obiang Mangue v. UMRO Realty Corp. and Mauricio Umansky, United States District Court for the Central District of California, Case No. 2:19-cv-01848. On March 13, 2019, Sweetwater filed a complaint against the defendants. Sweetwater was the owner of a luxury beachfront estate in Malibu, California. Sweetwater is owned and controlled by Teodoro Nguema Obiang Mangue, the Vice President of Equatorial Guinea. According to the U.S. Department of Justice (DOJ), Sweetwater and Mr. Nguema (plaintiffs) purchased the property with funds gained through illegal activities. As part of a Settlement Agreement between plaintiffs and DOJ to resolve claims asserted by the DOJ, the plaintiffs agreed to sell the property. The defendants were hired by plaintiffs with DOJ approval to broker the sale of the property for its fair market value of \$32 million. The defendants secured a buyer for the property that was approved by the plaintiffs and the DOJ. The effective purchase price was \$32.5 million. Prior to closing, Umansky disclosed to the plaintiffs and the DOJ that he intended to invest with the buyer in the acquisition of the property. After closing, the buyer invested substantial sums to improve the property and almost 12 months after closing resold it for \$69.9 million. Plaintiffs alleged that prior to their sale of the property, defendants withheld information and other offers for the property, engaged in self-dealing and sold the property for less than its fair market value. Plaintiffs asserted claims for (1) breach of settlement agreement & order; (2) breach of fiduciary duties; (3) statutory violations; (4) breach of listing agreement; (5)

intentional fraud; (6) negligent misrepresentation; and (7) negligence and negligence per se. UMRO and Umansky deny all claims of liability asserted by plaintiffs and that either of them caused plaintiffs any injury; however, to avoid the expense and resources required to litigate the matter, and to provide funds that will benefit the people of Equatorial Guinea, the parties settled the matter in December 2019, which included mutual releases and an \$8,250,000 payment to plaintiffs.

Nightingale Capital, LLC v. The Agency, Mauricio Umansky and Blair Chang, Superior Court of the State of California for the County of Los Angeles, Central District, Case No. BC604187. On December 14, 2015, Nightingale filed a lawsuit against The Agency, Mauricio Umansky and Blair Chang. The lawsuit alleged that the defendants coordinated the publication of an article in *Fortune Magazine* to disparage Nightingale and a high-end residential property in Los Angeles that it owned. Nightingale claimed the article diminished the value of the property by several million dollars – that it had listed the property for \$5 million more than it was able to sell the property for after the article was published. The defendants maintained that *Fortune Magazine* contacted them for comment about the property and that other factors were the cause of any losses that may have been suffered. The complaint alleged breach of fiduciary duty, constructive fraud, fraud, professional negligence, intentional interference with prospective economic advantage and negligent interference with prospective economic advantage. To avoid the expense and resources required to litigate the matter, the parties settled the matter in June 2017, which included mutual releases and a \$205,000 payment to Nightingale by the defendants.

Other than these cases, 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

Franchise Agreement

You must pay us an initial franchise fee, which will be a minimum of \$47,500 for the rights to open a single Office within the Territory. The initial franchise fee is paid in full when you sign the Franchise Agreement and is nonrefundable. For the minimum initial franchise fee, your Territory generally will be an area comprising your real estate transaction history in the last 12 months before you submitted your franchise application for an Office. However, we may charge you a higher initial franchise fee based on the size of your Territory, the number of Offices you commit to develop and open, the population of the proposed area, the market potential, the number of residential homes, and the character of the neighborhoods. If you are converting your existing real estate brokerage office (or more than one office) to become part of The Agency Network, we may agree to discount or waive the initial franchise fee. During the 2023 fiscal year, franchisees paid or committed to pay initial franchise fees between \$10,000 and \$80,000.

We provide the training program to your managing broker and 2 of your responsible management personnel, currently who must be your marketing account manager and agent experience manager, at no additional fee. We may charge you our then-current training fee for

each additional attendee (after the first 3) (currently \$1,200 per additional attendee). This payment is not refundable.

Limited Purpose Office Addenda

If we permit you to open a Limited Purpose Office, you must pay us a nonrefundable fee of \$2,000 when you sign the applicable Limited Purpose Office Addendum. If you convert a Development Office to an additional Office, you must sign our then-current form of franchise agreement and, if we require, pay us the difference between the Limited Purpose Office fee you originally paid and the initial franchise fee due under the franchise agreement.

ITEM 6

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	6% of Gross Revenue up to and including \$5,000,000 5% of Gross Revenue from \$5,000,000.01 to \$10,000,000 4.75% of Gross Revenue from \$10,000,000.01 to \$20,000,000 4.5% of Gross Revenue from \$20,000,000.01 to \$30,000,000 4.25% of Gross Revenue from \$30,000,000.01 to \$40,000,000 4% of Gross Revenue above \$40,000,000.01	Monthly, in arrears no later than the 10th day of the month	See Note 1
Minimum Royalty	Will vary	Payable by January 10 th of the following calendar year, but only if your Royalty Fee payments for the calendar year are less than the Minimum Royalty	See Note 2
Marketing/Technologies Fee	1.25% of Gross Revenue up to and including \$5,000,000	Monthly, in arrears no later than the 10th day of the month	See Note 3

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	1% of Gross Revenue from \$5,000,000.01 to \$10,000,000 0.75% of Gross Revenue above \$10,000,000.01		
Referral Fee	25%	Varies	See Note 4
The Agency Global Forum Fee	\$1,250 to \$1,850 per person (\$1,850 for late registration); this cost does not include travel and lodging expenses	By the first day of the Convention	See Note 5
The Global Summit Fee	\$1,950 to \$2,300 per person (\$2,200 for late registration); this cost does not include travel and lodging expenses	By the first day of the Summit	See Note 5
Local Post-Opening Support and Training and Other Additional Assistance	Our then-current training fee, which will vary based on circumstances (not to exceed \$1,000 per person per day, plus our travel and living expenses, if at your Office)	As incurred	See Notes 6 and 7
Transfer Fee	\$5,000	Upon request to transfer your franchise	See Note 8
Late Fee	\$500, plus 10% on the outstanding balance, or the highest rate permitted by law, whichever is lower	When incurred	-----
Product and Service Fees and Costs	Will vary (amounts set forth in our Operations Manual, and depend on the nature and extent of optional products and services you request)	As incurred	See Note 9
Audit Fee	All costs we incur in connection with an audit, plus any understatement of Gross Revenue	Upon receipt of invoice from us	See Note 10
Insurance Reimbursement	Our premiums, costs, and expenses	When billed	Due only if you fail to maintain insurance and we (at our

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			option) obtain it for you
Indemnification	Will vary based on circumstances	As incurred	See Note 11
Attorneys' Fees	Will vary based on circumstances	As incurred	See Note 12
Liquidated Damages	See Note 14	Within 15 days after the date of termination	See Note 13

Unless otherwise noted, all fees are nonrefundable and are uniformly imposed by and payable to us.

Notes:

1. The term "Gross Revenue" means all money or things of value received, directly or indirectly, by you from the operation of your franchised Office, including, among other things, commissions or other things of value, without deducting costs or expenses, multiple listing service fees, commissions, salaries, overrides or bonuses payable to your salespersons, agents or employees. However, "Gross Revenue" will be reduced by amounts payable to third parties (including other brokers operating Offices, any referral networks we or our affiliates own or operate, or third-party broker or referral networks) as referral fees, so long as you provide evidence of payment of each referral fee, to our reasonable satisfaction. "Gross Revenue" includes all revenues generated from an Additional Office or any Limited Purpose Office.

You will pay a Royalty Fee based on a percentage of Gross Revenue. The Royalty Fee percentage decreases as the Gross Revenue from your franchised Office increases. The Royalty Fee payable during each calendar year will be adjusted when certain thresholds ("Thresholds") are met. The Royalty Fee percentages will apply only to the Gross Revenue between the 2 Thresholds set forth next to each percentage in the above table. For example, if your Gross Revenue during a calendar year was \$7,000,000, you would pay 6% on the first \$5,000,000 of Gross Revenue (or \$300,000), and 5% on the remaining \$2,000,000 of Gross Revenue (or \$100,000), for a total Royalty Fee of \$400,000 for the calendar year.

For purposes of calculating your Royalty Fee obligations, your Gross Revenue is reset to \$0 on your franchised Office's opening date and on the first day of each calendar year during the Franchise Agreement's term.

In our sole discretion, we reserve the right under the Franchise Agreement to increase periodically the amount of any Threshold based on changes in 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 we determine) if these figures become unavailable) (the "Index"). Any adjustments will occur only once during any calendar year but may be cumulative to the date of the last adjustment.

For any transaction involving real estate activities from which your franchised Office does not derive Gross Revenue (e.g., collect a commission or fee on the transaction), including any transaction involving real estate activities where you, one of your equity holders, a licensed real estate broker and/or a licensed real estate salesperson of your franchised Office is a principal in the transaction (each, a “*Non-Revenue Transaction*”), the Royalty Fee that you will pay us as a result of the Non-Revenue Transaction will be calculated based on a 2.25% brokerage commission or fee generated from each Non-Revenue Transaction. However, we will waive Royalty Fees due on up to 3 Non-Revenue Transactions per year during the Franchise Agreement’s term if, for each Non-Revenue Transaction, you provide us with sufficient documentation to verify that your franchised Office did not derive Gross Revenue from the Non-Revenue Transaction.

If you fail to report (accurately or timely) to our designated computer system the Gross Revenue you derive from your Office, you must pay a Royalty Fee equal to 6% of Gross Revenue regardless of your overall Threshold of Gross Revenue from the Office until you report the Gross Revenue to us.

2. The total Royalty Fees that you must pay us during every calendar year must equal or exceed a minimum annual Royalty Fee based on the Gross Revenue of the Office, which will vary based on market and other characteristics (including density and number of single family residences) and will be set forth in Exhibit B to the Franchise Agreement (the “*Minimum Royalty*”). We currently do not expect the Minimum Royalty for any franchisee to be less than \$150,000. If, during any calendar year, you do not pay us an amount in Royalty Fees that equals or exceeds the Minimum Royalty, then you must pay us on the date that is 30 days following the Royalty Invoice Date the difference between the Royalty Fees you actually paid during that calendar year and the Minimum Royalty (the “*Minimum Royalty Payment*”). Within 30 days after the end of each calendar year, we will provide you notice of the amount of the Minimum Royalty Payment, if applicable (the date of that invoice, the “*Royalty Invoice Date*”).

3. You will pay a monthly Marketing/Technologies Fee based on a percentage of Gross Revenue according to the table above. The Marketing/Technologies Fee percentage decreases as the Gross Revenue from your franchised Office increases.

We determine the percentage used in the calculation of the monthly Marketing/Technologies Fee by the cumulative amount of Gross Revenue you report to us from the most recent anniversary of your franchised Office’s opening date through the last day of the month for which the Marketing/Technologies Fee is due. The percentage used will be adjusted when the Thresholds set forth in the above table are reached. For example, if in the current calendar year, your to-date Gross Revenue is \$5,050,000, and you reported \$100,000 in Gross Revenue for the applicable month, then the Marketing/Technologies Fee for that month would be calculated as the sum of 1.25% of the first \$50,000 of Gross Revenue (or \$625) plus 1% of the next \$50,000 of Gross Revenue for the month (or \$500), for a total Marketing/Technologies Fee of \$1,125 for that month.

For purposes of calculating your Marketing/Technologies Fee, your Gross Revenue is reset to \$0 on your franchised Office’s opening date and on the first day of each calendar year during the Franchise Agreement’s term.

In our sole discretion, we have the right under the Franchise Agreement to increase the Thresholds provided in the table above, based on the Index as set forth in Note 1.

If you fail to report (accurately or timely) to our designated computer system the Gross Revenue you derive from your Office, you must pay a Marketing/Technologies Fee equal to 1.25% of Gross Revenue regardless of your overall Threshold of Gross Revenue from the Office until you report the Gross Revenue to us.

4. You must pay us, in addition to all other fees, a referral fee for every lead we or our affiliates send to you that creates Gross Revenue for your franchised Office as generated from our affiliate's "Relocation Division." Leads generated from our affiliate's "Relocation Division" are subject to a referral fee equal to 25% of Gross Revenue from each lead after deducting any costs, fees or expenses our affiliate incurs in sourcing or generating each lead.

5. We will periodically arrange a business conference for all of our franchisees and company- and affiliate-owned Offices ("The Agency Global Forum") at which some or all franchisees may participate in various programs with us, company- and affiliate-owned Offices, and the remainder of The Agency Network. We may require your managing broker and/or other responsible management person to attend. You will be responsible for reasonable registration fees and attendance packages. Your management and sales professionals will be encouraged but not required to attend. You will be responsible for all compensation, travel and living expenses for all attendees you send.

We also host an annual leadership summit ("The Global Summit"). This is for high-level leadership, including principals and managers of franchisees. You will incur reasonable fees for registration and attendance packages. Your executive management will be encouraged but not required to attend. You will be responsible for all compensation, travel and living expenses for all attendees you send.

6. As described in Item 11, we may provide post-opening support and training locally at your Office if you are converting your existing real estate brokerage business to an Office operating under the System and have at least 20 real estate agents working from the Office, subject to the availability of our training personnel. If we provide training locally, we currently do not charge a training fee or require qualifying franchisees to pay for the associated travel and living expenses for our training personnel, but we may do so in the future.

7. We will provide periodic assistance, as we deem appropriate, and will be available on an ongoing basis for consultation and guidance with respect to the operation of your franchised Office. We may also make available an operations review based on information you provide us. The operations review will be no more frequent than once per year. In addition to the Operations Manual, we may periodically provide you with additional materials relating to your franchised Office. We reserve the right to require you to reimburse and/or compensate us for marketing support, assistance, resources and guidance that is performed at your request.

8. You must pay us \$5,000, together with any request for our permission to assign your Franchise Agreement, to transfer 10% or more of the ownership interest of your franchise, or to implement a change of control of your franchise.

9. We may, but have no obligation to, provide you additional real estate-related products and services that are ancillary to the real estate activities you perform from the Office, including public relations services and new development consulting and marketing services. These products and services are optional. If you reasonably request any one of these products and services, and we opt to provide you one or more products and services, you must pay any fees and costs that we may charge for each product or service.

10. If Gross Revenue is understated by 2% or more, you must immediately pay us the understatement, plus the entire cost of the audit, including legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of our employees and representatives.

11. You must reimburse us if we are held liable for claims arising from the operations of your franchised Office.

12. You must pay our attorneys' 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.

13. Upon early termination of the Franchise Agreement for any reason, you must pay us, within 15 days after the date of termination, liquidated damages in an amount equal to: (i) the greater of the Minimum Royalty or the average monthly Royalty Fees due during the 12 full calendar months immediately preceding the effective date of termination (or, if you have operated the Office for a shorter period of time, then the average of your monthly Royalty Fees due for the period of time since you began conducting real estate activities under the Marks from your Office); multiplied by (ii) 36 or the number of months remaining in the Franchise Agreement's term, whichever is less.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee (See Note 1)	Minimum of \$47,500	Lump sum	Upon signing the Franchise Agreement	TAREF
The Agency Orientation, Sales and Marketing Training	\$0 - \$1,200 per person (training for 3 attendees is included in the initial franchise fee)	Lump sum	As arranged by you	TAREF
Office Space Signage	\$10,000 - \$15,000	As arranged by you	As required by supplier	Approved suppliers
For Sale Signs/Open House Signs	\$15,000 - \$20,000	As arranged by you	As required by supplier	Approved suppliers

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Stationery, Office Supplies and Equipment	\$7,500 - \$10,000	As arranged by you	As required by supplier	Approved suppliers
Grand Opening Marketing and Promotions	\$5,000 - \$10,000	As arranged by you	As required by supplier	Local suppliers and event coordinators
Salesperson Commissions	Prevailing market-rate commissions in your area	As arranged by you	Upon closing transactions	Salespersons
Approved Computer Hardware (See Note 2)	\$0 - \$30,000	As arranged by you	Prior to opening	Suppliers
Approved Computer Software and Support Services (See Note 2)	\$5,000 - \$7,500	As arranged by you	Prior to opening	Approved suppliers
High Speed Internet Connection (See Note 2)	\$100 - \$1,500	Monthly	Prior to opening	Local suppliers
Real Property, whether Purchased or Leased (See Note 3)	\$0 - \$240,450	Varies	Varies	Seller, landlord, approved supplier
Furniture, Fixtures & Equipment (See Note 4)	\$1,000 - \$300,000	Varies	Varies	Contractors, suppliers
Business Insurance (See Note 5)	\$17,000 - \$75,000	Varies	Varies	Insurance company
Additional Funds – 3 Months (See Note 6)	\$11,500 - \$98,000	As incurred	As incurred	Us and third parties
TOTAL (See Note 7)	\$119,600 - \$856,150			

Limited Purpose Office

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (See Note 1)	\$2,000	Lump sum	Upon signing the Limited Purpose Office Addendum	TAREF
Stationery, Office Supplies and Equipment	\$7,500 - \$16,000	As arranged by you	As required by supplier	Approved suppliers
Approved Computer Hardware (See Note 2)	\$0 - \$1,200	As arranged by you	Prior to opening	Suppliers
Approved Computer Software and Support Services (See Note 2)	\$0 - \$300	As arranged by you	Prior to opening	Approved suppliers
High Speed Internet Connection (See Note 2)	\$50 - \$300	Monthly	Prior to opening	Local suppliers
Real Property, whether Purchased or Leased (See Note 3)	\$0 - \$110,000	Varies	Varies	Seller or landlord
Furniture, Fixtures & Equipment (See Note 4)	\$0 - \$100,000	Varies	Varies	Contractors, suppliers
Business Insurance (See Note 5)	\$0 - \$44,000	Varies	Varies	Insurance company
Additional Funds – 3 Months (See Note 6)	\$3,000 - \$50,000	As incurred	As incurred	Us and third parties
TOTAL (See Note 7)	\$12,550 - \$323,800			

Notes:

1. The initial franchise fee is a minimum of \$47,500 for one Office in the Territory. You also will pay \$2,000 for each Limited Purpose Office we permit you to open. As noted in Item 5, we may charge you a higher initial franchise fee based on the size of your Territory, the number of Offices you commit to develop and open, the population of the proposed area, the market potential, the number of residential homes, and the character of the neighborhoods. If you are receiving this disclosure document because you are acquiring a franchise for an Additional Office after you have developed and opened your first Office in the Territory, you are not required to pay us an initial franchisee fee for the Additional Office. However, you also will incur the initial investment noted above if you develop an Additional Office in the Territory. If you are converting your existing real estate brokerage office (or more than one office) to become part of The Agency Network, we may agree to discount or waive the initial franchise fee. Whether or not we will discount or waive the initial franchise fee depends on the size of your market, the length of time it would take you to buildout/convert and open your Office for business, the presence of existing Offices in your market area, and the potential strategic branding opportunity for the Office.
2. We describe the computer hardware, all required software, and Internet service access requirements in Item 11. The low end of the range for computer hardware assumes you use your existing computers and printer and do not purchase new computer hardware for your Office or any Limited Purpose Office. The low end of the range for computer software and support services for a Limited Purpose Office assumes that there are no additional users for the Limited Purpose Office.
3. The low estimate for an Office assumes that you are already an established and licensed real estate broker with at least one existing office that has been approved by us. Additionally, if you open a Development Office, you typically are provided free office space within the property development. The high estimate assumes that you need to secure a single office space and accounts for some tenant improvement expenses. If you hire our approved supplier to provide construction and development services for your Office, you will pay our supplier contract fees ranging from \$1,375 to \$25,450 for those services, depending on the size and location of your Office. We do not expect you to incur these fees for a Limited Purpose Office.
4. You are required to purchase and install appropriate signage, décor and computer hardware and software and comply with our brand standards. While we do not generally require specific equipment, fixtures, other fixed assets, or leasehold improvements, we do require that these items are consistent with our brand. We do not require any initial inventory, security deposits, or other prepaid expenses. We reserve the right to require you to remodel or upgrade your office space and your technology before you begin operations.
5. You must obtain and maintain certain insurance coverage, including commercial general liability with limits of at least \$1,000,000 combined single limit bodily injury and property damage liability, naming us as additional insured. Non-owned automobile liability (if your company does not have company cars), automobile liability and physical damage insurance, including non-owned auto liability with limits of at least \$1,000,000 combined single limit bodily injury and property damage liability and comprehensive and collision coverage with deductibles reasonably satisfactory to TAREF (if your company does have company cars), worker's compensation and employer's liability insurance with employer's

liability with at least a \$1,000,000 limit and real estate agent's errors and omissions insurance of at least \$1,000,000. For the business insurance estimate relating to the Limited Purpose Office, the low end of the range assumes you list the Limited Purpose Office as an additional insured location under the insurance policy for the franchised Office.

6. This estimates your initial start-up expenses for the period beginning with the date when we sign the Franchise Agreement and continuing through the first 3 months after you begin operations, not including those expenses identified separately in the tables. However, this is only an estimate, and you might need additional working capital during the first 3 months you operate your Office (or Limited Purpose Office) and for a longer timeframe afterward. Your costs will depend on the size and location of your Office (or Limited Purpose Office), the number of agents associated with your Office and the number of staff you employ, if any. We based the above estimates on a single Office with 15 agents, based on our and our affiliates' experience in opening Offices in Los Angeles and San Francisco, California since 2014.
7. The low numbers represent our estimate of the cost of converting an existing brokerage to our System. The high numbers represent our estimate of the cost of starting a new brokerage. You should review the figures in this Item 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. We do not finance any part of your initial investment. Availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Office (and any Limited Purpose Offices or Additional Offices) according to our System standards and procedures. Our System standards may impose minimum requirements on goods, services and suppliers. We issue and modify System standards and procedures based on our, our affiliates', and our franchisees' experience in franchising and/or operating Offices. We will notify you in the Operations Manual or other materials of our System standards and procedures and any modifications, including the names of approved or designated suppliers.

All franchisees and their salespersons, agents and staff are required to use our proprietary software for managing and operating all of their real estate activities. Within 30 days of the effective date of your Franchise Agreement, you will have to acquire the approved software and access to designated online systems which have been designed by us to be used in the operation of your Office to record, track, monitor and report transactions and interface separate accounting and contact management applications. You must purchase the software and licenses to access our online systems only from approved suppliers.

We also require you to use our proprietary intranet system (the "Intranet") as part of the day-to-day operation of your Office. We are the exclusive supplier of the Intranet, the cost of which we include in the monthly Marketing/Technologies Fee you pay us. The Intranet will

maintain forms, communication, System standards and procedures and our proprietary manual or manuals (including the Brand Standards Manual and other manuals regardless of title) containing policies and procedures you must adhere to in performing under the Franchise Agreement, including all amendments and supplements we periodically provide you (the "Operations Manual").

PIC Consulting ("PIC"), a commercial real estate, design and construction management company, is an approved supplier of certain Office construction and development services to our franchisees. PIC will provide a general space plan and cost estimates, select contractors, and oversee construction of an Office for agreed contract fees. Founder Shield ("FS"), an insurance brokerage, is an approved supplier of insurance products to our franchisees. FS may broker insurance that satisfy some or all our requirements. You are not required to use PIC or FS but if you do, we reserve the right to derive revenue or other material consideration from your purchases from these approved suppliers.

Under the Franchise Agreement, we reserve the right to require you to establish a depository checking account for the payment, and our collection, of all fees, including Royalty Fees, Marketing/Technologies Fees and other fees. If we require you to do so, the account must meet our requirements (which may include a minimum account balance) contained in the Operations Manual.

You must obtain and maintain during the Franchise Agreement's term insurance for the Office and your business in the types and amounts that we specify periodically in the Operations Manual. All policies of insurance must contain a separate endorsement naming us and, if we require, our parent and affiliated companies, as additional insured. The policies of insurance may not be subject to cancellation or modification except with 30 days' prior written notice to us. You currently must have the following minimum insurance coverage: (i) commercial general liability with limits of at least \$1,000,000 combined single limit bodily injury and property damage liability; (ii) non-owned automobile liability (if your company does not have company cars), automobile liability and physical damage insurance, including non-owned auto liability with limits of at least \$1,000,000 combined single limit bodily injury and property damage liability and comprehensive and collision coverage with deductibles reasonably satisfactory to us (if your company does have company cars); and (iii) worker's compensation and employer's liability insurance with employer's liability with at least a \$1,000,000 limit and real estate agent's errors and omissions insurance of at least \$1,000,000.

Except as provided above, you have no obligation to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware or software from us or from designated suppliers; however, all goods, services, supplies, fixtures, equipment, and inventory that you purchase or lease must meet our brand standards. But we reserve the right to designate suppliers for certain products and services in the future. All computer hardware and software (besides those described above that you must obtain only from designated and approved suppliers) must meet our minimum specifications. Your marketing materials, including any advertising or marketing content, the Franchisee Website (defined in Item 11) and your stationery and business cards, must comply with our Operations Manual, including our Brand Standards Manual. We reserve the right to modify these manuals periodically.

We do not have a formal process for evaluating alternative suppliers, but we may approve or disapprove alternative suppliers you propose in our sole judgment (typically 30 to 60 days after a written request). We currently do not charge a fee for evaluating alternative suppliers. We may revoke any approval we previously provided at any time if we determine, in our sole judgment,

that the supplier no longer meets our standards. We do not make available to franchisees the criteria we use to approve suppliers, and we do not permit franchisees to contract with suppliers other than those we approve.

As of the date of this disclosure document, we do not have purchasing arrangements or distribution cooperatives that assist our franchisees in buying or leasing goods or services to establish or operate their Office, but we may establish these in the future. We have not negotiated purchase arrangements with suppliers for the benefit of our franchisees and, as of the date of this disclosure document, we do not derive revenue or other material consideration from required purchases or leases by franchisees. Other than RULC and UMRO, no officer of TAREF owns an interest in any required, recommended or approved supplier.

We do not provide material benefits to a franchisee based on a franchisee's purchase or lease of particular products or services or use of particular suppliers. Except for the Intranet and the marketing services provided by RULC and UMRO, neither we nor our affiliates are currently an approved supplier of goods or services.

We estimate that required purchases and leases of goods and services will constitute less than 1% of your total expenses in goods and services in establishing your Office and less than 5% of the ongoing operating expenses.

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.

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Paragraphs 4.01, 4.03 & 4.04 of Franchise Agreement and Paragraph 2 of Limited Office Addenda	Item 11
b.	Pre-opening purchase/leases	Article IX of Franchise Agreement	Items 7 & 8
c.	Site development and other pre-opening requirements	Paragraphs 4.01, 8.01 and 9.02 of Franchise Agreement	Item 11
d.	Initial and ongoing training	Article VIII of Franchise Agreement	Items 6 & 11
e.	Opening	Paragraph 4.01 of Franchise Agreement	Item 11
f.	Fees	Articles IV, V, VI, X & XV of Franchise Agreement and Paragraph 3 of Limited Office Addenda	Item 5, 6 & 7

	Obligation	Section in Agreement	Disclosure Document Item
g.	Compliance with standards and policies/operating manual	Articles VII & IX of Franchise Agreement; Paragraphs 4-8 of Development Office Addendum and Salesperson Office Addendum; and Paragraphs 4-6 of Administrative Office Addendum	Items 6, 8, 13, 14, 16 & 17
h.	Trademarks and proprietary information	Article VII of Franchise Agreement; Paragraph 8 of Development Office Addendum and Salesperson Office Addendum; Paragraph 6 of Administrative Office Addendum; and Paragraphs 3-5 of Confidentiality and Non-Disclosure Agreement	Items 13 & 14
i.	Restrictions on products/services offered	Articles III, IX & X of Franchise Agreement	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	Articles III, V & IX of Franchise Agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	Article I of Franchise Agreement	Item 7 (Footnote 1)
n.	Insurance	Articles III & IX of Franchise Agreement; Paragraph 9 of Development Office Addendum and Salesperson Office Addendum; and Paragraph 7 of Administrative Office Addendum	Item 7
o.	Advertising	Article V of Franchise Agreement	Items 6 & 11 (Footnote 5)
p.	Indemnification	Articles VII, X, XIII & XIV of Franchise Agreement	Item 6
q.	Owner's participation/management/staffing	Articles IX & X of Franchise Agreement	Item 15
r.	Records and reports	Article IX of Franchise Agreement	Items 6 & 8

	Obligation	Section in Agreement	Disclosure Document Item
s.	Inspections and audits	Article IX of Franchise Agreement	Items 6 & 11
t.	Transfer	Articles II & X of Franchise Agreement; Paragraph 11 of Development Office Addendum and Salesperson Office Addendum; and Paragraph 9 of Administrative Office Addendum	Items 6 & 17
u.	Renewal	Paragraph 6.02 of Franchise Agreement; Paragraph 10(a) of Development Office Addendum and Salesperson Office Addendum; and Paragraph 8(a) of Administrative Office Addendum	Items 8 & 17
v.	Post-termination obligations	Article XIII of Franchise Agreement	Item 17
w.	Non-competition covenants	Article IX of Franchise Agreement	Item 17
x.	Dispute resolution	Article XII of Franchise Agreement and Paragraphs 9 and 10 of Confidentiality and Non-Disclosure Agreement	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or any other obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

In many circumstances, our prospective franchisees will be existing real estate brokerages operating within previously established office space(s). We will not own or lease office space for you. As part of the franchise application process, we will evaluate the applicant's existing office space and the location of the applicant's business. Your existing location must be acceptable to us before you can become a franchisee. If you do not have an existing real estate brokerage or you otherwise need to establish office space, you will be asked to identify a specific location from which you propose to operate your Office when you submit an application with us for a franchise.

We will review your proposed location for its accessibility, relationship to potential clients, competitive environment and our desire to add a franchisee in the specific location and 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 to become a franchisee. There is no limit to the amount of applications you may submit.

If we grant you a franchise, it will be conditioned upon you operating your Office from the approved location. As a franchisee, it is your sole responsibility to keep your office space in conformity with local ordinances and building codes, obtain any required permits, and construct, remodel and decorate in accordance with our Brand Standards Manual.

You will be required to market and engage in your Office and develop, to the best of your ability, the potential for your Office and its sales force to succeed.

Once approved, but before you begin operating your Office, we will:

(1) Within 30 days after the execution date of your Franchise Agreement, commence initial support for your transition into the System. (Franchise Agreement, Paragraph 8.01)

(2) During the 9-week period prior to the Office's scheduled opening date, provide training for integration into the System to your managing broker and 2 other responsible management persons (currently your marketing account manager and agent experience manager are required attendees). You may purchase training for additional persons. (Franchise Agreement, Paragraph 8.01) The complete training program is summarized later in this Item.

(3) At or before you begin the training program, loan you an electronic copy of our Operations Manual which includes our Brand Standards Manual. As of the issuance date of this disclosure document, our Operations Manual consists of 59 pages. The table of contents of the Operations Manual can be found at Exhibit E of this disclosure document. (Franchise Agreement, Paragraph 9.05)

(4) Within 30 days after the effective date of the Franchise Agreement, provide you and one other person with access to the Intranet, including an overview of marketing materials, System standards, tools and resources for operating your Office. (Franchise Agreement, Paragraph 9.02)

Our ability to provide the training, assistance and other services described above may be affected by various factors, including the number of franchisees being integrated into the System at the same time. If we are not able to meet the time frames described above and in your Franchise Agreement, we will communicate with you to agree upon a reasonable schedule to provide you with the services, and we will exercise reasonable efforts to provide you with all services within the times provided in your Franchise Agreement.

You will be responsible for hiring and training your employees and for providing your Office with the minimum equipment, signage, fixtures, opening inventory and supplies that are required by our standards described in the Operations Manual.

Franchisees that are already operating a real estate brokerage and are simply converting to and implementing the System will typically need approximately 30 to 45 days from the date that the Franchise Agreement is signed before they begin operating as a member of The Agency

Network. Start-up franchisees that need to establish office space before commencing operations 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 Agency Network. Some of the factors that may affect the time period include the ability to obtain a lease, financing or building permits, zoning and local ordinances, completing training, weather conditions, shortages, or delayed installation of equipment, fixtures and signs. We may terminate the Franchise Agreement if you do not start conducting real estate activities under the Marks from your Office and begin operating the franchise within 6 months after the effective date of the Franchise Agreement.

We require you, within 30 days of the effective date of your Franchise Agreement, to acquire or obtain licenses to install and use on your computer hardware all required software. Within that time, you must also be trained on the software and the Intranet. Currently, you are required to obtain Microsoft Office Professional products, Adobe X Professional or Nitro Pro for creating and viewing .PDF documents, the Intranet (Salesforce) for transaction management, and BrokerWolf for accounting and reporting to us.

You must report all transactions to us electronically.

As mentioned above, we also require you to use the Intranet as part of the day-to-day operation of your Office. The Intranet does not currently interface with account management or automated electronic payment systems, but we have plans to create these capabilities within the Intranet in the future and reserve the right to require you to use these functionalities once they are available. You must comply with the Intranet's approved supplier's support policy, and you must purchase updated versions of all of your software to ensure that you will always have the most current software available to be compliant with TAREF specifications.

We may require you to add certain additional software and communications systems or capacities, such as electronic mail and Internet capacities. You will bear the cost of these systems or capacities, and TAREF may include a reasonable charge for the services it chooses to provide.

As of the date of this disclosure document, we will not have independent access to information that will be generated or stored in your computer systems; however, we and our affiliates may, through the Intranet or otherwise, have access to and use of the information and data that identifies or can be used to identify, contact, locate or be traced back to the specific client or prospective client to whom such information pertains or relates, including names, addresses, telephone numbers, dates of birth, demographic or related information, location information, electronic addresses or social media account information, device and network information, credit card information, other financial and transactional information, and any other personal information of or relating to clients and prospective clients (the "Client Information") of your Office. Following the expiration or termination of the Franchise Agreement, and at your request, we will remove your Client Information from the Intranet or any other approved real estate software system we or our affiliates maintain. However, we will have no obligation to remove your Client Information from the Intranet or any other software system if: (a) we and our affiliates are required to retain the Client Information in order to comply with applicable laws; and/or (b) we or any other party (including an affiliate or franchisee) maintains the same Client Information in the Intranet or other software system as your Client Information. Otherwise, there are no contractual limitations on our right to access the Client Information through the Intranet.

Installation and use of the Intranet and required software will require a personal computer with a high-speed Internet connection. The chart below provides additional information on costs and requirements regarding computer hardware and software.

TAREF requires you to keep your computer hardware in working condition. You may use existing computers in your Office or purchase a computer for each user from a third-party supplier of your selection. Upgrades to computer hardware will only be required if the Intranet's supplier requires an upgrade or if the hardware becomes unable to perform the required functions for electronic reporting and payments. We do not sell computer hardware or software, and we do not provide computer hardware to franchisees.

Equipment/Product Requirement	Approximate Costs
<p>One computer per user (2 users per Office) with high-speed Internet connection for access to the Intranet (Salesforce), transaction input and reporting to us in Beverly Hills, California.</p> <p>You may use an ISP of your choice.</p>	<p><u>Computer Hardware</u>: \$1,200 to \$3,000 per computer with high-speed Internet capability and one commercial grade copier/scanner/printer/fax machine. Costs will vary by brand, model and options.</p> <p><u>Computer Software</u>: \$50 per month per user and \$1,500 to purchase software (prices will vary with configurations).</p> <p><u>Computer Hardware and Software Support</u>: Varies, depending upon the supplier. Some vendors include user and technical support with the purchase price, while others will charge a monthly or annual support fee. For-hire IT support typically ranges from \$50 to \$200 per hour.</p> <p><u>Internet Service</u>: Costs will vary depending upon the options you select. Internet access will cost between \$10 and \$60 per month per user (or approximately \$100 to \$1,500 per Office) depending upon the speed you select.</p>

The computer hardware, all required software, and Internet service access requires a total initial investment for one Office ranging from \$5,100 to \$39,000 (and for one Limited Purpose Office ranging from \$50 to \$1,800). You must upgrade your software at the time of required software enhancements. Additionally, TAREF may determine that your software has become inadequate and prescribe different software. TAREF will then require you to replace your existing software within 90 days of notice to you. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse your costs.

Neither we nor any affiliate or 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.

During the operation of your Office, we will:

- (1) Provide post-opening support and training for your supervisory employees on BrokerWolf and other third-party tools and systems at no charge. If you meet certain qualifications, we may provide this training locally at your Office. (Franchise Agreement, Paragraph 8.02) The complete training program is summarized later in this Item.

- (2) Periodically make available to you optional training courses at a location we select or delivered by alternative means, such as through the Internet or the Intranet. You will be responsible for course fees and any travel or lodging costs, as applicable. (Franchise Agreement, Paragraph 8.03)
- (3) As we deem appropriate, visit with you either in group meetings with other franchisees or in individual meetings. (Franchise Agreement, Paragraph 8.05)
- (4) Be available for consulting and guidance regarding the operation and management of your Office. (Franchise Agreement, Paragraph 8.05)
- (5) Annually arrange live meetings for all franchisees to participate in various programs with us and other franchisees. (Franchise Agreement, Paragraph 8.04)
- (6) Provide you with marketing support, assistance, resources and guidance, at your request and expense. (Franchise Agreement, Paragraph 8.05)
- (6) Upon your reasonable request and at our option, provide you additional real estate-related products and services (including, for example, public relations services and new development consulting and marketing services). (Franchise Agreement, Paragraph 8.05)

You will pay a monthly Marketing/Technologies Fee based on a percentage of Gross Revenue, as follows: (a) 1.25% of Gross Revenue up to and including \$5,000,000; (b) 1% of Gross Revenue from \$5,000,000.01 to \$10,000,000; and (c) 0.75% above \$10,000,000.01. We determine the percentage used in the calculation of the monthly Marketing/Technologies Fee by the cumulative amount of Gross Revenue you report to us from the most recent anniversary of your franchised Office's opening date through the last day of the month for which the Marketing/Technologies Fee is due. The percentage used will be adjusted when the Thresholds are reached. For purposes of calculating your Marketing/Technologies Fee, your Gross Revenue is reset to \$0 on your franchised Office's opening date and on the first day of each calendar year during the Franchise Agreement's term. In our sole discretion, we have the right under the Franchise Agreement to increase the Thresholds, based on the Index. If you fail to report (accurately or timely) to our designated computer system the Gross Revenue you derive from your Office, you must pay a Marketing/Technologies Fee equal to 1.25% of Gross Revenue regardless of your overall Threshold of Gross Revenue from the Office until you report the Gross Revenue to us.

We collect the Marketing/Technologies Fee to provide The Agency Network and System with a variety of technology systems (including the Intranet), marketing and promotional support. We may spend the Marketing/Technologies Fee on developing enhanced technological functionality, developing and maintaining the System Website and/or on national advertising, marketing, public relations, market research, and promotional campaigns to enhance the goodwill and the public and industry recognition of the System. We may employ a variety of media, including television, radio, consumer online advertising, national, trade and local magazines and newspapers.

We may develop, maintain and support technological advancements to support agents, develop leads, improve consumer satisfaction and engagement and/or to enhance the goodwill and the public and industry recognition of the System. We may engage third parties to perform these services, and/or we may use our own employees.

The coverage of media may be local, regional, national, and international in scope. We will determine the cost, media, content, format, production and timing, including regional or local concentration, location and all other matters for advertising, public relations and promotional campaigns. All expenditures of Marketing/Technologies Fees are intended to benefit the entire The Agency System, and we cannot guarantee that you will benefit directly as a result.

We use our affiliates' in-house public relations and marketing team and, to the extent necessary, external marketing services or agencies that are supervised by our executives. We do not currently have a franchisee advisory council to advise us regarding advertising, but we may create one in the future.

We may provide you with access to our affiliates' marketing materials for various media outlets and/or run entire promotional campaigns for you for a fee. You may also develop your own advertising materials, including the use of electronic media such as the Internet; however, you must obtain our approval before you use any advertising materials that you want to develop, and your materials must be in compliance with the Operations Manual, including our Brand Standards Manual.

We are entitled to reimbursement for actual administrative expenses with respect to all advertising, market research, public relations and promotional campaigns (which expenses will not exceed 15% of the annual aggregate Marketing/Technologies Fees we receive), plus the actual cost of our production and placement of advertising. Marketing/Technologies Fees are deposited into our general operating account and no interest is paid to you on these Fees. As of the date of this disclosure document, certain franchisees that signed Franchise Agreements before this disclosure document's issuance date may contribute Marketing/Technologies Fees at different rates. Offices that we and our affiliates own will contribute Marketing/Technologies Fees on the same percentage basis as new franchisees. We do not anticipate forming local or regional cooperative marketing and technology groups, but we reserve the right to do so. We are not required to spend any amount on advertising in your area or in a manner that may directly benefit your Office.

Our executives administer the Marketing/Technologies Fee expenditures, subject to review by our Chief Financial Officer. We may (but need not) provide you with a statement of receipts and expenditures of the Marketing/Technologies Fee for the preceding calendar year. Any amounts not expended at the end of the fiscal year for marketing are retained for later years. During our 2023 fiscal year, we spent 90% of the Marketing/Technologies Fees on national campaigns and local advertising (primarily production and placement of print and digital/online media), and we retained 10% of the Marketing/Technologies Fees to defer our administrative costs. We do not use Marketing/Technologies Fees for the sale of franchises. Marketing/Technologies Fee contributions and expenditures are neither separately accounted for nor audited. You may obtain an accounting of the Marketing/Technologies Fees upon written request. As of the date of this disclosure document, franchisees are not required to participate in any other marketing fund. Other than as described above, we are not required to conduct any advertising for The Agency Network and System.

We or our designees may establish a website or series of websites for the Agency Network: (1) to advertise, market, and promote The Agency Network, the products and services it offers, and/or the franchise opportunity; and/or (2) for any other purposes we deem appropriate for The Agency Network (collectively, the "System Website"). If we maintain a System Website promoting The Agency Network, we may include information on the System Website related to the Office (the "Franchisee Office Content"). You must provide us the information and materials

that we periodically request to develop, update, and modify the Franchisee Office Content. We may post all or part of the information and materials you provide on the System Website and will control the manner in which the Franchisee Office Content appears on the System Website. We may refuse to post any information and materials on the System Website that do not meet our System standards. We will own all intellectual property and other rights in the System Website, the Franchisee Office Content, and all information they contain. We will control, and may use the Marketing/Technologies Fees to develop, maintain, operate, update, and market, the System Website.

All marketing materials you develop for the Office must contain notices of the System Website's URL as we specify. We have the right to maintain websites other than the System Website and to offer and sell products and services under the Marks from the System Website, another website, or otherwise over the Internet without payment or other obligation to you.

You may maintain, or develop and launch, a stand-alone website focused on the marketing and promotion of the Office and any Limited Purpose Office(s) and/or Additional Office(s) (the "Franchisee Website") in compliance with the terms of the Franchise Agreement and the standards we periodically issue. The Franchisee Website must comply with any System standards that we periodically issue regarding franchisee websites, including rules relating to maintaining cyber-insurance, and relating to hyperlinks to the System Website and other websites. You must obtain our prior approval of any domain names relating to the Franchisee Website. At our request, you must: (a) submit for our review the information and materials concerning the Franchisee Website that we request, including a sample of all non-visible content (such as meta tags); and (b) remove immediately any content from the Franchisee Website that we determine may harm The Agency Network, the Marks, and/or our business and/or reputation. You must comply with all applicable laws relating to the Franchisee Website, including those relating to privacy and data security.

The following is information about our training processes:

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Orientation & Intranet Overview	1	0	Via video conferencing
Marketing & Copy/Brand Discovery	1.5	0	Via video conferencing
PR	0.5 to 0.75	0	Via video conferencing
Roles & Responsibilities	1.5	0	Via video conferencing
Roles & Responsibilities – Confirmation	1.5	0	Via video conferencing
Intranet Overview	1	0	Via video conferencing

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Personnel, Systems Overview & Adding Contacts	1	0	Via video conferencing
Listings & Transactions	1	0	Via video conferencing
MAM Training & Tasks Session 1	1	0	Via video conferencing
AEM Connect Tools: ActionPlans & Templates, App/Website, & Pardot	1	0	Via video conferencing
AEM & MAM Mock Listing Approval & Practice	1	0	Via video conferencing
MAM Training & Tasks Session 2	1	0	Via video conferencing
MAM Training & Tasks Session 3	1	0	Via video conferencing
AEM & MAM Mock Agent Requests	1	0	Via video conferencing
Third Party Tool Overview	1	0	Via video conferencing
Social Media (Luxury Listings)	0.5	0	Via video conferencing
Total Training Hours	16.5 to 16.75	0	

The training program is provided to 3 of your personnel, one of whom is to be your managing broker, at no charge. Currently, your marketing account manager and agent experience manager also are required attendees. The training program currently takes place over the approximately 9-week period prior to the Office's scheduled opening date and needs to be completed at least one week before the Office's scheduled opening date. We plan to be flexible in scheduling training. There currently are no fixed (i.e., monthly or bi-monthly) training schedules for these programs. You may not start conducting real estate activities under the Marks from your Office until your managing broker and responsible management persons have completed the training program to our satisfaction.

Although there generally are no limits on the number of personnel you may send to the training program, we may charge you our then-current training fee for each additional attendee (after the first 3). You will be responsible for the compensation, travel and living expenses for all of your personnel during training.

Training materials include manuals, handouts and electronic downloads. The required training must be completed to our satisfaction before you begin operating your franchise. Our training team is responsible for the effective development, management and delivery of educational programming to The Agency System. As a team, they each have a minimum of 5 years' experience in the field and with our affiliates. The team is led by Tara Scholl. Ms. Scholl has been our Senior Vice President, Franchise Operations since August 2021 and has 10 years of experience in the real estate industry.

After successful completion of the training program and during the 3-week period immediately following the opening of your Office, we will provide post-opening support and training for your supervisory employees on BrokerWolf and other third-party tools and systems at no charge. Our post-opening support may include a "train the trainer" module so your senior-level personnel can learn how to train your other employees in our System standards. The length of our post-opening support and training will depend on the size of the Office and the individual franchisee's needs, but we expect this support and training to range typically from 5 to 8 days. You will be responsible for the compensation, travel and living expenses for your employees during training. Post-opening support and training is generally provided virtually or from our corporate office located in Beverly Hills, California. However, if you are converting your existing real estate brokerage to an Office operating under the System and have at least 20 real estate agents working from the Office, then subject to the availability of our training personnel we may provide post-opening support and training locally at your Office. If we provide training locally, we currently do not charge a training fee or require qualifying franchisees to pay for the associated travel and living expenses for our training personnel, but we may do so in the future.

We also provide ongoing, refresher and advanced training which we require you to attend. Training may be delivered via the Intranet or other virtual, instructor-led platforms, and at our The Agency Global Forum (if any) and other periodic events and programs. Any costs of enrollment and travel are your responsibility. Training offerings are focused on reinforcing the value of the brand, our System, services, resources and tools.

We and our present and future affiliates may be involved in other real estate services or related business activities. 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 other business activity.

We are not obligated to provide assistance in arranging for necessary equipment, signs, fixtures, opening inventory, or supplies for your Office. We may provide services in excess of those required under the Franchise Agreement. By providing these additional services, we are not creating any obligation to continue to provide them. We may include a reasonable charge for services we provide. In some circumstances we may subcontract to third parties the services we provide to you.

ITEM 12

TERRITORY

Franchise Agreement

The franchise is for a specific location that will be approved by us when we review your application to become a franchisee.

The Franchise Agreement will identify a geographic area we call the “territory” (the “Territory”). We will describe your Territory in the Franchise Agreement before we and you sign it. We will determine the size and boundaries of your Territory in our discretion, generally based upon your real estate transaction history in the last 12 months before you submitted your franchise application for an Office. However, we will also consider the number of Offices you commit to develop and open, the population of the proposed area, the market potential, the number of residential homes, and the character of the neighborhoods. Our determination of the Territory is final. While there is no minimum territory size and the exact size of each franchise territory varies based on the applicable factors, a typical territory for one Office will cover an area whose population is approximately 100,000 as of the date of your Franchise Agreement.

With 3 exceptions, we may not change the Territory’s size or boundaries during the franchise term. If we grant you a larger Territory because we and you agree that you will develop and operate one or more Additional Offices in the Territory, and you do not develop and operate one or more Additional Offices within the agreed time period, we may reduce the size of the Territory to a geographic area around the Office, including any Additional Offices, that you do develop and operate. We also may modify but will not necessarily decrease the size of the Territory during the franchise term if the Office relocates. Finally, upon the occurrence of any event that allows us to terminate your Franchise Agreement, in addition to our other rights, we may temporarily or permanently reduce the size of the Territory, in which case we and our affiliates may locate, or authorize another franchisee or licensee to locate, another real estate brokerage office location engaging in real estate activities utilizing the Marks that has its physical location within the geographic area that was removed from the Territory. Otherwise, we may not alter your Territory or territorial rights.

If you are fully complying with the Franchise Agreement, we and our affiliates will not during the franchise term locate, or authorize another franchisee or licensee to locate, another real estate brokerage office location engaging in real estate activities utilizing the Marks that has its physical location within the Territory. However, your Territory is not exclusive because there are no restrictions whatsoever on us or its affiliates in connection with the location of real estate brokerage offices providing services to new development projects in the Territory, except as noted below. Your territorial protection is only with regard to the physical location of other real estate brokerage offices engaging in real estate activities using the Marks and is subject to our reservation of rights. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We and our affiliates retain all rights with respect to the Marks and the System and any other activities we and they deem appropriate, whenever and wherever we and they desire, whether inside or outside the Territory (including the location of real estate brokerage offices providing services to new development projects in the Territory). For example, we reserve the right for ourselves and our affiliates to use other channels of distribution such as the Internet, telemarketing or other direct marketing, either under *The Agency*® service mark or other names or marks, in your area and in areas adjacent to your Office. We do not have to pay you any compensation for soliciting or accepting business in your area using these methods.

If, at any time during the Franchise Agreement’s term, we intend to ourselves, through our affiliates, or through a third party, establish: (i) real estate brokerage offices providing services to new development projects in the Territory; or (ii) Development Office(s) within the Territory, we will first notify you of our intention (the “New Development Opportunity”). If you are then in full compliance with the Franchise Agreement, we will discuss with you, in good faith, for a period of

15 days after our notice, the terms related to your establishment of the New Development Opportunity, except that we may extend the length of the negotiation period in our sole judgment upon notice to you. If we and you reach an agreement within the negotiation period, we and you will revise the Franchise Agreement to cover the relevant New Development Opportunity. If you do not wish to pursue the New Development Opportunity, or if we and you fail to reach an agreement within the negotiation period, then we will be free to pursue the New Development Opportunity ourselves, through our affiliates, or with any other party.

Our franchisees will not be restricted to a particular area or territory with respect to business relationships, contacts or referral sources. Except as provided above, nothing prohibits us, other franchisees, or our affiliates, from transacting business within your Territory, nor will you be the exclusive recipient of referrals or any other business within your Territory. Similarly, there are no restrictions on you from accepting business from clients outside of your Territory, including through other channels of distribution such as catalog sales, telemarketing or other direct marketing. You may engage in advertising, promotional, marketing, and related activities you desire within and outside the Territory in compliance with the Operations Manual. If you desire to relocate your franchise, you must request our consent at least 60 days before you desire to relocate. We reserve the right to approve or disapprove of your request to relocate in our discretion. Factors we will consider include the location of the proposed new location, the proximity of the new location to other existing Offices, and whether you are in default of any of your obligations under your Franchise Agreement. The conditions under which we will approve the relocation of an Additional Office are the same as those for Offices.

Unless we allow you to open and operate an Additional Office and/or Limited Purpose Office (described below), you have no options, rights of first refusal, or similar rights to acquire additional franchises. Any Additional Office we approve must be located within the Territory. As of the issuance date of this disclosure document, we do not have plans to operate or franchise a business under a different trademark that will sell goods or services similar to those our franchisees will offer, but we reserve the right to do so in the future.

Limited Purpose Office



We may grant you the right to open 1 or more Limited Purpose Offices at a location adjacent to or reasonably near your Office, upon your written request. You do not receive any territorial rights or protection around a Limited Purpose Office, although your Limited Purpose Office will generally be located within your Territory. Because you will not receive an exclusive or 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. You have no options, rights of first refusal, or similar rights to acquire additional franchises for Limited Purpose Offices. The conditions under which we will approve the relocation of a Limited Purpose Office are the same as those disclosed above for Offices.

ITEM 13

TRADEMARKS

We will give you the right under the Franchise Agreement to develop and operate an Office under the name *The Agency*®, subject to compliance with our System standards. You may use *The Agency*® and other current and future service marks and trademarks that we designate for use in connection with the System, whether registered or unregistered (collectively, the “Marks”).

As of the date of this disclosure document, Agency IP Holding has the following Marks registered with the United States Patent and Trademark Office (the “PTO”):

Registration Number	Register	Mark	Registration Date
4622295	Principal		October 14, 2014
4811061	Principal		September 15, 2015
4680106	Supplemental	THE AGENCY	January 27, 2015

Because the Mark “THE AGENCY” (Registration Number 4680106) is not registered on the Principal Register of the PTO, we do not have a federal registration for that principal Mark. Therefore, that trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use that trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Agency IP Holding has filed all required affidavits of use. No renewal filings are yet due in connection with the Marks; however, Agency IP Holding intends to make these filings if the Marks remain important to our brand. You must follow our rules when you use the Marks. You cannot use any Marks 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 any Marks in connection with the sale of any unauthorized product or service or in a manner not authorized by us in writing.

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. There is no pending material litigation involving the Marks.

If a third party makes any claim, by suit or otherwise, against you because of your use of the Marks in accordance with the terms of the Franchise Agreement, you must promptly notify us in writing. Upon receiving notice, we will retain counsel to defend you and will protect you from any loss, costs or expenses resulting from the claim. We have the right to manage and control the defense of the claim.

Agency IP Holding owns the Marks and has licensed them to us for use in the System. Our license agreement from Agency IP Holding continues for as long as we conduct business in compliance with its terms.

Agency IP Holding may terminate the license agreement if:

1. There is a material breach that remains uncured for 30 days after we receive written notice of the breach;

2. We and/or our franchisees discontinue all use of the Marks for a period of 6 months, and do not resume use of the Marks within 30 days after receiving notice of termination from Agency IP Holding; or
3. We are dissolved, declare bankruptcy, are liquidated or have a receiver appointed.

Agency IP Holding has the absolute right to approve any use of the Marks and any new Mark or name that we intend to use. Agency IP Holding is a third party beneficiary of your Franchise Agreement. If our license agreement with Agency IP Holding is terminated, Agency IP Holding may assume or terminate your Franchise Agreement in its discretion.

We will determine if the use by a third party in an unrelated line of business or a word or logo that is the same or similar to the Marks is confusing to the public and what action, if any, should be taken. We may add to, substitute or modify any or all of the Marks at any time, by either (i) a directive in the Operations Manual, or (ii) immediately, upon written notice if we are required by law or binding agreement to substitute or modify the Marks. You must accept, use, display, or cease using (as applicable) the Marks, and must within 30 days of receiving notice, begin implementing the changes, at your expense, and complete the changes as soon as practicable.

Exhibit I contains a list of trademark references that we uncovered by conducting a routine trademark search prior to filing a federal trademark application in August 2013 for *The Agency*® (Registration Number 4680106). We cannot verify that any of the references listed in Exhibit I are still being used or the extent to which any of these references were actually used in commerce prior to our use of *The Agency*® (Registration Number 4680106). We are not aware of any claims of trademark infringement, including by owners of any of the listed references in Exhibit I, or any claims of superior prior rights in the Marks by others. We are also unaware of any infringing uses that could materially affect your use of the Marks in the state that your Office will be located. Nevertheless, we recommend consulting with legal counsel regarding any questions related to the Marks or the list of references in Exhibit I and the implications any of these may have on your ability to use the Marks.

In addition, other than described above or in Exhibit I, there are no agreements currently in effect or infringing uses actually known to us that significantly limit our right to use or franchise the use of *The Agency*® in any manner material to the franchise being offered.

Your use of the Marks is limited to the United States. You must obtain our consent and authorization if you wish to use the Marks outside of this country. 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.

Certain companies owned and controlled by affiliates of ours will operate Offices at different locations throughout the United States and abroad. These Offices may be granted additional rights to identify themselves to the public with phrases like “we are an affiliate of The Agency Real Estate Franchising, LLC,” “A Member of The Agency Network,” or similar. You will not be permitted to identify your Office in this manner. You will be required to identify your Office only as a franchisee of ours, as described in the Operations Manual.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Except for the common law copyrights we claim on our Operations Manual, marketing materials, the Intranet, our System Website and printed materials, we have no existing patent or copyrights and no pending patent or copyright applications 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.

You must operate according to the provisions of the Franchise Agreement and the Operations Manual. We may, at our option, in lieu of providing one copy of the Operations Manual, provide an electronic copy accessible by means of the Intranet or otherwise.

While we and you are evaluating whether to start a franchise relationship, you will sign the Confidentiality and Non-Disclosure Agreement before receiving the Operations Manual or other proprietary information of TAREF. You must keep confidential the Operations Manual and all proprietary information you receive from us relating to the franchise opportunity. These obligations continue even if we and you do not sign a Franchise Agreement.

In addition to the Operations Manual, you will receive other manuals and marketing materials. If you discover any unauthorized use of any of the materials we provide to you, you will contact us, and we will take action as we deem 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 your Office, nor do we make any recommendations concerning whether you or your principals should personally supervise your franchise.

In accordance with state laws, however, you must appoint a supervising real estate broker, or managing broker, to supervise your Office. Such broker is not required by us to hold any equity interest in your Office. But he or she must successfully complete our background check and our training program. In addition, you must place certain restrictions on your managing broker consistent with our Operations Manual. For example, your managing 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 must sign a Nondisclosure, Noncompetition and Nontransfer Covenant Agreement as well as a Personal Guarantee, 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 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. Those services include acts related to residential and/or commercial real estate that are required under applicable state law to be performed by a licensed real estate broker or a licensed real estate salesperson, including the business of (a) listing, offering, selling, exchanging, leasing or renting of residential and/or commercial real estate; (b) representing sellers, purchasers, lessors or renters of residential and/or commercial real estate in exchange for a fee, commission, or other compensation; (c) providing marketing or consulting services or other fee generating activities with respect to these activities; or (d) real estate development services, including representing new developments, planned unit developments and other multi-family projects. Your Office may only act as a real estate broker from authorized business sites. You may not use the Franchisee Website to engage in electronic commerce or any other method of distribution.

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 Office, 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 Agency*® without our permission, nor divert or attempt to divert business or clients of the franchised business to any competitor or do any other act that may reflect poorly upon the goodwill associated with the Marks or the System.

However, you may engage in related real estate activities (for example, the sale of insurance, brokerage of certain business opportunities, mortgage brokerage, real estate appraisal services other than broker's price opinions, or acting as an escrow officer and title company services) during the term of the Franchise Agreement, if: (a) you and each of your equity holders give written notice to us prior to engaging in any of the above related real estate activities; (b) you and your equity holders engage in related real estate activities only through a corporation, limited liability company or other legal entity other than the franchisee entity and only in association with trademarks, service marks, tradenames, trade dress and logos other than and distinct from the Marks; and (c) you and your equity holders refer all clients of your related real estate activities to the Office in the event your clients are in need of real estate brokerage services.

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.

	Provision	Section in franchise or other agreement	Summary
a.	Length of the franchise term	Paragraph 6.01 of Franchise Agreement; Paragraph 10(a) of Salesperson Office Addendum and Development Office Addendum; and Paragraph 8(a) of Administrative Office Addendum	<p>10 years.</p> <p>Salesperson Office Addendum and Administrative Office Addendum are co-terminus with the Franchise Agreement.</p> <p>The term of the Development Office Addendum generally is for the earlier of the termination or expiration of the (i) Franchise Agreement or (ii) agreement with the development's owner/developer for whom you are acting as a development sales agent.</p>
b.	Renewal or extension	Paragraph 6.02 of Franchise Agreement; Paragraph 10(a) of Salesperson Office Addendum and Development Office Addendum; and Paragraph 8(a) of Administrative Office Addendum	<p>2 options to renew for 5 years each.</p> <p>The terms of the Limited Office Addenda renew if the term of the Franchise Agreement renews (and, in the case of the Development Office Addendum, you continue to act as a development sales agent for the development).</p>
c.	Requirements for you to renew or extend	Paragraph 6.02 of Franchise Agreement; Paragraph 10(a) of Salesperson Office Addendum; and Paragraph 8(a) of Administrative Office Addendum	<p>You must give us 9 months' notice, be in good standing, provide a general release (if state law allows), update the Office, sign our then-current franchise agreement, which may be materially different than your existing Franchise Agreement, and have not been in default 3 or more times during any 24-month period. "<u>Renewal</u>" means signing our then-current franchise agreement for the 5-year extension franchise term, which could contain materially different terms (including fees).</p> <p>You must sign the form of addendum we then use for the grant of rights to a Limited Purpose Office, which may have materially different terms.</p>

	Provision	Section in franchise or other agreement	Summary
d.	Termination by you	Paragraph 10(b) of Salesperson Office Addendum and Development Office Addendum; and Paragraph 8(b) of Administrative Office Addendum	Not applicable under Franchise Agreement. However, you may terminate under any grounds permitted by law. You may terminate a Limited Purpose Office Addendum for convenience on 30 days' prior written notice.
e.	Termination by TAREF without cause	Not applicable	Not applicable under Franchise Agreement.
f.	Termination by TAREF with cause	Paragraphs 11.02, 11.03, 11.04 and 11.05 of Franchise Agreement; Paragraph 10(c) of Salesperson Office Addendum and Development Office Addendum; and Paragraph 8(c) of Administrative Office Addendum	TAREF can terminate your Franchise Agreement, an Office Addendum, and Limited Purpose Office Addenda if you default. TAREF may exercise a list of alternative remedies instead of terminating the Franchise Agreement.
g.	"Cause" defined – curable defaults	Paragraphs 9.16, 11.03 and 11.04 of Franchise Agreement; Paragraph 10(c) of Salesperson Office Addendum and Development Office Addendum; and Paragraph 8(c) of Administrative Office Addendum	Subject to state law, depending on the violation, you have 7 days to cure real estate broker license suspension or revocation default, 24 hours to cure defaults related to unauthorized use of the Marks or other acts or conduct that impair the goodwill associated with the Marks, 14 days to cure payment defaults, or 30 days to cure other defaults not listed in (h) below. We may terminate any Office Addendum on notice if you fail to comply with any provision of the Franchise Agreement or any mandatory specification, standard or operating procedure we prescribe with respect to the Additional Office and do not correct the failure within 30 days after notice. If you are in material default of any obligation under the Franchise Agreement or our System standards, we may, in addition to our other remedies, remove any or all of the Franchisee Office Content from the System Website or otherwise temporarily suspend your participation in the System Website until you fully cure the default.

	Provision	Section in franchise or other agreement	Summary
h.	“Cause” defined – non-curable defaults	Paragraphs 11.02 and 11.04 of Franchise Agreement	<p>Non-curable defaults: failure to open before deadline; abandonment; insolvency (to the extent permitted by law); inaccurate reporting of Gross Revenue; transfer of Marks without consent; suspension of real estate license; material default of Franchise Agreement or material failure or refusal to comply with Operations Manual twice within 12 months; refusal to permit audit of financial records; 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; misrepresentations as part of franchise application; no active real estate listing; certain designated individuals fail to be involved in the day-to-day operation of the Office; conviction of or pleading no contest to a felony, dishonest, unethical or illegal conduct; and material violations of laws applicable to real estate brokerage and related activities.</p> <p>We may terminate any Office Addendum on notice if you fail to open the Additional Office within 6 months after the “<u>Targeted Opening Date</u>” identified in the Office Addendum or you abandon the approved location of the Additional Office.</p>
i.	Your obligations on termination / non-renewal	Paragraph 13.01 of Franchise Agreement	Obligations include: complete de-identification and payment of all amounts due, return of all TAREF materials, and removal of any references to TAREF, The Agency Network, or hyperlinks to the System Website from the Franchisee Website and transfer of domain name to TAREF (if domain name contains the Marks). If we terminate an Office Addendum without terminating the Franchise Agreement, we may enforce any or all of the requirements listed above with respect to the terminated Additional Office.
j.	Assignment of contract by TAREF	Paragraph 10.01 of Franchise Agreement	TAREF can assign the Franchise Agreement to a financially responsible party who assumes TAREF’s obligations.
k.	Transfer by you – defined	Paragraph 10.02 of Franchise Agreement	Includes transfer of contract, assets or ownership change.

	Provision	Section in franchise or other agreement	Summary
l.	TAREF approval of transfer by you	Paragraph 10.02 of Franchise Agreement; Paragraph 11 of Salesperson Office Addendum and Development Office Addendum; and Paragraph 9 of Administrative Office Addendum	Except for special cases, TAREF has the right to approve all transfers but cannot unreasonably withhold approval. You may only transfer the Limited Purpose Office and/or the Limited Purpose Office Addenda with a transfer under and in compliance with the Franchise Agreement.
m.	Conditions for TAREF approval of transfer	Paragraph 10.02 of Franchise Agreement	New franchisee qualifies, transfer fee paid, purchase agreement approved, and current franchise agreement signed by new franchisee.
n.	TAREF right of first refusal to acquire your business	Paragraph 10.03 of Franchise Agreement	TAREF can match any offer for the franchised business, or any interest in the franchised business, that would effectively transfer more than 25% in a single transaction or series of transactions.
o.	TAREF's option to purchase your business	Not applicable	Not applicable.
p.	Death or disability of you	Paragraph 10.02 of Franchise Agreement	Passes through your estate, subject to certain conditions.
q.	Non-competition covenants during the term of the franchise	Paragraph 9.13 of Franchise Agreement	You must have no other real estate brokerage businesses except in connection with the Office (subject to state law). However, you may engage in related real estate activities (for example, the sale of insurance, brokerage of certain business opportunities, mortgage brokerage, real estate appraisal services, real estate development services, acting as an escrow officer and title company services, or representing planned unit developments and other multi-family projects) during the term of the Franchise Agreement, if: (a) you and each of your equity holders give written notice to us prior to engaging in any of the above related real estate activities; (b) you and your equity holders engage in related real estate activities through a corporation, limited liability company or other legal entity other than the corporate franchisee entity;

	Provision	Section in franchise or other agreement	Summary
			and (c) you and your equity holders refer all clients of your related real estate activities to the Office in the event your clients are in need of real estate brokerage services.
r.	Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable.
s.	Modification of the agreement	Paragraph 15.02 of Franchise Agreement	Only in writing signed by all parties, or upon notice, TAREF may reduce the scope of your obligations without your consent. The Operations Manual is subject to change by us without prior notice.
t.	Integration / merger clause	Paragraph 15.02 of Franchise Agreement; and Paragraph 10 of Confidentiality and Non-Disclosure Agreement	Only the terms of the Franchise Agreement and Confidentiality and Non-Disclosure Agreement are binding (subject to state law). Any other statements or alleged promises are not enforceable. Nothing contained in the Franchise Agreement or related documents is intended to disclaim any representations made in this disclosure document.
u.	Dispute resolution by arbitration or mediation	Article XII of Franchise Agreement	We and you must mediate, and then arbitrate, all disputes within 10 miles of where we have our principal business address at the time the demand is filed (it currently is in Beverly Hills, California), subject to state law.
v.	Choice of forum	Paragraph 12.04 of Franchise Agreement; and Paragraph 10 of Confidentiality and Non-Disclosure Agreement	Subject to mediation and arbitration requirements, litigation generally must be where we have our principal business address at the time the action is commenced (it currently is in Beverly Hills, California), subject to state law.
w.	Choice of law	Paragraph 15.01 of Franchise Agreement; and Paragraph 10 of Confidentiality and Non-Disclosure Agreement	Delaware law applies (subject to state law).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in 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 outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Billy Rose at 331 Foothill Road, Suite 100, Beverly Hills, California, 90210 and (424) 230-3702, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets at End of the Year	Column 5 Net Change
Franchised	2021	4	11	+7
	2022	11	21	+10
	2023	21	42	+21
Company-Owned	2021	27*	27*	0
	2022	27*	30*	+3
	2023	30*	35*	+5
Total Outlets	2021	31*	38*	+7
	2022	38*	51*	+13
	2023	51*	77*	+26

*Includes one or more short-term new development offices.

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table No. 3

**Status of Franchised Outlets
For Years 2021 to 2023**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col.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
Colorado	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	2	0	0	0	0	4
Connecticut	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	1	0	0	0	1
Florida	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
Georgia	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Hawaii	2021	0	1	0	0	0	0	1
	2022	1	1	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Idaho	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Indiana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Kentucky	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 New Outlets	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col.9 Outlets at End of Year
Maryland	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Massachusetts	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Michigan	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Montana	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Nevada	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
New York	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	2	0	0	0	0	4
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Ohio	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Oregon	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Texas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Utah	2021	2	0	0	0	0	0	2
	2022	2	1	1	0	0	0	2
	2023	2	1	0	0	0	0	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 New Outlets	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col.9 Outlets at End of Year
Virginia	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Washington	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	4	7	0	0	0	0	11
	2022	11	12	2	0	0	0	21
	2023	21	22	1	0	0	0	42

Table No. 4

**Status of Company-Owned Outlets
For Years 2021 to 2023**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of Year
California	2021	21*	2*	0	2	0	21*
	2022	21*	5*	0	1*	0	25*
	2023	25*	5*	0	0	0	30*
Florida	2021	2	0	0	0	0	2
	2022	2	0	0	2	0	0
	2023	0	0	0	0	0	0
Nevada	2021	1*	0	0	0	0	1*
	2022	1*	0	0	0	0	1*
	2023	1*	0	0	0	0	1*
New Jersey**	2021	2	0	0	0	0	2
	2022	2	0	0	1	0	1
	2023	1	0	0	0	0	1
New York**	2021	1	0	0	0	0	1
	2022	1	2	0	0	0	3
	2023	3	1	0	1	0	3
Total	2021	27*	2*	0	2	0	27*
	2022	27*	7*	0	4*	0	30*
	2023	30*	6	0	1	0	35*

*Includes one or more short-term new development offices.

**Prior to the merger with RealTech Holdings in April 2022, the company-owned outlets in New Jersey and New York operated under the service mark *Triplemint*®. Post-merger, these company-owned outlets operate under the *The Agency*® service mark.

Table No. 5

**Projected Openings
As of December 31, 2023**

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	4	2
Colorado	0	1	0
Connecticut	0	1	0
Florida	0	3	0
Georgia	0	1	0
Hawaii	1	1	0
Idaho	0	1	0
Illinois	0	2	0
Massachusetts	1	1	0
Minnesota	0	1	0
Nevada	1	1	0
New Jersey	0	2	0
New Mexico	0	1	0
New York	0	1	1
North Carolina	0	1	0
Oklahoma	1	0	0
South Carolina	1	1	0
Tennessee	0	1	0
Texas	0	2	0
Washington	1	1	0
Total	6	27	3

Exhibit J is a list of the names of all of our franchisees as of December 31, 2023 and the addresses and telephone numbers of all of their Offices. The names and last known addresses and telephone numbers of every franchisee who had its Office terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased doing business under a franchise agreement with us during our last fiscal year, or who has not communicated with us within 10 weeks of this disclosure document's issuance date are also set forth in Exhibit J. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as franchisees in our system. There are no trademark-specific franchisee organizations associated with the franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit G to this disclosure document are our audited financial statements as of December 31, 2023, December 31, 2022, and December 31, 2021; and our unaudited balance sheet as of February 29, 2024, and our unaudited profit and loss statement for the two-month period ended February 29, 2024. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

Attached to this disclosure document are copies of the following agreements:

Exhibit A: Franchise Agreement

Attachment A: Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee

Attachment C: Office Addendum

Exhibit B: Limited Purpose Addenda

Exhibit C: Confidentiality and Non-Disclosure Agreement

Exhibit K: Form of General Release

Exhibit L: Agreement Riders/Amendments

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: The Agency Real Estate Franchising, LLC, 331 Foothill Road, Suite 100, Beverly Hills, California 90210. Please be sure that you indicate on the Receipt the names of the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the Receipt is attached for your records.

EXHIBIT A

Franchise Agreement



THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT

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THE AGENCY
FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made and entered into as of the Effective Date, by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company ("Franchisor"), and _____, a(n) _____ ("Franchisee") intending to do business in the Territory.

I. RECITALS

- 1.01** Franchisor has developed and intends to engage in the ongoing development and operation of a System under certain Marks operated in accordance with the provisions of this Agreement.
- 1.02** The Agency IP Holding Co., LLC ("IP Holding") is the owner of the Marks and all rights in respect thereof. Pursuant to a Trademark License Agreement between Franchisor and IP Holding, Franchisor has been authorized to use, and to license others to use, the Marks.
- 1.03** Franchisor is engaged in the administration and development of programs for the operation of real estate brokerage businesses utilizing the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor. Franchisor's activities in general, and its real estate brokerage programs in particular, are undertaken to develop, maintain and enhance the Marks and Franchisor's reputation for total service in all fields of real estate brokerage and related services throughout the world.
- 1.04** Franchisee desires to be franchised and licensed by Franchisor to participate in and use the System, Marks and goodwill of Franchisor to conduct the Franchised Business in the manner described in this Agreement. Franchisor is willing to grant to Franchisee said franchise and license, in accordance with the provisions of this Agreement, for the term set forth below.
- 1.05** 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, the effect upon the Network as a whole, and the need to protect the 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 the Franchised Location, the term "Abandoned" shall mean closure of the Franchised Location or cessation of the operation of the Franchised Business for a period of seven (7) consecutive days without Franchisor's prior written consent. A repeated pattern of closures or cessations for periods of less than seven (7) consecutive days may result in the Franchised Location or Franchised Business being deemed Abandoned if such closure or cessation adversely impacts the Franchised Location, Franchised Business or the Marks in the reasonable judgment of Franchisor. The Franchised Location and/or Franchised Business shall

not be deemed Abandoned if the closure or cessation 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). Franchisee shall use its best efforts to re-establish the Franchised Business and be fully operational (including at 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 in its reasonable discretion.

Additional Office. The term “*Additional Office*” shall mean any additional office and business premises approved by Franchisor in accordance with paragraph 4.04 to be developed and operated in the Territory by Franchisee from which Franchisee shall conduct Real Estate Activities utilizing the Marks in accordance with the terms of this Agreement and the Operations Manual.

Administrative Office. The term “*Administrative Office*” shall mean an additional office to be used by the Franchised Business for purely administrative purposes and the housing of administration personnel only.

Agreement Year. The term “*Agreement Year*” shall mean each twelve (12)-month period during the term of this Agreement that starts on January 1 and ends on December 31, except that the first Agreement Year starts on the Effective Date and ends on December 31 of the calendar year in which the Effective Date falls.

Assumed Name. The term “*Assumed Name*” shall mean the name (or, with Franchisor’s consent, names) under which Franchisee shall conduct the Franchised Business, identified on Exhibit B attached hereto, and shall be a combination of (a) those 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.

Brand Damages. The term “*Brand Damages*” is defined in subparagraph 13.01(e).

Change in Control of Franchisee. The term “*Change in Control of Franchisee*” shall mean any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in the Franchised Business or more than forty percent (40%) of the ownership of Franchisee (either by one or by a series of transfers), if Franchisee is a corporation, partnership, limited liability company or other entity. The term shall also include, in the event of Franchisee’s death, or the death of an owner of Franchisee, a transfer to the surviving spouse, heirs, estate or other representative of Franchisee or of such owner, as the case may be.

Client Information. The term “*Client Information*” shall mean the information and data that identifies or can be used to identify, contact, locate or be traced back to the specific client or prospective client to whom such information pertains or relates, including, but not limited to, names, addresses, telephone numbers, dates of birth, demographic or related information, location information, electronic addresses or Social Media account information, device and network information, credit card information, other financial and transactional information, and any other personal information of or relating to clients and prospective clients.

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 approved person designated by Franchisee as the person(s) responsible for those functions set forth in paragraph 9.08 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 if required pursuant to paragraph 9.04 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).

Development Office. The term “*Development Office*” shall mean a temporary tract sales office within or immediately adjacent to a New Development Project.

Effective Date. The term “*Effective Date*” shall mean the date immediately below Franchisor’s signature on the signature page of this Agreement.

Franchised Business. The term “*Franchised Business*” shall mean Real Estate Activities from the Franchised Location utilizing the Marks, as permitted, except as provided hereinafter or in the Operations Manual. For the avoidance of doubt, “*Franchised Business*” shall include any Additional Office approved by Franchisor in accordance with paragraph 4.04.

Franchised Business Content. The term “*Franchised Business Content*” is defined in paragraph 9.16.

Franchised Location. The term “*Franchised Location*” shall mean the business premises from which Franchisee conducts the Franchised Business under the Marks. For the avoidance of doubt, “*Franchised Location*” shall include the location of any Additional Office approved by Franchisor in accordance with paragraph 4.04.

Franchisee Website. The term “*Franchisee Website*” is defined in paragraph 9.17.

Gross Revenue. The term “*Gross Revenue*” shall mean all money or things of value received directly or indirectly by Franchisee constituting payment for or on account of the Franchised Business, including, without limitation, commissions or other things of value, without deducting Franchisee’s costs or expenses, multiple listing fees, commissions, salaries, overrides or bonuses payable to its salespersons, agents or employees. However, “*Gross Revenue*” shall be reduced by any amounts payable to third parties (including other brokers operating under real estate brokerage businesses utilizing the Marks, any referral networks owned or operated by Franchisor or its affiliates, or third-party broker or referral networks) as referral fees, provided Franchisee

provides evidence of payment of each such referral fee, to Franchisor's reasonable satisfaction. For the avoidance of doubt, "Gross Revenue" includes all revenues generated from Real Estate Activities permitted to be conducted from an Additional Office or any Limited Purpose Office in the Territory.

Initial Franchise Fee. The term "Initial Franchise Fee" is defined in subparagraph 5.01(a).

Intranet. The term "Intranet" is defined in subparagraph 9.02(a).

Limited Purpose Office. The term "Limited Purpose Office" shall mean an Administrative Office, a Development Office or a Salesperson Office.

Managing Broker. The term "Managing Broker" 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 the Franchised Business and who has successfully completed the Training Program and is a licensed real estate broker in good standing under all applicable laws.

Marketing/Technologies Fee. The term "Marketing/Technologies Fee" shall mean the fee or fees described in subparagraph 5.03(a).

Marks. The term "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.

Materials. The term "Materials" shall mean all forms, contracts, agreements, training materials, guidelines, manuals, signs, displays, stationery, business cards and other items permitted or required by Franchisor to be used in the operation of the Franchised Business.

Minimum Royalty. The term "Minimum Royalty" is defined in subparagraph 5.02(l).

Minimum Royalty Payment. The term "Minimum Royalty Payment" is defined in subparagraph 5.02(l).

Negotiation Period. The term "Negotiation Period" is defined in paragraph 3.05.

Network. The term "Network" shall mean the business of Franchisor and its franchisees, and Franchisor's current and prospective relationships with its franchisees, its affiliates and the real estate community.

New Development Opportunity. The term "New Development Opportunity" is defined in paragraph 3.05.

New Development Project. The term "New Development Project" shall mean a development, planned unit development, common interest development or other multi-family or multi-dwelling unit structures that consist of raw land improved, or to be improved, by the addition of a dwelling structure(s) with five (5) or more dwelling units. For clarity, a New Development Project shall include a conversion from one form of a multi-family or multi-dwelling unit structure to another (e.g., a conversion of apartment units bound together and rendered salable as condominiums).

Non-Revenue Transaction. The term “Non-Revenue Transaction” is defined in subparagraph 5.02(e).

Office Addendum. The term “Office Addendum” is defined in paragraph 4.04.

Open. The term “Open” is defined in paragraph 4.01.

Opening Date. The term “Opening Date” shall mean the date that the Franchised Business is first Open.

Opening Deadline. The term “Opening Deadline” is defined in paragraph 4.01.

Operations Manual. The term “Operations Manual” shall mean the manual or manuals (including the Brand Standards Manual 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 provided by Franchisor from time to time.

Real Estate Activities. The term “Real Estate Activities” shall mean all acts related to residential and/or commercial real estate 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, leasing or renting of residential and/or commercial real estate; representing sellers, purchasers, lessors or renters of residential and/or commercial real estate in exchange for a fee, commission, or other compensation; the providing of marketing or consulting services or other fee generating activities with respect to such activities; or real estate development services, including representing new developments, planned unit developments and other multi-family projects.

The following activities are expressly excluded from Real Estate Activities, and Franchisee may not engage in these activities as part of the Franchised Business or in association with the Marks, except as provided in paragraph 9.13: (a) any business related to the development or sale of insurance or insurance-related products; (b) brokerage of certain business opportunities, as set forth in the Operations Manual; (c) mortgage brokerage and mortgage origination; (d) rendering real estate appraisal services other than broker’s price opinions; or (e) performing the duties of an escrow officer or title company services (collectively, the “Related Real Estate Activities”).

Referral. The term “Referral” is defined in paragraph 5.04.

Referral Fees. The term “Referral Fee” is defined in paragraph 5.04.

Related Real Estate Products and Services. The term “Related Real Estate Products and Services” is defined in paragraph 8.05.

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

Royalty Fees. The term “Royalty Fees” shall mean the continuing royalty fees described in paragraph 5.02.

Royalty Invoice Date. The term “Royalty Invoice Date” is defined in subparagraph 5.02(l).

Salesperson Office. The term “Salesperson Office” shall mean an additional office used by the Franchised Business for the purpose of providing licensed real estate brokers and/or licensed real estate salespersons a place to conduct certain Real Estate Activities from an administrative location.

Social Media. The term “Social Media” is defined in paragraph 9.17.

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 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.

System Website. The term “System Website” is defined in paragraph 9.16.

Territory. The term “Territory” is defined in paragraph 3.02.

The Agency Global Forum. The term “The Agency Global Forum” shall mean the conference described in subparagraph 8.04 hereof.

Thresholds. The term “Thresholds” is defined in subparagraph 5.02(b).

Training Program. The term “Training Program” shall mean training in the System provided by Franchisor, as described in paragraph 8.01.

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 Franchised Location described in Exhibit B (the “Franchise”). The Franchise applies only to the Franchised Location (and any Limited Purpose Office(s) and/or Additional Office(s)) 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 Franchises will be available or approved. Franchisee shall retain the right to conduct businesses and perform

services other than the Franchised Business without payment of Royalty Fees or Marketing/Technologies Fees measured by revenues derived therefrom, but subject to the restrictions on Real Estate Activities in any other real estate brokerage business under paragraph 9.13 hereof, and subject to all other applicable provisions of this Agreement and the Operations Manual; provided, however, that Franchisee shall not use the Marks, operational techniques, service concepts or proprietary information in connection with such businesses or services without the express prior written permission of an executive officer of Franchisor, which permission, if granted, shall bring such businesses or services within the scope of the Franchised Business.

3.02 Territory

During the term of this Agreement, Franchisor and its affiliates will not locate, or authorize another franchisee or licensee to locate, another real estate brokerage office location engaging in Real Estate Activities utilizing the Marks that has its physical location within the geographic area described on Exhibit B (the "Territory"); provided, however, that, subject to paragraph 3.05, there are no restrictions whatsoever on Franchisor or its affiliates in connection with the location of real estate brokerage offices providing services to New Development Projects in the Territory. For the avoidance of doubt, Franchisee acknowledges and agrees that the protection granted by this paragraph 3.02 is only with regard to the physical location of other real estate brokerage offices engaging in Real Estate Activities utilizing the Marks and is subject to Franchisor's reservation of rights as set forth in paragraph 3.03.

Franchisor may modify the Territory in Exhibit B upon the occurrence of either of the following events:

(a) If Franchisor grants Franchisee a larger Territory because Franchisor and Franchisee agree that Franchisee will develop and operate one or more Additional Offices in the Territory, and Franchisee does not develop and operate one or more Additional Offices within the time period agreed to by Franchisor and Franchisee set forth on Exhibit B, Franchisor may reduce the size of the Territory to a geographic area around the Franchised Location, including any Additional Offices, that Franchisee does develop and operate; or

(b) Franchisee relocates the Franchised Business, although such relocation may or may not result in a reduction in the size of the Territory, in Franchisor's sole judgment.

3.03 Reserved Rights

This Agreement authorizes the operation of a specific real estate brokerage office location utilizing the System within the framework of rights and obligations established by the terms of this Agreement including, in particular, the provisions of this Agreement defining and limiting the rights granted to Franchisee and the rights retained by and/or reserved to Franchisor. Nothing contained herein shall afford Franchisee any right, title or interest in or to the 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 licensed hereunder.

Without limiting paragraph 3.02 above, Franchisor and its affiliates retain all rights with respect to the Marks and the System and any other activities Franchisor and they deem appropriate, whenever and wherever Franchisor and they desire, whether inside or outside the Territory (including the location of real estate brokerage offices providing services to New

Development Projects in the Territory, subject to paragraph 3.05). Specifically, but without limitation, Franchisee acknowledges and agrees that Franchisor, and any present or future affiliates, 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 the Franchised Location, or within the Territory (but subject to paragraphs 3.02 and 3.05). 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 clients and business directly to Franchisor and any present or future affiliates of either, and Franchisee further acknowledges that such activities may be competitive with the Franchised Business, by reason of location, marketing areas, potential clients or other factors.

Nothing contained herein shall be deemed, expressly or by implication, to restrict in any way the right of Franchisor or any of its affiliated entities, now or in the future, to engage in any business activities whatsoever, without limitation as to location (but subject to paragraphs 3.02 and 3.05); to exercise all rights and remedies to protect or enforce their respective interests in the Marks; and to use such Marks and other proprietary rights in their 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 client demand for the services of the Franchised Business 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 the Franchised Business. 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 and or its affiliates' continuing or future activities in the development of the System or other exercise of Franchisor's reserved rights hereunder.

Franchisee acknowledges that Real Estate Activities are distinct from other types of real estate activities, such as, but not limited to, construction, planned-unit development brokerage, and sub-division brokerage, and these other activities represent separate markets and distinct business opportunities. Franchisor reserves the right to establish and operate a separate franchise network for such other markets and business opportunities. If Franchisor elects to operate a separate franchise network(s), Franchisor will evaluate Real Estate Activities separately in the operation of the System, placement of offices, and granting of franchises.

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 Area and Scope of Operation

Franchisee shall only operate its Franchised Business from its Franchised Location (and, if applicable, any Limited Purpose Office(s) and/or Additional Office(s) approved by Franchisor in accordance with paragraphs 4.03 and 4.04, respectively). Notwithstanding the foregoing, Franchisee may utilize the Marks to engage in Real Estate Activities within and outside the Territory; provided, however, that Franchisee shall not establish another Franchised Location outside the Territory. 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 the Franchised Location, and (c) devote and focus all of its attention and efforts to such promotion and development. Franchisee may engage in advertising, promotional, marketing, and related activities it desires within and outside the Territory in compliance with the Operations Manual.

3.05 New Development Opportunity

If at any time during the term of this Agreement Franchisor or its authorized designee intends to establish: (i) real estate brokerage offices providing services to a New Development Project in the Territory, or (ii) one or more Development Offices in the Territory, Franchisor shall first notify Franchisee of such intention (the “New Development Opportunity”). If Franchisee is in full compliance with this Agreement upon its receipt of notice of a New Development Opportunity, Franchisee shall be given fifteen (15) days (“Negotiation Period”) to present its capabilities to Franchisor or its authorized designee and confer with Franchisor or its authorized designee about whether Franchisee may be authorized to pursue the New Development Opportunity, the ultimate decision of which shall be made by Franchisor or its authorized designee. If Franchisor or its authorized designee authorizes Franchisee to pursue the New Development Opportunity, this Agreement shall be amended to incorporate the terms applicable to such New Development Opportunity and the related New Development Project, and Franchisee shall abide by such terms and the terms and conditions applicable to New Development Opportunities and New Development Projects contained in the Operations Manual. If Franchisee does not wish to pursue any one or more New Development Opportunities, or if an agreement over terms applicable to a New Development Opportunity cannot be reached within the Negotiation Period, then Franchisor or its authorized designee shall be free to pursue the New Development Opportunity and New Development Project without compensation or consideration to Franchisee; provided that the services Franchisor or its authorized designee may provide to the owner(s) of such New Development Project shall be limited to listing and selling property owned or controlled by such owner(s) (for clarity, such services shall not include resales of property within the New Development Project). Neither party shall be deemed to be in breach of this Agreement because of any failure to reach agreement over terms applicable to any New Development Opportunity or New Development Project.

IV. LOCATION OF BUSINESS

4.01 The Franchised Location and Opening Deadline

Subject to paragraphs 4.02, 4.03 and 4.04 below, the Franchised Business shall only be operated from the Franchised Location listed in Exhibit B (including the address and telephone number for the Franchised Location). Franchisee must, within six (6) months after the Effective Date (the “Opening Deadline”), start conducting Real Estate Activities under the Marks from the Franchised Business (“Open”) in accordance with all the requirements of this Agreement. Without limiting the foregoing, Franchisee may not Open the Franchised Business until Franchisee’s Managing Broker and responsible management persons have completed the Training Program to Franchisor’s satisfaction.

4.02 Permission to Relocate

If Franchisee desires to relocate the Franchised 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 sixty (60) days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation, in which event notice shall be made as soon as possible), Franchisee must make a written request for consent to relocate, describing the reasons for the relocation and providing details respecting any proposed new location as may be specified in the Operations Manual.

(b) Within a reasonable period after receiving Franchisee's request, Franchisor shall either approve or disapprove in writing such relocation in its sole discretion. If Franchisor does not approve the request within twenty-one (21) 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.

(c) Franchisee may not relocate any Additional Office or Limited Purpose Office without Franchisor's prior written approval in accordance with the procedure set forth in this paragraph 4.02.

4.03 Limited Purpose Offices

If Franchisee desires to open a Limited Purpose Office, it shall first submit to Franchisor a written request for approval of each proposed Limited Purpose Office, 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 Limited Purpose Office. If Franchisor does not approve the request within thirty (30) days, the Limited Purpose Office shall be deemed not approved. If Franchisor approves such Limited Purpose Office, Franchisee agrees to sign Franchisor's then-current form of addendum to this Agreement granting Franchisee the right to operate such Limited Purpose Office and return such signed addendum to Franchisor within thirty (30) days after receipt thereof from Franchisor.

If Franchisor, in its sole discretion, determines that there is an appropriate opportunity for Franchisee to open one (1) or more Limited Purpose Offices at a place or places adjacent to or reasonably proximate to the Franchised Location, Franchisor may, but is not obligated to, grant to Franchisee the right to open one (1) or more Limited Purpose Offices, provided Franchisee shall not then, or at any time thereafter prior to the opening of such Limited Purpose Office(s), be in default of any of its obligations arising pursuant to this Agreement.

4.04 Additional Office

If Franchisee desires to open an Additional Office in the Territory, it shall first submit to Franchisor a written request for approval of the proposed Additional Office, 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 Office. If Franchisor does not approve the request within thirty (30) days, the Additional Office shall be deemed not approved.

If Franchisor approves such Additional Office, Franchisee agrees to develop and operate such Additional Office in accordance with the terms of this Agreement, under an office addendum (the "Office Addendum"), the form of which is attached hereto as Exhibit C. Upon Franchisor's acceptance of a proposed location, and provided that Franchisee is not then, or at any time thereafter prior to the opening of such Additional Office, in default of any of its obligations arising pursuant to this Agreement, Franchisor will authorize Franchisee to operate the Additional Office

at the approved location by completing and delivering to Franchisee an Office Addendum for such Additional Office. The Office Addendum must be executed by Franchisee and returned to Franchisor not less than sixty (60) days before the “Targeted Opening Date” of the Additional Office set forth in the Office Addendum. Franchisee shall not open or operate an Additional Office without an effective Office Addendum. Any Additional Office shall operate as a part of the main Franchised Business described in this Agreement and, except as otherwise noted in this Agreement, shall comply with and be subject to all of the terms, conditions, provisions and restrictions of this Agreement as are applicable to the Franchised Business. All references to “Franchised Business” in this Agreement shall include any Additional Office, and all references to “Franchised Location” in this Agreement shall include the location of any Additional Office, both as approved by Franchisor in accordance with this paragraph 4.04, unless otherwise noted.

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” for the right to establish and operate the Franchised Business in the Territory. The amount of the Initial Franchise Fee is set forth in Exhibit B.

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

(c) No Initial Franchise Fee is payable by Franchisee to Franchisor in connection with the right to develop and operate each Additional Office in the Territory.

5.02 Royalty Fees

(a) In addition to the Initial Franchise Fee, commencing on the Opening Date, Franchisee shall pay to Franchisor in accordance with this paragraph 5.02 a “Royalty Fee” equal to percentages of certain Gross Revenue derived from the Franchised Business during each Agreement Year, as set forth in the following schedule:

SCHEDULE

Threshold	From	To	Royalty Fee
1	\$0	\$5,000,000	6% of Gross Revenue
2	\$5,000,000.01	\$10,000,000	5% of Gross Revenue
3	\$10,000,000.01	\$20,000,000	4.75% of Gross Revenue
4	\$20,000,000.01	\$30,000,000	4.5% of Gross Revenue
5	\$30,000,000.01	\$40,000,000	4.25% of Gross Revenue
6	\$40,000,000.01 and above		4% of Gross Revenue

(b) The Royalty Fee payable during each Agreement Year shall be adjusted when certain thresholds (“Thresholds”) are met. The Royalty Fee percentages will apply only to the Gross Revenue between the two (2) Thresholds set forth next to each percentage in the above schedule. By way of example only, if Franchisee’s Gross Revenue during an Agreement Year was Seven Million Dollars (\$7,000,000) according to the schedule, Franchisee would pay six percent (6%) on the first Five Million Dollars (\$5,000,000) of Gross Revenue (or Three Hundred

Thousand Dollars (\$300,000)), and five percent (5%) on the remaining Two Million Dollars (\$2,000,000) of Gross Revenue (or One Hundred Thousand Dollars (\$100,000)), for a total Royalty Fee of Four Hundred Thousand Dollars (\$400,000) for such Agreement Year.

(c) For purposes hereof, Gross Revenue shall be deemed to commence at Zero Dollars (\$0) on the Opening Date and on the first day of each Agreement Year thereafter.

(d) In its sole discretion, Franchisor shall have the right to increase a Threshold in the schedule in subparagraph 5.02(a) as provided in paragraph 14.08 of this Agreement.

(e) Notwithstanding anything to the contrary contained in subparagraph 5.02(a), for any transaction involving Real Estate Activities from which the Franchised Business does not derive Gross Revenue (e.g., collect a commission or fee on such transaction), including, without limitation, any transaction involving Real Estate Activities where Franchisee, an equity holder of Franchisee, a licensed real estate broker and/or a licensed real estate salesperson of the Franchised Business is a principal in such transaction (each, a "Non-Revenue Transaction"), the Royalty Fee payable by Franchisee to Franchisor in connection with such Non-Revenue Transaction shall be calculated based on a two and one-quarter percent (2.25%) brokerage commission or fee generated from each such Non-Revenue Transaction; provided, however, that Franchisor will waive Royalty Fees due from Franchisee on up to three (3) Non-Revenue Transactions per Agreement Year if, for each such Non-Revenue Transaction, Franchisee provides sufficient documentation to Franchisor to verify that the Franchised Business did not derive Gross Revenue from such Non-Revenue Transaction.

(f) As further provided in paragraph 9.02 below, beginning on the Opening 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 Revenue earned by Franchisee (i) upon consummation of the sale of real estate (notwithstanding that funds have not been exchanged) or close of escrow on all transactions entered into by Franchisee on or after the Opening 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 (e.g., any Real Estate Activities) rendered by Franchisee resulting in the generation of Gross Revenue.

(g) Royalty Fees on Gross Revenue is payable in arrears on the first day of each month and shall be due to Franchisor no later than the tenth (10th) day of the month following the month in which the Gross Revenue upon which the Royalty Fees is based was earned. If Franchisee fails to report (accurately or timely) to Franchisor's designated computer system the Gross Revenue derived by Franchisee from the Franchised Business, Franchisee shall pay a Royalty Fee equal to six percent (6%) of Gross Revenue regardless of Franchisee's overall Threshold of Gross Revenue from the Franchised Business until such time that Franchisee reports such Gross Revenue to Franchisor's computer system.

(h) Upon expiration or termination of this Agreement, Royalty Fees shall remain payable as to all transactions entered into or contracts made prior to the date of such expiration or termination.

(i) Franchisee's Royalty Fees shall be paid to Franchisor regardless of the type of consideration received by Franchisee. In circumstances involving non-cash Gross Revenue, the

method and timing of payment of Royalty Fees may be varied in Franchisor's sole discretion and said non-cash Gross Revenue 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 Royalty Fees and Minimum Royalty Payments.

(j) Notwithstanding anything to the contrary, at Franchisee's option, Royalty Fees shall not be immediately payable on Gross Revenue not yet received by Franchisee, if payment of all or a portion of a commission earned is deferred pursuant to a written agreement; in which case the Royalty Fees shall be payable upon the actual receipt directly or indirectly of said commission, or portion thereof, by Franchisee. For purposes of determining whether Franchisee is required to pay the Minimum Royalty Payment at the end of each Agreement Year, deferred commissions shall be excluded from Gross Revenue.

(k) No Royalty Fees shall be payable with respect to commissions or referral fees arising from transactions subject to a binding written agreement prior to the Effective Date. Royalty Fees shall be payable upon any termination or expiration of this Agreement with respect to commissions or referral 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."

(l) The total Royalty Fees that Franchisee must pay to Franchisor during every Agreement Year shall equal or exceed a minimum annual Royalty Fee set forth in Exhibit B (the "Minimum Royalty"). If, during any Agreement Year, Franchisee does not pay Franchisor an amount in Royalty Fees that equals or exceeds the Minimum Royalty, then Franchisee shall pay to Franchisor, without demand, on the date that is thirty (30) days following the Royalty Invoice Date, the difference between Royalty Fees actually paid to Franchisor during such Agreement Year and the Minimum Royalty (the "Minimum Royalty Payment"). Within thirty (30) days following the end of each Agreement Year, Franchisor shall provide Franchisee with notice of the amount of the Minimum Royalty Payment, if applicable (the date of such invoice, the "Royalty Invoice Date"); provided, however, that Franchisor's failure to provide an invoice within such thirty (30)-day period shall not be deemed a waiver or modification of Franchisor's right to collect the Minimum Royalty Payment.

5.03 Marketing/Technologies Fee

(a) Franchisee shall pay to Franchisor a monthly Marketing/Technologies Fee equal to an amount calculated based on Gross Revenue, as set forth in the following schedule:

SCHEDULE

Threshold	From	To	Marketing/Technologies Fee
1	\$0	\$5,000,000	1.25% of Gross Revenue
2	\$5,000,000.01	\$10,000,000	1% of Gross Revenue
3	\$10,000,000.01 and above		0.75% of Gross Revenue

(b) The Marketing/Technologies Fee is payable in arrears on the first day of each month and shall be due to Franchisor no later than the tenth (10th) day of the month following the month in which the Gross Revenue upon which the Marketing/Technologies Fee is based was

earned. The Marketing/Technologies Fee will be calculated as a percentage of the Gross Revenue derived from the Franchised Business during the month for which the Marketing/Technologies Fees are due. The percentage to be used in the calculation of the monthly Marketing/Technologies Fee is determined by the cumulative amount of Gross Revenue reported by Franchisee to Franchisor from the most recent anniversary of the Opening Date through the last day of the month for which the Marketing/Technologies Fee is due. The percentage used will be adjusted when the Thresholds set forth in the schedule in subparagraph 5.03(a) are reached. By way of example only, if in the current Agreement Year, Franchisee's to-date Gross Revenue is Five Million Fifty Thousand Dollars (\$5,050,000), and Franchisee reported One Hundred Thousand Dollars (\$100,000) in Gross Revenue for the applicable month, then the Marketing/Technologies Fee for that month would be calculated as the sum of one and one-quarter percent (1.25%) of the first Fifty Thousand Dollars (\$50,000) of Gross Revenue (or Six Hundred Twenty-Five Dollars (\$625)) plus one percent (1%) of the next Fifty Thousand Dollars (\$50,000) of Gross Revenue for the month (or Five Hundred Dollars (\$500)), for a total Marketing/Technologies Fee of One Thousand One Hundred Twenty-Five Dollars (\$1,125) for that month. Marketing/Technologies Fees are the property of Franchisor and may be deposited by Franchisor into its general operating account.

(c) On a national 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/Technologies Fee referred to in subparagraph 5.03(a) hereof), if franchisees owning two-thirds (2/3rds) of all of its franchised locations agree to such additional assessment by affirmative vote.

(d) For purposes hereof, Gross Revenue shall be deemed to commence at Zero Dollars (\$0) on the Opening Date and on the first day of each Agreement Year thereafter.

(e) If Franchisee fails to report (accurately or timely) to Franchisor's designated computer system the Gross Revenue derived by Franchisee from the Franchised Business, Franchisee shall pay a Marketing/Technologies Fee equal to one and one-quarter percent (1.25%) of Gross Revenue regardless of Franchisee's overall Threshold of Gross Revenue from the Franchised Business until such time that Franchisee reports such Gross Revenue to Franchisor's computer system.

(f) In its sole discretion, Franchisor shall have the right to increase a Threshold in the schedule in subparagraph 5.03(a) as provided in paragraph 14.08 of this Agreement.

(g) Franchisor, in its sole discretion, shall expend, for the purposes of national, regional or local advertising, cooperative advertising, marketing, market research, public relations, promotional campaigns, developing and maintaining the System Website and other programs designed to promote and enhance the value of the System, the Marks and general public recognition and acceptance thereof, an amount equal to (i) the aggregate Marketing/Technologies 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 fifteen percent (15%) of the annual aggregate Marketing/Technologies Fees received or receivable by Franchisor, and Franchisor's actual advertising production costs. Marketing/Technologies Fees may be used for, and Franchisor's reimbursable administrative expenses may include, expenses incurred for training, client 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/Technologies Fee contributions in the year they are received, and any unspent Marketing/Technologies Fee contributions may be accumulated for use in future years.

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

(i) Franchisor shall determine the cost, form of media, content, format, production, timing (including 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/Technologies Fees on a proportional basis. Franchisee acknowledges that expenditures of Marketing/Technologies Fees are intended to benefit the entire Network, and may not benefit Franchisee directly.

(j) Franchisor may (but need not) deliver to Franchisee a statement of receipts and expenditures of the aggregate Marketing/Technologies 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/Technologies Fees that is consistent with this Agreement or is otherwise performed by Franchisor in good faith.

5.04 Referral Fees

From time to time, Franchisor or one of its affiliates may refer leads generated from Franchisor's affiliate's "Relocation Division" (each, a "Referral") to Franchisee that create Gross Revenue for the Franchised Business. In addition to all other fees required to be paid under this Agreement, Franchisee shall pay Franchisor a fee (each, a "Referral Fee") equal to twenty-five percent (25%) of Gross Revenue from each Referral after deducting any costs, fees or expenses incurred by such affiliate in sourcing or generating each such Referral.

5.05 Method of Payment

All payments made pursuant to this Agreement shall be deposited, wire transferred or transferred by other means (including, if required, through the Depository Checking Account) to such bank account(s) as Franchisor shall designate. Franchisor may periodically change the mechanism for Franchisee's payments of Royalty Fees, Marketing/Technologies Fees and other amounts Franchisee owes to Franchisor and its affiliates under this Agreement or any related agreement, including collecting these amounts from Franchisee's billing services provider.

5.06 Late Charge

All delinquent payments of any sums due Franchisor shall bear interest from the date due until paid at the rate of ten percent (10%) on the outstanding balance or the highest rate permitted

by law, whichever is lower. In addition, Franchisee shall pay Franchisor Five Hundred Dollars (\$500) together with all delinquent payments as a late charge, and not as a penalty, as consideration for Franchisor's continued performance under this Agreement notwithstanding Franchisee's delinquency.

5.07 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.

5.08 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 ten (10) years from the Effective Date hereof, unless sooner terminated pursuant to the provisions of this Agreement.

6.02 Renewal Rights

Subject to compliance with each and every one of the conditions set forth below, Franchisee has the option to extend the term of this Agreement two (2) times, each for an additional, consecutive period of five (5) years:

(a) Written Notice. Franchisee gives Franchisor written notice of its election to renew not less than nine (9) months prior to the expiration of the preceding term;

(b) No Default. Franchisee, when notice is given and at the time of renewal, is not in default of any material provision of either this Agreement or any other agreement between Franchisee and Franchisor or its affiliates;

(c) No Monetary Obligations Outstanding. All monetary obligations owed by Franchisee to Franchisor or its affiliates have been satisfied prior to renewal;

(d) General Release. Franchisee must execute and deliver a general release of Franchisor and its affiliates, officers, directors, shareholders, employees, agents and representatives in a form acceptable to Franchisor;

(e) Updates. The Franchised Business must meet Franchisor's then-current requirements or Franchisee must make all expenditures necessary to update the Franchised Business to meet those requirements;

(f) Current Agreement. Franchisee shall sign Franchisor's then-current form of Agreement for a five (5)-year term. Franchisee acknowledges that the then-current form of Agreement may contain terms that are materially different from those set forth in this Agreement; and

(g) No Repeated Defaults. Franchisee shall not have, during the term of this Agreement, received three (3) or more notices of default in any twenty-four (24)-month period.

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. MARKS

7.01 License

Franchisor hereby grants to Franchisee the non-exclusive right during the term hereof to use and display the 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 Marks within the United States of America only. Franchisor's consent and authorization must be obtained prior to Franchisee's use of the Marks in any form whatsoever outside the United States of America. 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 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 Marks in compliance with this Agreement. Franchisee shall use the Marks solely in connection with the Franchised Business and shall not use or display the 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 Marks in connection with the rendering of mortgage brokerage, appraisal, financial or insurance services, or in connection with film, television, radio or podcast shows or appearances, or posts on audio and video sharing sites and other similar social networking media or tools that are not directly related to the advertising and promotion of the Franchised Business in accordance with the terms and conditions of this Agreement. Franchisee agrees that all of Franchisee's use of the 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 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 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 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 Marks in Electronic Commerce

All use of the Marks in electronic commerce, which includes all forms of electronic or computer communication, 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. Franchisee, its employees and agents may not use any Marks (or any other word which is a variation, abbreviation or interpretation of any of the Marks) in Internet or website addresses, e-mail addresses and domain names without Franchisor's prior written approval. Franchisee agrees to be responsible for and supervise the creation of any Internet or website addresses, e-mail addresses and domain names by any of its employees and agents in order to ensure compliance with this prohibition. Notwithstanding the foregoing, nothing in this paragraph 7.02 is intended to prohibit Franchisee, its employees and agents from maintaining their own websites, in each case in accordance with the Operations Manual.

7.03 Acts in Derogation of the Marks

(a) Franchisee agrees that as between Franchisor and Franchisee, the 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 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 IP Holding, respectively, expressly reserve all rights with respect to the 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 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 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 Franchised Location and any 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 THE AGENCY REAL ESTATE FRANCHISING, 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 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 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 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 Marks

If applicable, at its sole expense, Franchisee shall replace the signage and materials of the brokerage office that it occupied before the Effective Date with signage and materials bearing Franchisor's Marks within ninety (90) days of the Effective Date.

Franchisor may add to, substitute or modify any or all of the 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 or binding agreement to substitute or modify the Marks. Franchisee shall accept, use, display, or cease using, as may be applicable, the Marks, including, but not limited to, any such modified or additional trade names, trademarks, Marks, logo types and commercial symbols, and shall within thirty (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 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, insignias or logo types other than an Assumed Name (i) in any advertisement that contains the word “The Agency” or any other Marks, (ii) in or on the Franchised Location in any manner that is reasonably visible from outside the Franchised Location, (iii) in any form of electronic commerce, or (iv) in any computer system used at the Franchised Location, or otherwise in connection with the Franchised Business, in any manner that could lead any person to believe that such other trademarks, trade names, insignias or logo types or the products or services with which they are associated are owned or offered by 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 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 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, IP Holding or their affiliates on account of any alleged infringement, unfair competition or similar matter arising from its use of the 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 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 Marks in accordance with the terms of this Agreement. Franchisor shall have the sole discretion to determine whether a similar trademark or service mark used by a third party is confusingly similar to the 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 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 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 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 Royalty Fees due and payable by Franchisee to Franchisor for the two (2) Agreement Years immediately preceding Franchisee’s failure to comply with the terms of this paragraph.

VIII. INSTRUCTION AND OPERATING ASSISTANCE

8.01 Training Program

Franchisor shall provide training for integration into the System to the Managing Broker and two (2) other responsible management persons (currently, Franchisee's Account Manager and Agent Experience Manager are required attendees) designated by Franchisee and approved by Franchisor. Additional people beyond the Managing Broker and responsible management persons may attend the Training Program if Franchisee pays Franchisor's then-current training charge(s) for each additional attendee. Within thirty (30) days after the date this Agreement is executed, Franchisor shall commence transition consultation and integration support for Franchisee. The Training Program shall be conducted for such duration and at such time and place as Franchisor shall determine. Such Managing Broker and responsible management persons must complete the Training Program to Franchisor's satisfaction at least one (1) week before Franchisee is scheduled to Open the Franchised Business, except as otherwise agreed to in writing by Franchisor. Franchisee will be responsible for the compensation, travel and living expenses for its attendees during training.

8.02 Post-Opening Support and Training

Upon successful completion of the Training Program, Franchisor will provide Franchisee post-opening support and training for Franchisee's supervisory employees. Franchisor's post-opening support may include a "train the trainer" module so Franchisee's senior-level personnel can learn how to train Franchisee's other employees in the System standards. The length of Franchisor's post-opening support and training will be at Franchisor's sole judgment and will depend on the size of the Franchised Business and Franchisee's needs. Franchisee will be responsible for the compensation, travel and living expenses for Franchisee's employees during training. Notwithstanding the foregoing, if Franchisee is converting its existing real estate brokerage to the System and meets certain qualifications set forth in the Operations Manual, then subject to the availability of Franchisor's training personnel Franchisor may provide post-opening support and training locally at the Franchised Location, and Franchisee must pay Franchisor's then-current training fee and the travel and living expenses for Franchisor's training personnel.

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 Training Program 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 The Agency Global Forum

Franchisor may, at its option, periodically arrange a business conference for all of its franchisees and Franchisor- and affiliate-owned real estate brokerage offices ("The Agency Global Forum") at which some or all franchisees may participate in various programs with Franchisor, Franchisor- and affiliate-owned real estate brokerage offices, and the remainder of the Network. Franchisor may require the Managing Broker and/or other responsible management person to attend The Agency Global Forum and may charge Franchisee reasonable registration fees or packages. All of Franchisee's management and sales professionals shall be strongly encouraged but not required to attend each The Agency Global Forum, if one is made available. Franchisee will be responsible for the compensation, travel and living expenses for its Managing Broker and other personnel attending any The Agency Global Forum.

8.05 Continuing Assistance and Related Real Estate Products and Services

Franchisor shall provide such periodic assistance, as it deems appropriate, utilizing Franchisor's representatives who shall contact or visit the Franchised Location from time to time. The frequency and duration of such contacts or visits to the Franchised Location 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 Franchisee's business operations based on information provided by Franchisee. The operations review will be no more frequent than once per calendar year. In addition to the Operations Manual, Franchisor may from time to time provide Franchisee with additional materials relating to the Franchised Business. Franchisor reserves the right to require Franchisee to reimburse and/or compensate Franchisor for marketing support, assistance, resources and guidance that is requested by Franchisee.

Franchisor may, but has no obligation to, provide Franchisee additional real estate-related products and services that are ancillary to the Real Estate Activities of the Franchised Business, including, but not limited to, public relations services and new development consulting and marketing services (the "Related Real Estate Products and Services"). If Franchisee reasonably requests any Related Real Estate Products and Services, and Franchisor opts to provide Franchisee one or more Related Real Estate Products and Services, Franchisee shall pay any fees and costs that Franchisor may charge for such Related Real Estate Products and Services.

8.06 Proprietary Materials

At the Training 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 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, but Franchisee acknowledges and agrees that Franchisor shall not be in default of this Agreement for failure to do so.

IX. OPERATION OF BUSINESS

9.01 Franchisee Operational and Staff Requirements

(a) Franchisee shall utilize the Intranet and other proprietary systems and methods for conducting the Franchised Business pursuant to subparagraphs 9.02(b) and 9.02(c) hereof in a competent manner and failure to do so shall constitute a material breach of this Agreement.

(b) The Franchised Location shall remain open on a full-time and continuous basis, except as caused by "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).

(c) Once the Franchised Location is Abandoned, it may not be reopened by Franchisee without Franchisor's prior written consent.

(d) 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.

(e) During the term of this Agreement, Franchisee must purchase or lease the real estate software systems, approved reporting software and other products and services for the Franchised Business only according to Franchisor's System standards and, if Franchisor requires, only from suppliers or distributors that Franchisor designates or approves (which may include or be limited to Franchisor or its affiliates).

(f) At Franchisor's request, Franchisee shall provide Franchisor with real estate market research and participate, and cause its Managing Broker and licensed real estate brokers and/or licensed real estate salespersons to participate, in any surveys in the Territory as Franchisor may reasonably require.

9.02 Reporting and Computer Software System Requirements

(a) Not later than thirty (30) days after the Effective Date, and at all times thereafter, Franchisee, at its sole expense, shall have installed, be trained on, and continuously use, Franchisor's approved real estate software systems set forth in the Operations Manual, or such other system(s) approved by Franchisor in writing in its sole discretion, which approval may be

subject to certain restrictions or conditions set forth by Franchisor. Franchisee's software systems must be capable of communicating with Franchisor's designated computer system, and Franchisee shall communicate data to Franchisor's designated computer system directly from Franchisee's computer system by use of Franchisor's approved software, as set forth in the Operations Manual. Franchisor may update and revise the list of approved software from time to time in the Operations Manual. In the event that Franchisor determines in its sole discretion that Franchisee's approved software has become inadequate, Franchisor shall so notify Franchisee, and Franchisee shall take immediate steps to install, be trained on and use alternative software within the time period set forth in the Operations Manual. In addition, within thirty (30) days after the Effective Date, and at all times thereafter, Franchisee, at its sole expense, shall have installed, be trained on, and continuously use Franchisor's proprietary intranet system (the "Intranet"). In Franchisor's discretion, the Intranet may include forms, communication, System standards and procedures, the Operations Manual, as it may be modified from time to time, and accounting and automated payment features.

(b) Franchisee is required to report certain data to Franchisor on a periodic basis through an approved software system, including, but not limited to, Gross Revenue received or receivable, closed sales and other closed contracts, as set forth in the Operations Manual. USE BY FRANCHISEE OF AN APPROVED REPORTING SOFTWARE 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 its approved software. Franchisee shall submit manually reported information to Franchisor on a weekly basis commencing upon the Effective Date as further specified in the Operations Manual.

(d) Franchisee must also maintain a software support agreement for all of its software. 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.

(e) If Franchisee is not active on the Intranet within thirty (30) days of the Effective Date, or otherwise fails to comply with the electronic reporting requirements herein, Franchisee shall pay Franchisor an administrative fee for processing Franchisee's manual transactions as further provided in the Operations Manual.

9.03 Communications Systems and Hardware

(a) At its sole expense, Franchisee shall obtain a high speed data line (the "data line") or other communication device and other hardware meeting the specifications prescribed by Franchisor in the Operations Manual, to be used to facilitate communications between Franchisee's computer system and Franchisor's designated computer system. Such data line or other communication device shall be available for all transmissions of data required by this Agreement and by the Operations Manual for such periods and at such intervals as set forth in the Operations Manual. All costs associated with the maintenance of such data line or other communication device and other hardware shall be borne solely by Franchisee. The data line or

other communication device and other hardware shall be operational no later than thirty (30) days following the Effective Date, unless otherwise approved by Franchisor.

(b) Within thirty (30) days of the Effective Date, or such later date as Franchisor may approve, Franchisee shall also add commercial communications systems or capacities, including, for example, and not by way of limitation, electronic mail and Internet capacities in compliance with the standards set forth in the Operations Manual. The cost of such systems or capacities shall be borne by Franchisee and may include a reasonable charge for services Franchisor chooses to provide.

9.04 Depository Checking Account

Franchisor reserves the right to require Franchisee to 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 or otherwise in writing, which guidelines may regulate, among other things, Franchisee's minimum balance in the Depository Checking Account and reimbursement and charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Checking Account. If Franchisor requires Franchisee to establish and maintain a Depository Checking Account, Franchisee agrees to instruct the institution holding the Depository Checking Account to allow Franchisor access to the Depository Checking Account for collection of Royalty Fees, Marketing/Technologies 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.

9.05 Operations Manual

(a) Franchisee shall operate the Franchised Business in accordance with the Operations Manual. 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 (5) 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. Notwithstanding, the Operations Manual is not intended to and shall not be construed to create any obligations of Franchisor.

(c) Franchisor shall furnish to Franchisee at no additional charge an electronic copy of the Operations Manual at or before the time of the Training Program. The Operations Manual shall at all times remain the sole, confidential, trade secret property of 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.

9.06 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.

9.07 Telephone Numbers

At its sole expense, Franchisee shall obtain a telephone number for the Franchised Business as promptly as possible after the Opening Date. 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 directory listings in respect of such other businesses. Franchisee may maintain a different telephone number for any Additional Office(s), provided such telephone number complies with the terms and conditions of this paragraph 9.07.

9.08 Franchisee Personnel

Within fifteen (15) days after Franchisee Opens the Franchised Business, Franchisee shall notify Franchisor of the name, business address and business phone number of the Managing Broker and each licensed real estate broker and/or licensed real estate salesperson under contract with or representing the Franchised Business. In addition, Franchisee shall notify Franchisor of any changes to the names, business addresses and/or business phone numbers of the Managing Broker and such licensed real estate brokers and/or licensed real estate salespersons within fifteen (15) days after the end of each fiscal quarter during the term of this Agreement.

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

9.09 Insurance

Franchisee shall have in effect on the Opening 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 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 thirty (30) days' prior written notice to Franchisor. Franchisee shall cause certificates of insurance showing compliance with the above requirements to be delivered to Franchisor as of the Opening Date 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 this Agreement, Franchisor may purchase such policies of insurance as it deems required, and Franchisee shall reimburse Franchisor for all premiums, costs and expenses Franchisor incurs in obtaining and maintaining the insurance.

9.10 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 thirty-six (36) months following expiration or termination for any reason, full, true and complete records of all revenues and expenditures respecting the Franchised 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 or audit 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 audit to be made and the Gross Revenue or business transacted as shown by Franchisee's records should be found to be understated by an amount equal to or greater than two percent (2%), Franchisee shall immediately pay to Franchisor the additional amount payable as shown by such audit, plus the entire cost of the audit, including legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of Franchisor's employees and representatives. These remedies are in addition to Franchisor's other remedies and rights under this Agreement and applicable law. If either Franchisee or Franchisor cancels a scheduled audit, the party canceling such audit will pay the costs arising out of the cancellation. Notwithstanding anything to the contrary, upon request, Franchisee shall furnish Franchisor with a copy of any and all certified financial statements respecting Franchisee's business, and relevant information from Franchisee's Multiple Listing Service without any cost or expense to Franchisor.

(b) Within one hundred twenty (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 Revenue for the previous fiscal year, (iii) a report of all transactions closed for the previous fiscal year, (iv) a list of the number and names of sales professionals who operate from or in affiliation with the Franchised Business, (v) such materials as Franchisor shall require with respect to compliance with the System and the Operations Manual, (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 the Franchised Location, as part of Franchisor's Franchise Disclosure Document or similar disclosure document.

9.11 Review

Upon reasonable prior written notice, Franchisor shall have the right to send representatives at reasonable intervals during normal business hours, into the Franchised Location to inspect Franchisee's 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 the Franchised Location, Franchisor's representatives shall have the right to inspect said records, wherever located.

9.12 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, the Franchised Business and/or Franchised Location, 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 locality within which the Franchised Location 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.

9.13 Covenants Against Competition

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, engage in any Real Estate Activities except in connection with the Franchised Business, without the express prior written consent of Franchisor. It is the intention of the parties that Franchisee maximize the Gross Revenue 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 Revenue 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, divert or attempt to divert any business or client 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 Marks or the System. This paragraph 9.13 shall apply to each equity holder of Franchisee. Notwithstanding the foregoing, Franchisor agrees that Franchisee may engage in Related Real Estate Activities during the term of this Agreement, and such Related Real Estate Activities shall not be deemed a violation of the restrictions in this paragraph 9.13, provided that: (a) Franchisee and each of its equity holders give written notice to Franchisor prior to engaging in any Related Real Estate Activities, and Franchisee acknowledges that it and each of its equity holders have given such written notice prior to entering into this Agreement; (b) Franchisee and its equity holders engage in Related Real Estate Activities only through a corporation, limited liability company or other legal entity other

than Franchisee and only in association with trademarks, service marks, tradenames, trade dress and logos other than and distinct from the Marks; and (c) Franchisee and its equity holders refer all clients of its Related Real Estate Activities to the Franchised Business in the event such clients are in need of real estate brokerage services. For the avoidance of doubt, the foregoing restrictions on Franchisee and each of its equity holders from engaging in Real Estate Activities except in connection with the Franchised Business shall terminate and be of no further force or effect upon the expiration or termination (whether with or without cause) of this Agreement. Following expiration or termination of this Agreement, Franchisee and each of its equity holders shall be released from any such restriction and may engage in any Real Estate Activities, provide such Real Estate Activities do not utilize the Marks or any trademarks, service marks, trade names, logo types, insignias, designs and other commercial symbols that are confusingly similar to the Marks.

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, Royalty Fees 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.

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 Marks in connection with any unauthorized activities, that all real estate transactions involving both the Franchised Business and (x) an entity in which Franchisee owns an interest, (y) an entity in which an equity holder of Franchisee owns an interest, or (z) an equity holder of Franchisee, shall be conducted on an arm's length basis and that any of the foregoing parties referenced in (x), (y) and (z) is subject to the provisions of subparagraph 9.10(a) above.

9.14 Change in Status Processing

Requests for (a) change of Assumed Name, (b) relocations of the Franchised Location, (c) changes in designated Responsible Person, or (d) 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 or on the Intranet. No approvals shall be effective until delivered in writing and signed by an officer of Franchisor.

9.15 Franchisee's Client Information

Franchisee acknowledges that Franchisor and its affiliates may, through the Intranet or otherwise, have access to and use of Franchisee's Client Information. Following the expiration or termination of this Agreement, and upon Franchisee's written request, Franchisor shall remove all Client Information of the Franchised Business from the Intranet or any other approved real estate software system maintained by Franchisor or its affiliates. Notwithstanding the foregoing, Franchisor shall have no obligation to remove Franchisee's Client Information from the Intranet or such other software system if: (a) Franchisor and its affiliates are required to retain such Client Information in order to comply with applicable laws; and/or (b) Franchisor or any other party (including an affiliate or franchisee) maintains the same Client Information in the Intranet or other software system as the Client Information of the Franchised Business.

9.16 System Website

Franchisor or its designees may establish a website or series of websites for the Network: (1) to advertise, market, and promote the Network, the products and services it offers, and/or the franchise opportunity; and/or (2) for any other purposes Franchisor deems appropriate for the Network (collectively, the "System Website"). If Franchisor maintains a System Website promoting the Network, Franchisor may include information on the System Website related to Franchisee's Franchised Business (the "Franchised Business Content") in its sole discretion. Franchisee must provide the information and materials that Franchisor requests from time to time to develop, update, and modify the Franchised Business Content. In doing so, Franchisee represents that they are accurate and not misleading and do not infringe another party's rights. Franchisor may post all or part of the information and materials Franchisee provides on the System Website and will control the manner in which the Franchised Business Content appears on the System Website. Franchisor may refuse to post any information and materials on the System Website that do not meet Franchisor's System standards. Franchisor will own all intellectual property and other rights in the System Website, any Franchised Business Content, and all information they contain.

Franchisor will control, and may use Marketing/Technologies Fees to develop, maintain, operate, update, and market the System Website. Franchisor may implement and periodically modify System standards for the System Website. Franchisee acknowledges that Franchisor has final approval rights over all information on the System Website (including the Franchised Business Content).

If Franchisee is in material default of any obligation under this Agreement or Franchisor's System standards, Franchisor may, in addition to its other remedies, remove any or all of the Franchised Business Content from the System Website or otherwise temporarily suspend Franchisee's participation in the System Website until Franchisee fully cures the default. Franchisor will permanently remove the Franchised Business Content and terminate Franchisee's access to and participation in the System Website upon this Agreement's expiration or termination.

Nothing in this Section limits Franchisor's right to maintain websites other than the System Website or to offer and sell products and services under the Marks from the System Website, another website, or otherwise over the Internet without payment or any other obligation to Franchisee.

All Materials must contain notices of the System Website's URL in the manner Franchisor periodically designates.

9.17 Franchisee Website and Social Media

Franchisee may maintain, or may develop and launch, a stand-alone website focused on the marketing and promotion of the Franchised Business and any Limited Purpose Office(s) and/or Additional Office(s) (the "Franchisee Website") in compliance with this Agreement and the standards issued by Franchisor from time to time. Franchisee shall not use the Franchisee Website to engage in electronic commerce or any other method of distribution.

The Franchisee Website must comply with any System standards that Franchisor periodically issues regarding franchisee websites, including rules relating to maintaining cyber-

insurance, and relating to hyperlinks to the System Website and other websites. Franchisee must obtain Franchisor's prior approval of any domain names relating to the Franchisee Website. At Franchisor's request, Franchisee must: (a) submit to Franchisor for its review the information and materials concerning the Franchisee Website as Franchisor requests, including a sample of all non-visible content (such as meta tags); and (b) remove immediately any content from the Franchisee Website that Franchisor determines, in its sole discretion, may harm the Network, the Marks, and/or Franchisor's business and/or reputation. Franchisor's review of the Franchisee Website is limited to reviewing Franchisee's compliance with Franchisor's System standards. Franchisor's review is not designed to assess Franchisee's compliance with applicable laws, as compliance with those laws is Franchisee's responsibility. Franchisee must obtain all necessary rights and licenses to use all artwork, photographs, text, and other intellectual property used on or in conjunction with the Franchisee Website.

Franchisee must comply with all applicable laws relating to the Franchisee Website. Without limiting the generality of the foregoing, the Franchisee Website must contain a privacy policy that complies with applicable law, and Franchisee must comply with the privacy policy and other applicable laws pertaining to personal information that visitors to the Franchisee Website provide. Franchisee shall respond to all consumer data requests or other consumer actions under applicable laws relating to data privacy or data security, and Franchisee shall respond to such requests or actions within the time period and in the manner specified under applicable law, in the Operations Manual or as otherwise directed by Franchisor.

Franchisee's use of, blogs, common social networks (such as "Facebook"), professional networks (such as "LinkedIn"), live blogging tools (such as "Twitter"), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (collectively, "Social Media") that in any way references the Marks, the System or the Franchised Business must be approved by Franchisor and shall comply with the terms of this Agreement and the standards issued by Franchisor from time to time. No advertisement, marketing, promotion or any other activity involving the Franchised Business, the System or the Marks shall be carried out in such Social Media without complying with the provisions of this Agreement, the Operations Manual and the standards issued by Franchisor from time to time.

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 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) 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 and liabilities then existing or thereafter capable of being asserted 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 Marks licensed hereunder until the later of the end of the then-current term of this Agreement or six (6) months from the date of such Assignment by

Franchisor. At the end of such period of continued compliance and use of the 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 Exhibit D hereof) may receive a Transfer of up to ten percent (10%) 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 thirty-five (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 thirty (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 of Franchisee, if a natural person, a sole proprietorship or a partnership, may without the consent of Franchisor, upon thirty (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 of Franchisee, if a natural person, such person's interest in this Agreement or its equity interest in 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 the Franchised 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 of Franchisee may affect any Transfer of a direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived therefrom, 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(s) 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 transferee(s); 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 transferee(s) 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 D 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 forty-five (45) days before the proposed effective date of the registration; (ii) accompany such requests with one payment of a non-refundable fee of Ten Thousand Dollars (\$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 Marks and trademarks only as directed by Franchisor.

(k) Transfer and Processing Fees. In the event Franchisee submits a request for a Transfer of a forty percent (40%) or greater 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 Five Thousand Dollars (\$5,000). Such transfer and processing fees are payable simultaneously with such application for a Transfer or assignment.

(l) Assumption of Obligations. Prior to any Transfer by Franchisee or an equity holder of Franchisee 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 thirty (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 subparagraph, 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;

(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 thirty (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; and

(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 (10) 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 its 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. 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 (30) business days after Franchisor's receipt of such notice (or if it shall request additional information, within thirty (30) 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 ninety (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 ninety (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 Franchised Location 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 to be good cause and an incurable breach of this Agreement:

(a) If Franchisee fails to Open the Franchised Business in accordance with this Agreement on or before the Opening Deadline;

(b) If Franchisee Abandons its Franchised Location;

(c) 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 thirty (30) days, or (iii) if Franchisee shall make an assignment 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 thirty (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 thirty (30) days after receipt by Franchisee of actual or constructive notice thereof, and the amount of such judgment exceeds Fifty Thousand Dollars (\$50,000) or ten

percent (10%) of Franchisee's Gross Revenue for the preceding Agreement Year, whichever is less;

(d) If (i) Franchisee has knowingly (as determined by Franchisor in its discretion) either inaccurately reported or withheld the reporting of any Gross Revenue, or if (ii) a Designated Equity Holder or an equity holder having a ten percent (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 Revenue;

(e) 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 Marks without the prior written consent of Franchisor as hereinabove provided;

(f) 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 (7) days thereafter;

(g) If Franchisee shall default in any material obligation under this Agreement, or shall materially fail or refuse to comply with the procedures or requirements set forth in the Operations Manual, in respect of which Franchisee twice previously within the preceding twelve (12) months has received a notice of default from Franchisor with respect to the same or similar breach, failure or refusal;

(h) 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;

(i) If Franchisee engages in any activity in violation of Article VII of this 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;

(l) If Franchisee has no active real estate listings;

(m) If any of the Designated Equity Holders ceases to be actively involved in the day-to-day operation of the Franchised Business;

(n) If Franchisee (or any of its equity holders) is or has been convicted of, or plead or has pleaded either guilty or no contest to, a felony, or to another crime or lesser offense that may adversely affect Franchisee's reputation, the reputation of the Franchised Business or the goodwill associated with the Marks; or

(o) 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 twenty-four (24) hours of receipt of written notice by Franchisor to cure, Franchisee fails to cure a violation of this Agreement that in Franchisor's sole discretion and judgment impairs the 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 Marks.

(b) Franchisor may terminate this Agreement if Franchisee uses the Marks in any manner that is not permitted by this Agreement (including in any Internet or website addresses, e-mail addresses or domain names), or takes any action that incorrectly indicates that certain products or services are associated with the Marks, and Franchisee fails to cure such violation within twenty-four (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 fourteen (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 11.08 below, Franchisor may terminate this Agreement only upon thirty (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 thirty (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 thirty (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 Royalty Fees payments, or fails to pay to Franchisor any sum when due, including, but not limited to, the Minimum Royalty Payment;

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

(iii) If Franchisee shall Abandon the Franchised Location;

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

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

(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 Termination of the Office Addendum With Notice

In addition to all other rights under this Agreement, at law or in equity, to terminate this Agreement pursuant to its terms or take any other actions, Franchisor may immediately terminate any Office Addendum, effective on notice if:

(a) Franchisee fails to open the Additional Office within six (6) months after the Targeted Opening Date identified in the Office Addendum;

(b) Franchisee Abandons the approved location of the Additional Office; or

(c) Franchisee fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by Franchisor with respect to the Additional Office and does not correct such failure within thirty (30) days after Franchisor's notice.

11.05 Additional Remedies

In addition to and without limiting Franchisor's other rights and remedies under this Agreement, any other agreement and applicable law, upon the occurrence of any of the events that give rise to Franchisor's right to terminate this Agreement under paragraphs 11.02, 11.03 and 11.04, Franchisor may, at its sole option and upon delivery of written notice to Franchisee, elect to take any or all of the following actions without terminating this Agreement:

(a) temporarily or permanently reduce the size of the Territory, in which event the restrictions on Franchisor and its affiliates under paragraph 3.02 will not apply in the geographic area that was removed from the Territory;

(b) refuse to provide any operational support that this Agreement requires or Franchisor has elected to provide or suspend any other services that Franchisor or its affiliates provide to Franchisee under this Agreement or any other agreement;

(c) suspend sourcing or generating Referrals for the Franchised Business;

(d) temporarily remove information concerning the Franchised Business from the System Website and/or stop Franchisee's or the Franchised Business's participation in any other programs or benefits offered on or through the Intranet or System Website (including the participation by Franchisee, its Managing Broker, licensed real estate brokers and/or licensed real estate salespersons in any awards offered by Franchisor or its affiliates); and/or

(e) suspend or terminate any temporary or permanent fee reductions or other negotiated terms favorable to Franchisee to which Franchisor might have agreed (whether as a policy, in an amendment to this Agreement or otherwise).

Franchisor's exercise of its rights under this paragraph 11.05 will not be a defense for Franchisee to Franchisor's enforcement of any other provision of this Agreement or waive or release Franchisee from any of Franchisee's other obligations under this Agreement. Franchisor's exercise of these rights will not constitute an actual or constructive termination of this Agreement nor be Franchisor's sole or exclusive remedy for Franchisee's default. Franchisee must continue to pay all fees and otherwise comply with all of its obligations under this Agreement following Franchisor's exercise of any of these rights. If Franchisor exercises any of its rights under this paragraph 11.05, Franchisor may thereafter terminate this Agreement without providing Franchisee any additional corrective or cure period, unless the default giving rise to Franchisor's right to terminate this Agreement has been cured to Franchisor's reasonable satisfaction. If Franchisor rescinds any suspension of Franchisee's rights, Franchisee will not be entitled to any compensation (including repayment, reimbursement, refunds, or offsets) for any fees, charges, expenses, or losses Franchisee might have incurred due to Franchisor's exercise of any rights provided above.

11.06 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.

11.07 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.

11.08 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 (6) 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.

11.09 Prohibition - Post-Term Non-Compete Restrictions

Franchisor has imposed no post-term non-compete restrictions. Franchisee agrees that, if this 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 Mediation of Dispute

Franchisor and Franchisee acknowledge that, during the term of this Agreement, disputes may arise regarding Franchisor's and Franchisee's relationship, rights and obligations under this Agreement. To facilitate resolution of these disputes, Franchisor and Franchisee agree that, during the term of this Agreement, before commencing an arbitration action, Franchisor and Franchisee must submit any dispute arising from or relating to this Agreement or the parties' relationship (other than disputes relating to the Marks or to Franchisee's failure to pay amounts owed to Franchisor or its affiliates) for non-binding mediation. The mediation will occur in the county where Franchisor's headquarters are then located and be conducted by one (1) mediator under the then-current Commercial Mediation Rules of the American Arbitration Association. The mediation will be limited to one (1) eight (8)-hour day. Any statements made by any person during the mediation are not admissible in any subsequent litigation or arbitration proceeding. Franchisor and Franchisee will each bear their own costs and expenses for the mediation and share equally the costs of any independent third parties or fees required for the mediation. If the dispute is not resolved within thirty (30) days after the mediator is appointed, either Franchisor or Franchisee may bring an arbitration action according to the terms of this Agreement.

Notwithstanding anything to the contrary contained in this paragraph or in paragraph 12.03, Franchisor and Franchisee have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, Franchisor and Franchisee to contemporaneously submit the dispute for arbitration on the merits according to paragraph 12.03. Furthermore, nothing in this paragraph or paragraph 12.03 limits

Franchisor's right to deliver a notice of default under, and terminate, this Agreement in accordance with Article XI.

12.02 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 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.

12.03 Mandatory Binding Arbitration

Subject to the parties' right to obtain temporary restraining orders and temporary or preliminary injunctive relief pursuant to paragraph 12.01, all controversies, disputes or claims between Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers and directors, as applicable) arising out of or related to:

- (1) this Agreement or any other agreement between Franchisor (or its affiliate) and Franchisee (or its owner) or any provision of any of such agreements;
- (2) Franchisor's relationship with Franchisee;
- (3) the scope and validity of this Agreement or any other agreement between Franchisor (or its affiliate) and Franchisee (or its owner) or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this paragraph 12.03, which Franchisor and Franchisee acknowledge is to be determined by an arbitrator and not a court); or
- (4) any System standard

will be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within ten (10) miles of where Franchisor has its principal business address at

the time the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) will be governed by it and not by any state arbitration law.

The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (1) the arbitrator will not have authority to declare any Mark generic or otherwise invalid; and (2) subject to the exceptions in subparagraph 12.04(b), Franchisor and Franchisee waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary or other forms of multiple damages against the other. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Franchisor and Franchisee further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisor or Franchisee. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs in accordance with paragraph 13.05.

Franchisor and Franchisee agree that arbitration shall be conducted on an individual, not a class wide, basis, that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this paragraph 12.03, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other person or entity. Notwithstanding the foregoing or anything to the contrary in this paragraph 12.03 or paragraph 15.05, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this paragraph 12.03, then Franchisor and Franchisee agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Article XII (excluding this paragraph 12.03).

The provisions of this paragraph 12.03 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

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

(a) SUBJECT TO THE ARBITRATION OBLIGATIONS IN PARAGRAPH 12.03, FRANCHISEE AND ITS OWNERS AGREE THAT ALL JUDICIAL ACTIONS BROUGHT BY

FRANCHISOR AGAINST FRANCHISEE OR FRANCHISEE'S OWNERS, OR BY FRANCHISEE OR FRANCHISEE'S OWNERS AGAINST FRANCHISOR, FRANCHISOR'S AFFILIATES OR THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, MUST BE BROUGHT EXCLUSIVELY IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION LOCATED CLOSEST TO WHERE FRANCHISOR HAS ITS PRINCIPAL BUSINESS ADDRESS AT THE TIME THE ACTION IS COMMENCED. FRANCHISEE AND EACH OF ITS OWNERS IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND WAIVES ANY OBJECTION THAT FRANCHISEE OR ANY OF THEM MAY HAVE TO EITHER JURISDICTION OR VENUE. NOTWITHSTANDING THE FOREGOING, FRANCHISOR MAY BRING AN ACTION FOR A TEMPORARY RESTRAINING ORDER OR FOR TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF, OR TO ENFORCE AN ARBITRATION AWARD, IN ANY FEDERAL OR STATE COURT IN THE STATE IN WHICH FRANCHISEE RESIDES OR THE FRANCHISED BUSINESS IS LOCATED.

(b) EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS UNDER PARAGRAPH 14.02 AND CLAIMS BASED ON UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT THE LAW PERMITS ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IF THERE IS A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR FRANCHISEE'S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

(c) FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE (OR FRANCHISEE'S OWNERS). FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) EACH ACKNOWLEDGE THAT FRANCHISOR AND FRANCHISEE (AND THEY) MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

(d) LITIGATION ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS. NO LITIGATION UNDER THIS AGREEMENT MAY BE CONSOLIDATED WITH ANY OTHER LITIGATION AND ANY OTHER PERSON WITHOUT FRANCHISOR'S PRIOR WRITTEN CONSENT.

12.05 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 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 audit conducted by Franchisor pursuant to subparagraph 9.10(a), or (ii) any disputes relating to (1) Franchisee's use of the 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 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 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 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 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 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, 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 directory listings. However, if the Agreement has terminated or expired for any other reason, Franchisee shall assign all interest and right to use all telephone numbers and all directory 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 directory listings as soon as possible;

(viii) remove any references to Franchisor, the Network, the Marks, or hyperlinks to the System Website from the Franchisee Website and immediately take all steps required by Franchisor to Transfer to Franchisor any domain name associated with the Franchised Business that contains the Marks. Franchisee agrees to execute such documents and take such actions as may be necessary to effectuate such Transfer; and

(ix) use best efforts to identify any individual Internet, website addresses, e-mail addresses and domain names using the 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 website 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 fifteen (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 Marks.

(d) In the event that the Franchised Location is Abandoned or otherwise closed for a period of seven (7) consecutive days with or without Franchisor's prior written consent, Franchisee shall promptly take action to remove any indication that the Franchised 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 the same and bearing either the Marks or any word or mark indicating that it is associated or affiliated with either Franchisee or Franchisor, except as otherwise required by law.

(e) Franchisee acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the term expires. Some of those damages include lost Royalty Fees, lost market penetration and goodwill, loss of representation in the market, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another franchisee to develop another real estate brokerage business in the Franchised Business's market (collectively, "Brand Damages"). Franchisor and Franchisee acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor. Therefore, upon termination of this Agreement before the term expires for any reason, Franchisee must pay Franchisor, within fifteen (15) days after the date of such termination, liquidated damages in an amount equal to: (i) the greater of the Minimum Royalty or the average monthly Royalty Fees due during the twelve (12) full calendar months immediately preceding the effective date of termination (or, if Franchisee has operated the Franchised Business for a shorter period of time, then the average of Franchisee's monthly Royalty Fees due for the period of time since Franchisee Opened the Franchised Business); multiplied by (ii) thirty-six (36) or the number of months remaining in this Agreement's term, whichever is less. Franchisee acknowledges and agrees that the amount of liquidated damages determined in accordance with the preceding formula reasonably represents Franchisor's Brand Damages arising from the termination of this Agreement before the term expires. Franchisee's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the term's full length. Franchisee acknowledges that its payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement as of the date of termination and to comply strictly with Franchisee's other post-termination obligations.

(f) Upon the termination of an Office Addendum under paragraph 11.04, without a corresponding termination of this Agreement, Franchisor may enforce any or all of the requirements under this paragraph 13.01 with respect to the terminated Additional Office.

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 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 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 Marks, 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 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 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 Marks. Franchisee agrees to respond to client 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 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 applicable law (including, without limitation, involving the Franchisee Website), or with this Agreement and the Operations Manual in respect of use or display of the 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 Franchisor and shall be binding upon and inure to the benefit of Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Transfer 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 any number of copies, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. The parties understand, consent and agree that they may sign this Agreement electronically. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters

related thereto, with such scanned and electronic signatures having the same legal effect as original signatures. This Agreement, and any other document necessary for the consummation of the transaction contemplated by this Agreement, may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 et seq.), the Uniform Electronic Transaction Act (UETA) and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on each party as if it were physically executed.

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 United States certified mail, return receipt requested, postage prepaid, or by other reliable overnight delivery service, expenses prepaid, addressed as follows:

If to Franchisor:

The Agency Real Estate Franchising, LLC
331 Foothill Road, Suite 100
Beverly Hills, California 90210
Attention: James Ramsay and Brandon Braga

If to Franchisee: to the attention of the Responsible Person and/or Managing Broker at the address for the Franchised Location as indicated in Exhibit B (or the mailing address for Franchisee, if indicated in Exhibit B) 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.

The 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 three (3) 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.

Although not effective for purposes of giving notice pursuant to this paragraph 14.07, Franchisor and Franchisee each consents to the other forwarding facsimile and electronic mail transmissions to each other, in the case of Franchisor, to the Contact Person designated by Franchisee pursuant to paragraph 9.08 or anyone else designated by Franchisee in writing to Franchisor.

14.08 CPI Adjustment

The following amounts may be adjusted by Franchisor periodically:

- Thresholds (beginning in the second Agreement Year after the Effective Date, unless the Effective Date is January 1, in which case, during the first Agreement Year);
- The transfer and processing fees set forth in paragraph 10.02(k) hereof; and

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

Any adjustments to the foregoing amounts may occur only once during any Agreement Year. Such amounts may be increased by the cumulative annual average percentage increase in the Consumer Price Index from December 31, 2014 through the date of adjustment, provided that the cumulative annual average percentage increase from December 31, 2014 through the date of adjustment shall not exceed the cumulative increase in the Consumer Price Index from December 31, 2014 through the date of adjustment. The foregoing amounts also may be adjusted at the time of renewal of this Agreement by Franchisor in proportion to the corresponding aggregate change in the Consumer Price Index from the start of the initial term of this Agreement as compared to the end of the initial term of this Agreement. Franchisor reserves the right to increase the Thresholds 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, but 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. 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. ACKNOWLEDGMENTS AND REPRESENTATIONS OF FRANCHISEE

17.01 Certain Acknowledgments 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 Franchised Location is 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 Person and/or Managing Broker is a duly licensed real estate broker under the laws of the state within which the Franchised Location is or will be located and is in compliance with all applicable laws, rules and regulations of applicable 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.

(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 Franchised Location is 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 Franchisee and, if applicable, all of its partners, if Franchisee is a partnership.

(g) 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.

(h) The following acknowledgments are made by and binding upon all franchisees signing this Agreement, except those franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

(i) Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with the standards of Franchisor.

(ii) 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.

(iii) 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.

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

(1) 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;

(2) 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;

(3) 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

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

(v) 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 D is a schedule containing complete information respecting Franchisee and its owners, as applicable, 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 the name and business 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 Person.

(b) 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.

17.03 No Waiver or Disclaimer of Reliance in Certain States

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland,

Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

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

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

Date: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

Date: _____

Exhibits to Franchise Agreement:

Exhibit A – Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee

Exhibit B – Basic Terms

Exhibit C – Office Addendum

Exhibit D – Information about Franchisee

EXHIBIT A

NONDISCLOSURE, NONCOMPETITION AND NONTRANSFER COVENANT AND PERSONAL GUARANTEE

[TO BE EXECUTED BY ALL DESIGNATED EQUITY HOLDERS]

In consideration of the execution by Franchisor of this Franchise Agreement, 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 an equity interest in Franchisee, do hereby agree, individually and jointly, to comply with and be bound by 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, 9.05, 9.13, 13.01 and all of Article X, and hereby agree not to engage in any activities not permitted to 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 and a waiver of the right to or claim for any punitive, exemplary, treble, and other forms of multiple damages.

This Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee (i) shall be executed by all persons and other legal entities who now have and who shall from time to time have an 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.

The undersigned understand, consent and agree that they may sign this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee electronically. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures. This Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee, and any other document necessary for the consummation of the transaction contemplated by this Nondisclosure, Noncompetition and Nontransfer Covenant and Personal Guarantee, may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 et seq.), the Uniform Electronic Transaction Act (UETA) and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on each undersigned as if it were physically executed.

(Signature)

Name:

Residence
Address:

Tel. No.:

(Signature)

Name:

Residence
Address:

Tel. No.:

(Signature)

Name:

Residence
Address:

Tel. No.:

(Signature)

Name:

Residence
Address:

Tel. No.:

EXHIBIT B
BASIC TERMS

Franchised Location: The Franchised Location is _____.

Mailing Address: _____ [if different from Franchised Location].

Territory: Franchisee's Territory comprises _____.
Franchisor may modify the Territory during this Agreement's term in accordance with paragraph 3.02 of this Agreement.

Additional Offices: Number of Additional Offices to be developed and opened in the Territory (if any) and Targeted Opening Dates:

Initial Franchise Fee: The Initial Franchise Fee shall be _____ (\$_____).

Minimum Royalty: Pursuant to subparagraph 5.02(l), Franchisee's Minimum Royalty is _____.

Assumed Name: Pursuant to subparagraph 7.03(b), Franchisee's Assumed Name is:
THE AGENCY – _____.

EXHIBIT C
OFFICE ADDENDUM

Item	Details
Addendum Date	_____, 20__
Approved Location	_____ _____ _____
Lease Term	Expires on _____, 20__
Franchise Agreement Initial Term Expiration Date	
Contact Information	Telephone: _____ Fax: _____ E-mail: _____
Targeted Opening Date	_____, 20__

By their signatures below, the parties agree that they will abide by the terms and conditions of the Franchise Agreement dated _____, 20__, by and between The Agency Real Estate Franchising, LLC ("*Franchisor*") and _____ ("*Franchisee*"), with respect to the Additional Office to be operated at the above-referenced location.

IN WITNESS WHEREOF, the parties hereto have caused this Office Addendum to be executed as of the day and year first above written.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

EXHIBIT D
INFORMATION ABOUT FRANCHISEE

Legal Name of Entity: _____
d/b/a: THE AGENCY
Address: _____

1. List below the names, residence addresses and respective percentage of ownership interests in the company of each owner of Franchisee:

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE NO.</u>	<u>PERCENT OWNERSHIP</u>
		() -	%

2. If any owner of franchisee is an entity, list below the names, residence addresses and percentage ownership of each holder of an equity interest in such entity and provide Franchisor with a copy of such entity's organizational and governing documents (if more space is required, attach additional sheets hereto):

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE NO.</u>	<u>PERCENT OWNERSHIP</u>
		() -	%

3. The term "*Designated Equity Holders*" as used in the Franchise Agreement shall mean the following individuals agreed to by Franchisor and Franchisee:

[Equity Holder's Initial Here] []

EXHIBIT B

Limited Purpose Addenda

THE AGENCY

DEVELOPMENT OFFICE ADDENDUM TO FRANCHISE AGREEMENT

This Development Office Addendum to Franchise Agreement (this "Development Office Addendum") is made and entered into as of _____ (the "Addendum Date"), by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"), pursuant to which Franchisor granted Franchisee the right to develop and operate the Franchised Business at the Franchised Location. (All initial capitalized terms used but not defined in this Development Office Addendum shall have the meanings set forth in the Franchise Agreement.) Pursuant to paragraph 4.03 of the Franchise Agreement, Franchisee has requested the right to develop and operate a temporary tract sales office within or immediately adjacent to a new homes subdivision or development (a "Development") operated for the sole purpose of selling residential property in such Development (a "Development Office"). Franchisor is willing to grant Franchisee the right to develop and operate a Development Office subject to the terms and conditions of this Development Office Addendum and the Franchise Agreement.

2. **Grant and Location.** Franchisor hereby grants Franchisee the right to develop and operate a Development Office at, and only at, the following location: _____ (the "Development Office Location"). Franchisee represents and warrants that Franchisee has the right to occupy (whether by purchase contract, lease or other listing agreement with the Development) the premises in which the Development Office Location is situated. Franchisee may not relocate the Development Office without Franchisor's prior written approval in accordance with the procedure set forth in paragraph 4.02 of the Franchise Agreement.

3. **Fees.** Concurrently upon Franchisee's execution of this Development Office Addendum, Franchisee shall pay to Franchisor an "Initial Fee" of Two Thousand Dollars (\$2,000) for the right to develop and operate the Development Office at the Development Office Location. The Initial Fee is non-refundable and fully-earned upon receipt by Franchisor. If Franchisee converts a Development Office to an additional *The Agency*® real estate brokerage business, Franchisee must sign Franchisor's then current form of franchise agreement and, if required by Franchisor, pay Franchisor the difference between the Initial Fee and the initial franchise fee due under the franchise agreement.

4. **Operation of Development Office.** The Development Office shall operate as a part of the main Franchised Business described in the Franchise Agreement and, except as modified by this Development Office Addendum, shall comply with and be subject to all of the terms, conditions, provisions and restrictions of the Franchise Agreement as are applicable to the Franchised Business. The Development Office shall be equipped with furniture and other miscellaneous office equipment necessary to conduct the Real Estate Activities relating to the Development. The Development Office shall also comply with and operate strictly in accordance with all applicable laws, including state real estate licensing rules and regulations, applicable to the Franchised Business and the Real Estate Activities. Subject to such laws, licensed real estate brokers and/or licensed real estate salespersons operating out of the Development Office may only conduct Real Estate Activities from the Development Office relating to the Development. No other businesses of

any kind may operate from or use the same office space, staff or equipment as that of the Development Office.

5. **Limited Number of Brokers and Salespersons.** For each licensed real estate broker and/or licensed real estate salesperson under contract with or representing Franchisee, Franchisee must notify Franchisor whether such person is operating out of the Franchised Location or the Development Office Location. No more than five (5) licensed real estate brokers and/or licensed real estate salespersons may operate out of the Development Office Location at any time.

6. **Gross Revenue and Reporting.** For the avoidance of doubt, "Gross Revenue" as defined in the Franchise Agreement includes all revenues generated from Real Estate Activities permitted to be conducted from the Development Office and shall be reported to Franchisor in accordance with the terms of the Franchise Agreement.

7. **Telephone Numbers.** Franchisee may maintain a different telephone number for the Development Office, provided such telephone number complies with the terms and conditions of paragraph 9.07 of the Franchise Agreement.

8. **Materials, Signs and Display Materials.** References to the Development Office Location and telephone number may only appear in Materials relating to Real Estate Activities for the Development. Franchisee must identify the Development Office using the Marks in the manner prescribed by Franchisor.

9. **Insurance.** Franchisee must ensure that the Development Office is listed as an insured location under the insurance policy for the Franchised Business and provide proof of such insurance coverage to Franchisor consistent with paragraph 9.09 of the Franchise Agreement.

10. **Term and Termination.**

(a) This Development Office Addendum's term and all rights granted hereunder to develop and operate the Development Office shall begin on the Addendum Date and shall end upon the earlier of the termination or expiration of the (i) Franchise Agreement or (ii) agreement with the Development's owner/developer for whom Franchisee is acting as a development sales agent. If the Franchise is renewed, and provided Franchisee continues to act as a development sales agent for the Development, Franchisor will permit Franchisee to continue to operate the Development Office provided Franchisee executes the form of addendum Franchisor is then using for the grant of rights to a Development Office, which addendum may have terms materially different than this Development Office Addendum.

(b) Franchisee may terminate this Development Office Addendum on thirty (30) days' written notice to Franchisor.

(c) Franchisor may at any time terminate this Development Office Addendum and Franchisee's rights under this Development Office Addendum to operate the Development Office, such termination to be effective upon Franchisor's delivery to Franchisee of written notice of termination, if: (i) Franchisee fails to maintain possession or occupation of the Development Office Location; or (ii) Franchisee fails to comply with any obligation under this Development Office Addendum and does not correct the failure to Franchisor's satisfaction within thirty (30) days after Franchisor delivers written notice of the failure to Franchisee. Termination of this Development Office Addendum under this clause

(c) is not deemed to be the termination of the Franchise (even though this Development Office Addendum is attached to the Franchise Agreement).

11. **Assignment.** For the avoidance of doubt, a Transfer of this Development Office Addendum and/or the Development Office must be made only with a Transfer under and in compliance with the Franchise Agreement and meet all of the conditions set forth in Article X of the Franchise Agreement.

12. **Effect.** This Development Office Addendum is an amendment to, and forms a part of, the Franchise Agreement. Except as provided in this Development Office Addendum, the Franchise Agreement remains in full force and effect as originally written. This Development Office Addendum, together with the Franchise Agreement, constitutes the parties' entire agreement, and there are no oral or other written understandings, representations or agreements between Franchisor (or any of its affiliates), on the one hand, and Franchisee (or any of its affiliates) on the other hand, related to the subject matter of this Development Office Addendum. If there is any inconsistency between the Franchise Agreement and this Development Office Addendum, this Development Office Addendum's terms will control. No modification, change or alteration of this Development Office Addendum shall be effective unless in writing and executed by the parties.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Development Office Addendum to be executed as of the Addendum Date.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

THE AGENCY

SALESPERSON OFFICE ADDENDUM TO FRANCHISE AGREEMENT

This Salesperson Office Addendum to Franchise Agreement (this "Salesperson Office Addendum") is made and entered into as of _____ (the "Addendum Date"), by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"), pursuant to which Franchisor granted Franchisee the right to develop and operate the Franchised Business at the Franchised Location. (All initial capitalized terms used but not defined in this Salesperson Office Addendum shall have the meanings set forth in the Franchise Agreement.) Pursuant to paragraph 4.03 of the Franchise Agreement, Franchisee has requested the right to develop and operate an additional office used by the Franchised Business for the purpose of providing licensed real estate brokers and/or licensed real estate salespersons a place to conduct certain Real Estate Activities from an administrative location (a "Salesperson Office"). Franchisor is willing to grant Franchisee the right to develop and operate a Salesperson Office subject to the terms and conditions of this Salesperson Office Addendum and the Franchise Agreement.

2. **Grant and Location.** Franchisor hereby grants Franchisee the right to develop and operate a Salesperson Office at, and only at, the following location: _____ (the "Salesperson Office Location"). Franchisee represents and warrants that Franchisee (or a licensed real estate broker or licensed real estate salesperson under contract with or representing Franchisee) owns, directly and beneficially, all interest in the Salesperson Office Location, including, but not limited to, the real property on which the Salesperson Office Location is situated or, if leased, Franchisee (or a licensed real estate broker or licensed real estate salesperson under contract with or representing Franchisee) is the holder of the leasehold interest of the premises in which the Salesperson Office Location is situated. Franchisee may not relocate the Salesperson Office without Franchisor's prior written approval in accordance with the procedure set forth in paragraph 4.02 of the Franchise Agreement.

3. **Fees.** Concurrently upon Franchisee's execution of this Salesperson Office Addendum, Franchisee shall pay to Franchisor an "Initial Fee" of Two Thousand Dollars (\$2,000) for the right to develop and operate the Salesperson Office at the Salesperson Office Location. The Initial Fee is non-refundable and fully-earned upon receipt by Franchisor.

4. **Operation of Salesperson Office.** The Salesperson Office shall operate as a part of the main Franchised Business described in the Franchise Agreement and, except as modified by this Salesperson Office Addendum, shall comply with and be subject to all of the terms, conditions, provisions and restrictions of the Franchise Agreement as are applicable to the Franchised Business. Franchisee shall equip the Salesperson Office with furniture and other miscellaneous office equipment necessary to conduct the permitted Real Estate Activities. The Salesperson Office shall also comply with and operate strictly in accordance with all applicable laws, including state real estate licensing rules and regulations, applicable to the Franchised Business and the Real Estate Activities. Subject to such laws, licensed real estate brokers and/or licensed real estate salespersons operating out of the Salesperson Office may bring clients to the Salesperson Office only for the purpose of conducting closings related to the Real Estate Activities. No other businesses of any

kind may operate from or use the same office space, staff or equipment as that of the Salesperson Office.

5. **Limited Number of Brokers and Salespersons.** For each licensed real estate broker and/or licensed real estate salesperson under contract with or representing Franchisee, Franchisee must notify Franchisor whether such person is operating out of the Franchised Location or the Salesperson Office Location. No more than five (5) licensed real estate brokers and/or licensed real estate salespersons may operate out of the Salesperson Office Location at any time.

6. **Gross Revenue and Reporting.** For the avoidance of doubt, "Gross Revenue" as defined in the Franchise Agreement includes all revenues generated from Real Estate Activities permitted to be conducted from the Salesperson Office and shall be reported to Franchisor in accordance with the terms of the Franchise Agreement.

7. **Telephone Numbers.** Franchisee may maintain a different telephone number for the Salesperson Office; provided, however, that Franchisee may make no reference to the Salesperson Office in any directory listings or Materials.

8. **Materials, Signs and Display Materials.** Any Materials located in the Salesperson Office or provided to clients from the Salesperson Office must reference only the Franchised Location and telephone number. Franchisee must identify the Salesperson Office using the Marks in the manner prescribed by Franchisor.

9. **Insurance.** Franchisee must ensure that the Salesperson Office is listed as an insured location under the insurance policy for the Franchised Business and provide proof of such insurance coverage to Franchisor consistent with paragraph 9.09 of the Franchise Agreement.

10. **Term and Termination.**

(a) This Salesperson Office Addendum's term and all rights granted hereunder to develop and operate the Salesperson Office shall begin on the Addendum Date and shall end upon termination or expiration of the Franchise Agreement. If the Franchise is renewed, Franchisor will permit Franchisee to continue to operate the Salesperson Office provided Franchisee executes the form of addendum Franchisor is then using for the grant of rights to a Salesperson Office, which addendum may have terms materially different than this Salesperson Office Addendum.

(b) Franchisee may terminate this Salesperson Office Addendum on thirty (30) days' written notice to Franchisor.

(c) Franchisor may at any time terminate this Salesperson Office Addendum and Franchisee's rights under this Salesperson Office Addendum to operate the Salesperson Office, such termination to be effective upon Franchisor's delivery to Franchisee of written notice of termination, if: (i) Franchisee fails to maintain possession or occupation of the Salesperson Office Location; or (ii) Franchisee fails to comply with any obligation under this Salesperson Office Addendum and does not correct the failure to Franchisor's satisfaction within thirty (30) days after Franchisor delivers written notice of the failure to Franchisee. Termination of this Salesperson Office Addendum under this clause (c) is not deemed to be the termination of the Franchise (even though this Salesperson Office Addendum is attached to the Franchise Agreement).

11. **Assignment.** For the avoidance of doubt, a Transfer of this Salesperson Office Addendum and/or the Salesperson Office must be made only with a Transfer under and in compliance with the Franchise Agreement and meet all of the conditions set forth in Article X of the Franchise Agreement.

12. **Effect.** This Salesperson Office Addendum is an amendment to, and forms a part of, the Franchise Agreement. Except as provided in this Salesperson Office Addendum, the Franchise Agreement remains in full force and effect as originally written. This Salesperson Office Addendum, together with the Franchise Agreement, constitutes the parties' entire agreement, and there are no oral or other written understandings, representations or agreements between Franchisor (or any of its affiliates), on the one hand, and Franchisee (or any of its affiliates) on the other hand, related to the subject matter of this Salesperson Office Addendum. If there is any inconsistency between the Franchise Agreement and this Salesperson Office Addendum, this Salesperson Office Addendum's terms will control. No modification, change or alteration of this Salesperson Office Addendum shall be effective unless in writing and executed by the parties.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Salesperson Office Addendum to be executed as of the Addendum Date.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

THE AGENCY

ADMINISTRATIVE OFFICE ADDENDUM TO FRANCHISE AGREEMENT

This Administrative Office Addendum to Franchise Agreement (this "Administrative Office Addendum") is made and entered into as of _____ (the "Addendum Date"), by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"), pursuant to which Franchisor granted Franchisee the right to develop and operate the Franchised Business at the Franchised Location. (All initial capitalized terms used but not defined in this Administrative Office Addendum shall have the meanings set forth in the Franchise Agreement.) Pursuant to paragraph 4.03 of the Franchise Agreement, Franchisee has requested the right to develop and operate an additional office to be used by the Franchised Business for purely administrative purposes and the housing of administration personnel only (an "Administrative Office"). Franchisor is willing to grant Franchisee the right to develop and operate an Administrative Office subject to the terms and conditions of this Administrative Office Addendum and the Franchise Agreement.

2. **Grant and Location.** Franchisor hereby grants Franchisee the right to develop and operate an Administrative Office at, and only at, the following location: _____ (the "Administrative Office Location"). Franchisee represents and warrants that Franchisee owns, directly and beneficially, all interest in the Administrative Office Location, including, but not limited to, the real property on which the Administrative Office Location is situated or, if leased, Franchisee is the holder of the leasehold interest of the premises in which the Administrative Office Location is situated. Franchisee may not relocate the Administrative Office without Franchisor's prior written approval in accordance with the procedure set forth in paragraph 4.02 of the Franchise Agreement.

3. **Fees.** Concurrently upon Franchisee's execution of this Administrative Office Addendum, Franchisee shall pay to Franchisor an "Initial Fee" of Two Thousand Dollars (\$2,000) for the right to develop and operate the Administrative Office at the Administrative Office Location. The Initial Fee is non-refundable and fully-earned upon receipt by Franchisor.

4. **Operation of Administrative Office.** The Administrative Office shall operate as a part of the main Franchised Business described in the Franchise Agreement and, except as modified by this Administrative Office Addendum, shall comply with and be subject to all of the terms, conditions, provisions and restrictions of the Franchise Agreement as are applicable to the Franchised Business. No Real Estate Activities may occur at or from the Administrative Office, and no other businesses of any kind may operate from or use the same office space, staff or equipment as that of the Administrative Office.

5. **Telephone Numbers.** Franchisee may maintain a different telephone number for the Administrative Office; provided, however, that Franchisee may make no reference to the Administrative Office in any directory listings or Materials.

6. **Materials, Signs and Display Materials.** Any Materials located in the Administrative Office must reference only the Franchised Location and telephone number. Franchisee may not identify the Administrative Office with any exterior signs bearing the Marks.

7. **Insurance.** Franchisee must ensure that the Administrative Office is listed as an insured location under the insurance policy for the Franchised Business and provide proof of such insurance coverage to Franchisor consistent with paragraph 9.09 of the Franchise Agreement.

8. **Term and Termination.**

(a) This Administrative Office Addendum's term and all rights granted hereunder to develop and operate the Administrative Office shall begin on the Addendum Date and shall end upon termination or expiration of the Franchise Agreement. If the Franchise is renewed, Franchisor will permit Franchisee to continue to operate the Administrative Office provided Franchisee executes the form of addendum Franchisor is then using for the grant of rights to an Administrative Office, which addendum may have terms materially different than this Administrative Office Addendum.

(b) Franchisee may terminate this Administrative Office Addendum on thirty (30) days' written notice to Franchisor.

(c) Franchisor may at any time terminate this Administrative Office Addendum and Franchisee's rights under this Administrative Office Addendum to operate the Administrative Office, such termination to be effective upon Franchisor's delivery to Franchisee of written notice of termination, if Franchisee fails to comply with any obligation under this Administrative Office Addendum and does not correct the failure to Franchisor's satisfaction within thirty (30) days after Franchisor delivers written notice of the failure to Franchisee. Termination of this Administrative Office Addendum under this clause (c) is not deemed to be the termination of the Franchise (even though this Administrative Office Addendum is attached to the Franchise Agreement).

9. **Assignment.** For the avoidance of doubt, a Transfer of this Administrative Office Addendum and/or the Administrative Office must be made only with a Transfer under and in compliance with the Franchise Agreement and meet all of the conditions set forth in Article X of the Franchise Agreement.

10. **Effect.** This Administrative Office Addendum is an amendment to, and forms a part of, the Franchise Agreement. Except as provided in this Administrative Office Addendum, the Franchise Agreement remains in full force and effect as originally written. This Administrative Office Addendum, together with the Franchise Agreement, constitutes the parties' entire agreement, and there are no oral or other written understandings, representations or agreements between Franchisor (or any of its affiliates), on the one hand, and Franchisee (or any of its affiliates) on the other hand, related to the subject matter of this Administrative Office Addendum. If there is any inconsistency between the Franchise Agreement and this Administrative Office Addendum, this Administrative Office Addendum's terms will control. No modification, change or alteration of this Administrative Office Addendum shall be effective unless in writing and executed by the parties.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Administrative Office Addendum to be executed as of the Addendum Date.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

EXHIBIT C

Confidentiality and Non-Disclosure Agreement

THE AGENCY

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Confidentiality and Non-Disclosure Agreement (this "Agreement") is made and entered into as of _____ (the "Effective Date"), by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company ("Franchisor"), and _____, a(n) _____ intending to do business in _____ ("Receiving Party").

1. Background. Franchisor is engaged in the administration and development of programs for the operation of *The Agency*® real estate brokerage businesses ("The Agency® Offices") utilizing operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor. Franchisor is willing to disclose certain information, including Confidential Information, to Receiving Party in connection with the consideration by Receiving Party of entering into a franchise agreement with Franchisor for a The Agency® Office (together with any related transaction, the "Transaction"). Receiving Party wishes to be granted access to such Confidential Information of Franchisor in order to evaluate the Transaction. As a condition to such information being furnished to Receiving Party and its Representatives, Receiving Party agrees to treat the Confidential Information in accordance with the provisions of this Agreement, and to take or abstain from taking certain other actions, as described in this Agreement.

2. Defined Terms. The following terms shall have the following meanings when they appear capitalized in this Agreement:

Affiliate. The term "Affiliate" shall mean with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with such Person. For purposes of the foregoing definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Confidential Information. The term "Confidential Information" shall mean any (a) confidential, non-public or proprietary information, trade secrets, strategies, data or know-how of Franchisor and its Affiliates, including, but not limited to, that which relates to research, product or service plans, business practices, agreement terms, products, services, employees, principals, owners, officers, suppliers, customers, clients, client lists and contact information (including confidential or other information concerning clients or customers of Franchisor in the possession of Franchisor), accounts, technology or other strategic partners, investors, markets, software, developments, inventions, processes, designs, drawings, marketing, finances, operating manuals, business plans, notes, analyses or studies, and intellectual property, and all tangible and intangible embodiments thereof of any kind whatsoever, whether conveyed in writing or orally by or on behalf of Franchisor, whether provided prior to or after the Effective Date, whether or not marked as "confidential," and regardless of the capacity in which Franchisor received or receives such information, (b) all memoranda, notes and other documents and analyses internally developed by Receiving Party to the extent they contain or otherwise reflect any information specified in clause (a), and (c) the existence and the terms of this Agreement and the existence, nature and status of the discussions between the parties; provided, however, that "Confidential Information" does not include information which (i) was already in Receiving Party's possession prior to the time of disclosure to Receiving Party by Franchisor or its Representatives, (ii) becomes

generally available to the public other than as a result of a breach of this Agreement by Receiving Party or its Representatives, (iii) becomes available to Receiving Party on a non-confidential basis from a source other than Franchisor or its Representatives, provided that such source is not known by Receiving Party, after reasonable due inquiry, to be bound by a confidentiality agreement with Franchisor or otherwise prohibited from disclosing the information to Receiving Party or its Representatives, or (iv) is approved for release by Franchisor in writing prior to such release.

Person. The term "Person" includes a natural person, company, partnership, corporation, trust, limited liability entity, unincorporated organization, bank, association, governmental authority or any other entity.

Representatives. The term "Representative" shall mean, as applicable with respect to a Person, the employees, officers, directors, partners, members, managers, shareholders, agents, representatives, consultants, attorneys, accountants and third-party advisors of such Person and its Affiliates.

3. Non-Disclosure and Non-Use of Confidential Information.

(a) Receiving Party agrees that, other than in connection with the Transaction as authorized and directed by Franchisor, neither Receiving Party nor its Representatives will use the Confidential Information for their own use or for any other purpose. Nothing in this Agreement shall be considered as a grant of any right, title or interest in the Confidential Information, including, without limitation, any patent, copyright, trademark, trade secret or other intellectual property rights.

(b) Receiving Party agrees that neither Receiving Party nor its Representatives will disclose any Confidential Information to any other Person except those Representatives of Receiving Party who are required to have the information in order to carry out their representation of Receiving Party in connection with the Transaction, provided that prior to such disclosure Receiving Party has those Representatives of Receiving Party to whom Confidential Information is disclosed or who have access to Confidential Information agree in writing to keep such information confidential under confidentiality obligations at least as restrictive as those contained herein. In any event, Receiving Party shall be responsible for any breach of this Agreement by any of its Representatives, and agrees, at its sole expense, to take all reasonable measures to restrain its Representatives from prohibited or unauthorized disclosure or use of the Confidential Information. Receiving Party agrees that it will take all reasonable measures to protect the secrecy of and avoid disclosure or use of Confidential Information in order to prevent it from falling into the public domain or the possession of Persons other than those Persons authorized hereunder to have any such information. Receiving Party agrees to notify Franchisor in writing of any misuse or misappropriation of such Confidential Information that may come to Receiving Party's attention.

4. Required Disclosure. In the event that Receiving Party or any of its Representatives are requested pursuant to, or required by, applicable law or regulation to disclose any Confidential Information, Receiving Party shall provide Franchisor with prompt written notice of such request or requirement in order to enable Franchisor to (a) seek an appropriate protective order or other remedy, (b) consult with Receiving Party with respect to Receiving Party's taking steps to resist or narrow the scope of such request, or (c) waive compliance, in whole or in part, with the terms of this Agreement. In the event that such protective order or other remedy is not obtained, or Franchisor waives compliance, in whole or in part, with the terms of this Agreement,

Receiving Party or its Representatives, as applicable, shall use commercially reasonable efforts to disclose only that portion of the Confidential Information that is legally required to be disclosed and to ensure that all Confidential Information that is so disclosed will be accorded confidential treatment.

5. Return of Materials. Promptly upon request by Franchisor, Receiving Party will, and will cause its Representatives to, deliver to Franchisor any written Confidential Information and all copies or modifications thereof, except for that portion of the Confidential Information which consists of analyses, compilations, studies or other documents prepared by Receiving Party or its Representatives (which shall be destroyed), without retaining any copy thereof. Receiving Party shall deliver a written, executed certificate of compliance with this provision upon the request of Franchisor.

6. No Representation of Accuracy. Receiving Party acknowledges that Franchisor has not, directly or indirectly, made any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information made available by Franchisor or its Representatives.

7. No Waiver. Receiving Party acknowledges and agrees that delivery of any Confidential Information by Franchisor does not (a) imply or denote any legal, contractual or other right on the part of Receiving Party to receive, or any legal, contractual or other obligation on the part of Franchisor to disclose to Receiving Party, any such Confidential Information or other confidential information, or (b) waive any right of Franchisor to not disclose Confidential Information to Receiving Party in the future.

8. No Transaction Agreement. Receiving Party understands and agrees that no contract, franchise or agreement providing for a Transaction with Franchisor shall be deemed to exist between Receiving Party and Franchisor unless and until a definitive Transaction agreement has been executed and delivered, and Receiving Party hereby waives, in advance, any claims in connection with a possible Transaction with Franchisor unless and until Receiving Party and Franchisor shall have entered into a definitive Transaction agreement. Receiving Party also agrees that unless and until a Transaction agreement between Receiving Party and Franchisor has been executed and delivered, Franchisor has no legal obligation whatsoever with respect to any such Transaction by virtue of this Agreement or any other written or oral expression with respect to such Transaction except, in the case of this Agreement, for the matters specifically agreed to herein. At any time, and without notice to Receiving Party, Franchisor may cease providing Confidential Information to Receiving Party if Franchisor determines that it does not wish to proceed with the Transaction, or for any other reason.

9. Injunctive Relief. Receiving Party agrees that its obligations hereunder are necessary and reasonable in order to protect Franchisor and Franchisor's business, and expressly agrees that monetary damages would be inadequate to compensate Franchisor for any breach by Receiving Party of any covenants or agreements set forth herein. Accordingly, Receiving Party agrees and acknowledges that any such violation or threatened violation will cause irreparable injury to Franchisor and that, in addition to any other remedies that may be available, in law, in equity or otherwise, Franchisor shall be entitled to injunctive relief against the threatened breach of this Agreement or the continuation of any such breach, without the necessity of proving actual damages and without the need to post any bond or other security.

10. Miscellaneous. The provisions of this Agreement shall inure to the benefit of and be binding upon Franchisor, Receiving Party, and their respective Affiliates, successors and

assigns. No failure or delay by either party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, and no single or partial exercise of any such right, power or privilege will preclude any other or future exercise thereof or the exercise of any other right, power or privilege under this Agreement. No provision of this Agreement can be waived or amended except by means of a written instrument that is validly executed on behalf of each of the parties. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without reference to its conflict of laws principles. The parties submit to the sole and exclusive jurisdiction of the state or federal court of general jurisdiction located closest to where Franchisor has its principal business address at the time the action is commenced. In the event of any dispute, action, proceeding or controversy regarding the existence, validity, interpretation, performance, enforcement or claimed breach of this Agreement, the prevailing party shall be entitled to recover all of its costs, including reasonable attorneys' fees, incurred in connection therewith. This Agreement constitutes the entire agreement among the parties hereto and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

[Signature Page Follows]

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

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

RECEIVING PARTY:

a(n) _____

By: _____

Its: _____

EXHIBIT D

State Franchise Administrators/Agents for Service of Process

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Website: www.dfpi.ca.gov

Email: ask.DFPI@dfpi.ca.gov

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

Los Angeles

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

Sacramento

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

San Diego

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

San Francisco

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

HAWAII

(for service of process)

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

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 14th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

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

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT E

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EXHIBIT F

State Laws Requiring Licensing of Real Estate Brokers and Agents

EXHIBIT F

STATE LAWS REQUIRING LICENSING OF REAL ESTATE BROKERS AND AGENTS

The following states and the District of Columbia have laws that require the licensing of real estate brokers and agents. You should consult with your attorney to learn more about specific state and federal laws applicable to your Agency franchise. The following list is not a complete recitation of the applicable laws. You will be required to comply with all applicable laws, including those not listed here, at your own expense.

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 Statues, 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 G
Financial Statements

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022



THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
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INDEPENDENT AUDITOR'S REPORT

To the Member of
The Agency Real Estate Franchising, LLC:

Opinion

We have audited the accompanying financial statements of The Agency Real Estate Franchising, LLC (the "Company," a wholly-owned subsidiary of The Agency Holdco, Inc.) (a Delaware limited liability company) which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Los Angeles, California
April 16, 2024

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
BALANCE SHEETS

AS OF DECEMBER 31,	2023	2022
Assets		
Current assets:		
Cash	\$ 210	\$ -
Accounts receivable, net	531,809	315,055
Prepaid expenses	3,144	6,000
Capitalized contract costs	74,626	35,540
Receivable from related parties	5,905,462	2,881,236
Total current assets	6,515,251	3,237,831
Non-current assets:		
Capitalized contract costs, net of current portion	1,334,791	660,075
Total assets	\$ 7,850,042	\$ 3,897,906
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 220,098	\$ 111,033
Deferred revenue	1,508,678	126,985
Payable to related parties	3,244,331	1,883,642
Total current liabilities	4,973,107	2,121,660
Non-current liabilities:		
Deferred revenue, net of current portion	1,712,622	1,712,622
Total liabilities	6,685,729	3,834,282
Commitments and contingencies (See Notes)		
Member's equity	1,164,313	63,624
Total liabilities and member's equity	\$ 7,850,042	\$ 3,897,906

See accompanying notes to financial statements.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,	2023	2022
Revenues:		
Royalties and referral fees	\$ 4,902,636	\$ 3,212,840
Franchise fees	180,421	134,352
Total revenues	5,083,057	3,347,192
Operating expenses:		
General and administrative expenses	3,957,311	3,949,133
Total operating expenses	3,957,311	3,949,133
Income (loss) from operations	1,125,746	(601,941)
Other expense:		
Other expense	25,057	11,638
Total other expense	25,057	11,638
Net income (loss)	\$ 1,100,689	\$ (613,579)

See accompanying notes to financial statements.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
STATEMENTS OF CHANGES IN MEMBER'S EQUITY

Balance, December 31, 2021	\$ 677,203
Net loss	(613,579)
<hr/>	
Balance, December 31, 2022	63,624
Net Income	1,100,689
<hr/>	
Balance, December 31, 2023	\$ 1,164,313

See accompanying notes to financial statements.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 1,100,689	\$ (613,579)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(216,754)	67,623
Prepaid expenses	2,856	33,278
Other assets	(713,802)	(433,529)
Receivable from related parties	(3,024,226)	(2,876,350)
Accounts payable and accrued expenses	109,065	(188,695)
Deferred revenue	1,381,693	845,148
Due to related parties	1,360,689	1,146,322
Net cash provided by (used in) operating activities	210	(2,019,782)
Net change in cash	210	(2,019,782)
Cash, beginning of year	-	2,019,782
Cash, end of year	\$ 210	\$ -

See accompanying notes to financial statements.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

The Agency Real Estate Franchising, LLC (the “Company”) (a Delaware limited liability company) was formed on March 18, 2014 for the purpose of selling The Agency franchises. During 2015, the Company became a wholly-owned subsidiary of UMRO Realty Corporation, dba The Agency (“UMRO”) and during 2017, the Company became a wholly-owned subsidiary of The Agency Holdco, Inc. (“HOLDCO”). HOLDCO is a wholly-owned subsidiary of The Agency Realtech Holdings.

As a franchisor, the Company enters into franchise agreements with franchisees in the domestic and international markets. Under the terms of the franchise agreement, each franchisee receives a specific location to operate a The Agency franchise. In return, the franchisees pay an initial franchise fee to the Company. Once the franchisees commence operations, the franchisees pay royalty and referral fees per the franchise agreement.

Franchisees establish and operate a single real estate brokerage under the name The Agency, as part of a network of real estate brokerage businesses that cater to the high-end real estate buyers and sellers worldwide.

As of December 31, 2023 and 2022, the Company had eighty-one and forty-six franchisees, respectively. Subsequent to December 31, 2023, the Company entered into ten franchise agreements with franchisees located in Sun Valley, ID; Steamboat, CO; Frisco and Tyler, TX; Brooklyn, NY; Tulsa, OK; Niagara Falls, ON; Laval, QC; Vancouver, WA and White Rock, BC.

The results of the Company are impacted by allocations of expenses from UMRO and HOLDCO. During 2023 and 2022, the Company was allocated \$1,091,154 and \$1,625,763 in operating expenses. Operating results will vary significantly based on allocation of expenses for rent, payroll and overhead to the Company.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method The accompanying financial statements have been prepared under the accrual method in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as contained within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Recently Adopted Accounting Guidance, Allowance for Credit Losses In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASC 326”) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under ASC 326, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to ASC 326 include trade receivables. The impact

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

of the adoption of ASC 326 was not material to the financial statements and primarily resulted in enhanced disclosures only.

Use of Estimates The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Doubtful Accounts Accounts receivable arise from franchise fees, minimum royalties on certain franchisee agreements and royalties from sale of real estate by the franchisees and are uncollateralized franchisee obligations due under normal trade terms. The Company's payment terms vary between franchisees.

Receivables are valued at management's estimate of the amount that will ultimately be collected. The Company performs ongoing credit evaluations of its customers and reassesses credit loss allowances on trade receivables using a model that is based on an historical average loss rate and updates the allowance to reflect any changes in credit risk since the receivable was initially recorded. If necessary, a credit loss adjustment is recognized for the current estimate of expected credit losses, which is classified in selling, general, and administrative expenses in the accompanying statements of operations. Any recoveries of accounts previously written off, are recognized in income or an offset to credit loss expense in the year of recovery. Management determined that an allowance for credit losses was not necessary at December 31, 2023 and January 1, 2023.

Concentrations of Business and Credit Risk Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash balances and accounts receivable.

The Company places its cash with one financial institution, and at times, balances within the financial institution may exceed the Federal Deposit Insurance Corporation limit. The Company does not believe significant credit risk exists with respect to cash at December 31, 2023 and 2022.

The Company had one franchisee accounting for approximately 10% of accounts receivable at December 31, 2023. One franchisee accounted for approximately 10% of revenues for the year ended December 31, 2023. For the year ended December 31, 2022, two franchisees accounted for approximately 36% of accounts receivable. One franchisee accounted for approximately 10% of revenues for the year ended December 31, 2022.

Income Taxes The Company is a limited liability company ("LLC"). LLC's are treated as a partnership for federal and state income tax purposes, and therefore, the Company does not incur federal income taxes at a company level. Instead, its earnings and losses are passed through to the member and included in the calculation of the member's tax liability. However, the Company is subject to a minimum state franchise tax dependent upon the state in which the Company conducts business, a California fee based on its annual gross revenues as well as an annual tax of \$300 to the State of Delaware.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

The Company applies the provisions of FASB ASC 740, Income Taxes (“ASC 740”). ASC 740 prescribes a recognition threshold measurement attributed for financial recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters, such as de-recognition, interest and penalties, and disclosure. The Company evaluates uncertain tax positions by considering the tax years subject to potential audit under state and federal income tax law and identifying favorable tax positions that do not meet the threshold of more likely than not to prevail if challenged by tax authorities that would have a direct impact on the Company as opposed to an impact to the owners. The Company has determined that there are no uncertain tax positions that would have a material effect on the financial statements as of December 31, 2023 and 2022. The Company is subject to federal and state income tax examinations by tax authorities for all years since 2019 and no examinations are currently pending.

Revenue Recognition The Company determines revenue recognition by applying the following steps required under FASB ASC 606, *Revenue from Contracts with Customers* (“ASC 606”):

- Step 1: Identification of customer contracts
- Step 2: Identification of the performance obligations in the contracts
- Step 3: Determination of the transaction price
- Step 4: Allocation of the transaction price to each of the performance obligations in the contracts
- Step 5: Recognition of revenue when, or as, each of the identified performance obligations is satisfied

Franchise Sales

Franchise sales is comprised of revenue from the sale or renewal of franchises. Under ASC 606, initial franchise fees from the sale of a franchise are considered to be a part of the license of symbolic intellectual property, which is recognized over the contractual term of the franchise agreement. The initial term of the franchise agreement is typically 10 years with the option to review for two consecutive 5 year terms. For franchise agreements with renewal rights, the Company differs the franchise fees related to the renewals. As of December 31, 2023 and 2022, there were two and one, respectively, franchise agreements for which renewals were exercised.

The activity in the Company’s franchise sales deferred revenue consists of the following:

December 31,	2023	2022	2021
Beginning balance	\$ 1,839,607	\$ 994,459	\$ 266,325
New billings	1,562,114	979,500	786,314
Revenue recognized	(180,421)	(134,352)	(58,180)
Ending balance	\$ 3,221,300	\$ 1,839,607	\$ 994,459

Royalties and Referral Fees

Royalties are recognized based on reported revenue from franchisees and minimum royalties are recognized in the period which they relate to. Referral fees are recognized when the referred listing is sold.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Franchise Transfer Fees

Upon approval, the Company charges a franchise transfer fee if a franchisee transfers its franchise rights to another franchisee. The transfer fee received is recognized on a straight-line basis over the remaining term of the transferred franchise agreement. Any unrecognized initial franchise fees are recognized as revenue upon the execution of the transfer. There was one franchisee transfer during the year ended December 31, 2023. There were no franchisee transfers during the year ended December 31, 2022.

Compensation Related to Franchise Sales

During 2021, the Company started compensating for the successful sale of a franchise. Compensation paid on franchise sales are recognized as an asset and amortized over the life of the franchise agreement including renewal options. The activity in the Company's capitalized contract costs for compensation are included in other current assets and other assets, net of current portion on the accompanying balance sheets and consists of the following:

December 31,	2023	2022	2021
Beginning balance	\$ 695,615	\$ 262,086	\$ -
Additions to contract costs	771,037	480,400	271,954
Expense recognized	(57,235)	(46,871)	(9,868)
Ending balance	\$ 1,409,417	\$ 695,615	\$ 262,086

NOTE 3. RELATED PARTY AGREEMENT

The Company has an agreement with its affiliate, The Agency IP Holding Co. LLC, a related party through common ownership, which grants the Company the rights to use The Agency service marks, trademarks, logos and other proprietary information. No consideration was paid by the Company for the use of these rights.

NOTE 4. RELATED PARTY TRANSACTIONS

At times the Company pays expenses on behalf of UMRO as well as other related party entities resulting in a receivable from related parties. In addition, starting in December 2022, the Company transfers all available cash to HOLDCO, maintaining a zero cash balance. As of December 31, 2023 and 2022, approximately \$2,986,000 and \$2,876,000, respectively, of the balance receivable from related parties is due from HOLDCO. In addition, as of December 31, 2023 and 2022, approximately \$2,908,000 and \$0, respectively, of the balance receivable from related parties is due from Realtech Holdings.

The allocation of operating expenses (see Note 1) results in a payable to related parties. As of December 31, 2023 and 2022, approximately \$3,221,000 and \$1,863,000, respectively, of the balance payable to related parties is due to UMRO.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5. DEFINED CONTRIBUTION RETIREMENT PLAN

The Company has a 401(k) defined contribution plan (the “Plan”). Company employees over the age of 21 who are Eligible (as defined), are eligible to participate. The Plan provides for discretionary Company Matched Employee Contribution (as defined). In addition, the Company at its discretion may make a Non-Elective Contribution (as defined). In addition to the contributions described above, the Company may make additional Qualified Non-Elective Contributions (as defined) for the benefit of such participants determined at the discretion of the Company. For the years ended December 31, 2023 and 2022, the Company’s discretionary contributions to the Plan amounted to \$24,977 and \$22,187, respectively. Company contributions to the Plan vest based on Years of Vesting Service (as defined).

NOTE 6. CONTINGENCIES

The Company applies FASB ASC Topic 450, *Contingencies*, to determine when and how much to accrue for and disclose related to legal and other contingencies. Accordingly, the Company discloses contingencies deemed to be reasonably possible and accrues loss contingencies when, in consultation with legal advisors, it is concluded that a loss is probable and reasonably estimable. In the normal course of business, the Company is subject to legal proceedings, lawsuits and other claims. The ultimate aggregate amount of monetary liability or financial impact with respect to these matters is subject to many uncertainties and is therefore not predictable with assurance. The Company concluded that there was no litigation as of December 31, 2023 and 2022 that required recognition or disclosure in the financial statements.

NOTE 7. SUBSEQUENT EVENTS

The Company has evaluated subsequent events that have occurred from January 1, 2024 through April 16, 2024, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements, except as disclosed in Note 1.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021



THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

To the Member of
The Agency Real Estate Franchising, LLC:

Opinion

We have audited the accompanying financial statements of The Agency Real Estate Franchising, LLC (the "Company," a wholly-owned subsidiary of The Agency Holdco, Inc.) (a Delaware limited liability company) which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 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. 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Los Angeles, California
April 21, 2023

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ -	\$ 2,019,782
Accounts receivable, net	315,055	382,678
Prepaid expenses	6,000	39,278
Other current assets	35,540	13,245
Receivable from related parties	2,881,236	4,886
Total current assets	\$ 3,237,831	\$ 2,459,869
Non-current assets:		
Other current assets, net of current portion	660,075	248,841
Total assets	\$ 3,897,906	\$ 2,708,710
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 111,033	\$ 299,728
Deferred revenue	126,985	67,440
Payable to related parties	1,883,642	737,320
Total current liabilities	2,121,660	1,104,488
Non-current liabilities:		
Deferred revenue, net of current portion	1,712,622	927,019
Total liabilities	3,834,282	2,031,507
Commitments and contingencies (See Notes)		
Member's equity	63,624	677,203
Total liabilities and member's equity	\$ 3,897,906	\$ 2,708,710

See accompanying notes to financial statements.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Royalties and referral fees	\$ 3,212,840	\$ 1,921,472
Franchise fees	<u>134,352</u>	<u>58,180</u>
Total revenues	<u>3,347,192</u>	<u>1,979,652</u>
Costs and expenses:		
General and administrative expenses	<u>3,949,133</u>	<u>1,984,192</u>
Total operating expenses	<u>3,949,133</u>	<u>1,984,192</u>
Loss from operations	<u>(601,941)</u>	<u>(4,540)</u>
Other expense:		
Other expense	<u>11,638</u>	<u>24,726</u>
Total other expense	<u>11,638</u>	<u>24,726</u>
Net loss	<u>\$ (613,579)</u>	<u>\$ (29,266)</u>

See accompanying notes to financial statements.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
STATEMENTS OF CHANGES IN MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Balance, December 31, 2020	\$ 706,469
Net loss	<u>(29,266)</u>
Balance, December 31, 2021	677,203
Net loss	<u>(613,579)</u>
Balance, December 31, 2022	<u>\$ 63,624</u>

See accompanying notes to financial statements.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Net loss	\$ (613,579)	\$ (29,266)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	67,623	(208,960)
Prepaid expenses	33,278	(23,833)
Other assets	(433,529)	(262,086)
Receivable from related parties	(2,876,350)	467,887
Accounts payable and accrued expenses	(188,695)	279,630
Deferred revenue	845,148	728,134
Due to related parties	1,146,322	736,120
Net cash provided by (used in) operating activities	(2,019,782)	1,687,626
Net change in cash	(2,019,782)	1,687,626
Cash, beginning of year	2,019,782	332,156
Cash, end of year	\$ -	\$ 2,019,782

See accompanying notes to financial statements.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

The Agency Real Estate Franchising, LLC (the “Company”) (a Delaware limited liability company) was formed on March 18, 2014 for the purpose of selling The Agency franchises. During 2015, the Company became a wholly-owned subsidiary of UMRO Realty Corporation, dba The Agency (“UMRO”) and during 2017, the Company became a wholly-owned subsidiary of The Agency Holdco, Inc. (“HOLDCO”).

As a franchisor, the Company enters into franchise agreements with franchisees in the domestic and international markets. Under the terms of the franchise agreement, each franchisee receives a specific location to operate a The Agency franchise. In return, the franchisees pay an initial franchise fee to the Company. Once the franchisees commence operations, the franchisees pay royalty and referral fees per the franchise agreement.

Franchisees establish and operate a single real estate brokerage under the name The Agency, as part of a network of real estate brokerage businesses that cater to the high-end real estate buyers and sellers worldwide.

As of December 31, 2022 and 2021, the Company had forty-six and twenty-five franchisees, respectively. Subsequent to December 31, 2022, the Company entered into eight franchise agreements with franchisees located in Nassau, NY; Palm Beach, FL; Boise and Coeur D’Alene, ID; Indy, IN; Boulder and Telluride, CO and Louisville, KY.

The results of the Company are impacted by allocations of expenses from UMRO and HOLDCO. During 2022 and 2021, the Company was allocated \$1,625,763 and \$559,135 in operating expenses. Operating results will vary based on allocation of expenses for rent, payroll and overhead to the Company.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The accompanying financial statements have been prepared under the accrual method in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as contained within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable arise from franchise fees, minimum royalties on certain franchisee agreements and royalties from sale of real estate by the franchisees and are uncollateralized franchisee obligations due under normal trade terms. The Company's payment terms vary between franchisees.

Receivables are valued at management's estimate of the amount that will ultimately be collected. The Company performs ongoing credit evaluations of its customers and maintains an allowance for potential uncollectible accounts when necessary. The allowance for doubtful accounts is based on management's estimate, specific identification of uncollectible accounts and the Company's historical collection experience. After all attempts to collect an accounts receivable have failed, the accounts receivable is written off against the allowance. Management determined that an allowance for doubtful accounts was not necessary at December 31, 2022 and 2021.

Concentrations of Business and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash balances and accounts receivable.

The Company places its cash with one financial institution, and at times, balances within the financial institution may exceed the Federal Deposit Insurance Corporation limit. The Company does not believe significant credit risk exists with respect to cash at December 31, 2022 and 2021.

The Company had two franchisees accounting for 36% of accounts receivable at December 31, 2022. One franchisee accounted for approximately 10% of revenues for the year ended December 31, 2022. For the year ended December 31, 2021, three franchisees accounted for 63% of accounts receivable. Five franchisees accounted for approximately 67% of revenues for the year ended December 31, 2021.

Income Taxes

The Company is a limited liability company ("LLC"). LLC's are treated as a partnership for federal and state income tax purposes, and therefore, the Company does not incur federal income taxes at a company level. Instead, its earnings and losses are passed through to the member and included in the calculation of the member's tax liability. However, the Company is subject to a minimum state franchise tax dependent upon the state in which the Company conducts business, a California fee based on its annual gross revenues as well as an annual tax of \$300 to the State of Delaware.

THE AGENCY REAL ESTATE FRANCHISING, LLC
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company applies the provisions of FASB ASC 740, *Income Taxes* ("ASC 740"). ASC 740 prescribes a recognition threshold measurement attributed for financial recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters, such as de-recognition, interest and penalties, and disclosure. The Company evaluates uncertain tax positions by considering the tax years subject to potential audit under state and federal income tax law and identifying favorable tax positions that do not meet the threshold of more likely than not to prevail if challenged by tax authorities that would have a direct impact on the Company as opposed to an impact to the owners. The Company has determined that there are no uncertain tax positions that would have a material effect on the financial statements as of December 31, 2022 and 2021. The Company is subject to federal and state income tax examinations by tax authorities for all years since 2018 and no examinations are currently pending.

Revenue Recognition

The Company determines revenue recognition by applying the following steps required under FASB ASC 606, *Revenue from Contracts with Customers* ("ASC 606"):

- Step 1: Identification of customer contracts
- Step 2: Identification of the performance obligations in the contracts
- Step 3: Determination of the transaction price
- Step 4: Allocation of the transaction price to each of the performance obligations in the contracts
- Step 5: Recognition of revenue when, or as, each of the identified performance obligations is satisfied

Franchise Sales

Franchise sales is comprised of revenue from the sale or renewal of franchises. Under AAS 606, initial franchise fees from the sale of a franchise are considered to be a part of the license of symbolic intellectual property, which is recognized over the contractual term of the franchise agreement, which is typically 5 and 15 years. For franchise agreements with renewal rights, the Company differs the franchise fees related to the renewals. As of December 31, 2022 and 2021, there was one franchise agreement for which the renewal was exercised.

The activity in the Company's franchise sales deferred revenue consists of the following:

December 31,	2022	2021
Beginning balance	\$ 994,459	\$ 266,325
New billings	979,500	786,314
Revenue recognized	(134,352)	(58,180)
Ending balance	\$ 1,839,607	\$ 994,459

THE AGENCY REAL ESTATE FRANCHISING, LLC
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Royalties and Referral Fees

Royalties are recognized based on reported revenue from franchisees and minimum royalties are recognized in the period which they relate to. Referral fees are recognized when the referred listing is sold.

Franchise Transfer Fees

Upon approval, the Company charges a franchise transfer fee if a franchisee transfers its franchise rights to another franchisee. The transfer fee received is recognized on a straight-line basis over the remaining term of the transferred franchise agreement. Any unrecognized initial franchise fees are recognized as revenue upon the execution of the transfer. There were no franchisee transfers during the years ended December 31, 2022 and 2021.

Compensation Related to Franchise Sales

During 2021, the Company started compensating for the successful sale of a franchise. Compensation paid on franchise sales are recognized as an asset and amortized over the life of the franchise agreement including renewal options. The activity in the Company's capitalized contract costs for compensation are included in other current assets and other assets, net of current portion on the accompanying balance sheets and consists of the following:

December 31,	2022	2021
Beginning balance	\$ 262,086	\$ -
Additions to contract costs	480,400	271,954
Expense recognized	(46,871)	(9,868)
Ending balance	\$ 695,615	\$ 262,086

NOTE 3. RELATED PARTY AGREEMENT

The Company has an agreement with its affiliate, The Agency IP Holding Co. LLC, a related party through common ownership, which grants the Company the rights to use The Agency service marks, trademarks, logos and other proprietary information. No consideration was paid by the Company for the use of these rights.

THE AGENCY REAL ESTATE FRANCHISING, LLC
(A DELAWARE LIMITED LIABILITY COMPANY)
(A WHOLLY-OWNED SUBSIDIARY OF THE AGENCY HOLDCO, INC.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4. RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

At times the Company pays expenses on behalf of UMRO as well as other related party entities resulting in a receivable from related parties. In addition, starting in December 2022, the Company transfers all available cash to HOLDCO, maintaining a zero cash balance. As of December 31, 2022 and 2021, approximately \$2,876,000 and \$0, respectively, of the balance receivable from related parties is due from HOLDCO.

The allocation of operating expenses (see Note 1) results in a payable to related parties. As of December 31, 2022 and 2021, approximately \$1,863,000 and \$737,000, respectively, of the balance payable to related parties is due to UMRO.

NOTE 5. CONTINGENCIES

The Company applies FASB ASC Topic 450, *Contingencies*, to determine when and how much to accrue for and disclose related to legal and other contingencies. Accordingly, the Company discloses contingencies deemed to be reasonably possible and accrues loss contingencies when, in consultation with legal advisors, it is concluded that a loss is probable and reasonably estimable. In the normal course of business, the Company is subject to legal proceedings, lawsuits and other claims. The ultimate aggregate amount of monetary liability or financial impact with respect to these matters is subject to many uncertainties and is therefore not predictable with assurance. The Company concluded that there was no litigation as of December 31, 2022 and 2021 that require recognition or disclosure in the financial statements.

NOTE 6. SUBSEQUENT EVENTS

The Company has evaluated subsequent events that have occurred from January 1, 2023 through April 21, 2023, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements, except as disclosed in Note 1.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF THIS FRANCHISE SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

The Agency

Balance Sheet (in USD)

Reporting Book:

ACCRUAL

As of Date:

2/28/2024

Location:

The Agency Real Estate Franchising

Month Ending

2/28/2024

Assets

Cash and Cash Equivalents	0
Accounts Receivable, Net	698,250
Other Assets	1,409,417
Receivable from Related Parties	3,180,607

Total Assets 5,288,274

Liabilities and Equity

Accounts Payable and accrued expenses	270,013
Deferred Revenue	3,221,300
Stockholders Equity	1,796,961

Total Liabilities and Equity 5,288,274

The Agency

Profit and Loss - Detail (in USD)

Reporting Book:

ACCRUAL

As of Date:

2/28/2024

Location:

The Agency Real Estate Franchising

The Agency Real Estate Franchising (All)

Year To Date

2/28/2024

Actual

Gross Revenue

Initial Franchisee Fee 337,000

On-going Franchise Royalties 837,107

Total Gross Revenue 1,174,107

Gross Profit 1,174,107

Operating Expenses

General Admin Expenses 550,007

Total Operating Expenses 550,007

Net Income (Loss) 624,100

EXHIBIT H

Disclosure Compliance Questionnaire



Disclosure Compliance Questionnaire

THIS DOCUMENT SHALL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA OR MARYLAND, DO NOT SIGN THIS DOCUMENT.

As you know, you and The Agency Real Estate Franchising, LLC (the “*Franchisor*”) are preparing to enter into a Franchise Agreement for the establishment and operation of a “The Agency” franchised real estate brokerage business (an “*Agency Office*”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. The following dates and information are true and correct:

- a. _____, 20__ The date of my first face-to-face meeting with any
Initials _____ person to discuss the possible purchase of an Agency Office
franchise.

- b. _____, 20__ The date on which I received Franchisor’s
Initials _____ Franchise Disclosure Document (“*FDD*”).

- c. _____, 20__ The date when I received a fully completed copy
Initials _____ (other than signatures) of the Franchise Agreement and
Addenda (if any) and all other documents I later signed.

- d. _____, 20__ The date on which I signed the Franchise Agreement.
Initials _____

2. Have you received and personally reviewed the Franchise Agreement and each addendum and related agreement attached to it?

Yes _____ No _____

3. Have you received and personally reviewed the FDD that was provided to you?
Yes _____ No _____
4. Do you understand that all disputes and claims you may have under the Franchise Agreement must be heard in Los Angeles, California (if they cannot be informally resolved)?
Yes _____ No _____
5. Do you understand that the Franchise Agreement provides that you can only collect compensatory damages on any claim under or related to the Franchise Agreement and not any consequential or punitive damages?
Yes _____ No _____
6. Do you understand that the Franchise Agreement and the Personal Guaranty both include a waiver of jury trials?
Yes _____ No _____
7. During my negotiations and evaluations leading up to my decision to buy an Agency Office franchise, I communicated with the following individuals from The Agency Real Estate Franchising, LLC or its affiliates: _____

Your responses to these questions are important to us and we will rely on them. By signing this Questionnaire, you are representing to us that you have responded honestly, accurately, and completely to each of the above questions.

Name _____ Address _____

Signature _____

EXHIBIT I

Similar Trademarks

Mark	Goods/services	Owner	Date of Claimed First Use	Status
The Agency Real Estate	Real estate agents and managers; agent, real estate	The Agency Real Estate (Wisconsin)	April 2013 – D&B*	Registered as Business Name
Agency 1 Inc	Real estate agents and managers; agent, real estate	Agency 1 Inc. (Maine)	April 2013 – D&B	Registered as Business Name
Agency 1 Real Estate	Real estate agents and managers; agent, real estate	Agency 1 Real Estate (Kentucky)	April 2013 – D&B	Registered as Business Name
Agency 1 Real Estate LLC	Real estate agents and managers; real estate agent, residential	Agency 1 Real Estate (Maine)	March 2013 – D&B	Registered as Business Name
Agency Real Estate	Real estate agents and managers	Agency Real Estate (Ohio)	March 2013 – D&B	Registered as Business Name
Agency Real Estate	Real estate agents and managers	Agency Real Estate (Florida)	April 2013 – D&B	Registered as Business Name
Agency Realty	Real estate agents and managers	Agency Realty (Massachusetts)	April 2013 – D&B	Registered as Business Name
Agency Realty Inc.	Real estate agents and managers; agent, real estate	Agency Realty Inc. (New Hampshire)	April 2013 – D&B	Registered as Business Name
Agency Realty LLC	Real estate agents and managers; agent, real estate	Agency Realty LLC (Virginia)	April 2013 – D&B	Registered as Business Name
The-Agency-Inc.com	Realty and investment services	The Agency, Inc. (Florida)	Website created June 26, 2003	Use of website; no registration
TheAgencyRealEstate.com	Realty and investment services	The Agency, Inc. (Florida)	Website created August 5, 2005	Website inactive; no registration
TheAgencyRealtyGroup.com*	Realty	Daniel DeYonker (Michigan)	Website created March 14, 2013	Use of website; no registration
https://theagencystl.com/	Real estate	Unknown – (St. Louis)	Unknown	Use of website; no registration
http://www.theagencyfl.com	Real estate brokerage	The Agency (Florida)	Unknown	Use of website; no registration
http://www.theagencyhomes.com	Real estate	The Agency Real Estate (Wisconsin)	Domain registered in January 2008	Use of website; no registration
The Agency Realty (theagencyrealty.com)	Real estate brokerage	The Agency Realty, Inc. (California)	July 2013	Use on website; no federal registration
The Agency Real Estate and Finance (theagencyref.com)	Real estate and mortgage lending	The Agency Real Estate and Finance (California)	Unknown	Use on website; no federal registration
The Agency Real Estate Group	Unknown	Unknown	Unknown	Cannot find use

Mark	Goods/services	Owner	Date of Claimed First Use	Status
TheAgency (theagency-ny.com)	Community development project include purchase of real estate.	Unknown	Unknown	Use on website; no federal registration
The Agency Luxe (theagencyluxe.com)	Real estate brokerage	The Agency Luxe (Florida)	At least 2007	Use on website; no federal registration.
The Agency Real Estate	Real estate agents and managers	The Agency RE LLC (Florida)	Domain registered in September 2015	Use on website; no federal registration
The Agency Austin (theagencyaustin.com)	Real estate brokerage	Agency Austin Inc. (Texas)	Domain registered in March 2014	Use on website; no federal registration
The Agency Real Estate and Property Management	Real estate and property management	The Agency Real Estate and Property Management (El Paso, TX)	Unknown	Cannot find use.
The Agency Real Estate Group (agency570.net)	The Agency Real Estate Group	The Agency Real Estate Group (Old Forge, PA; Blakely, PA)	2015	Use on website; no federal registration
The Agency (theagencycolorado.com)	Real estate brokerage	The Agency (Colorado)	Domain registered in September 2013	Use on website; no federal registration
The Agency Realtors (theagencypdx.com)	Real estate brokerage	The Agency (Oregon)	Domain registered in September 2013	Use on website; no federal registration
The Agency of M.Grass Group (theagencyofmgrassgroup.com)	Real estate brokerage	The Agency of M.Grass Group (Louisiana)	Domain registered in July 2016	Use on website; no federal registration
The Agency Real Estate Group	Real estate brokerage	The Agency Real Estate Group (North Carolina)	Domain registered in August 2016	Use on website; no federal registrations
The Agency Real Estate	Law firm	Weisberg & Associates, PA (Florida)	Unknown	Cannot find use. Florida state registration for "real estate services, real estate agency services"
The Agency A Real Estate Company LLC	Real estate agents and managers	The Agency A Real Estate Company LLC (Maryland)	Unknown	Cannot find use
The Agency for Assessment	Real estate and managers	The Agency for Assessment (Virginia)	Unknown	Cannot find use
The Agency International Realty Inc.	Real estate and managers	The Agency International Realty Inc. (Florida)	Unknown	Cannot find use
The Agency Real Estate LLC	Real estate and managers	The Agency Real Estate LLC (Illinois)	Unknown	Cannot find use

Mark	Goods/services	Owner	Date of Claimed First Use	Status
Weichert, Realtors-The Agency	Real estate and managers	Weichert, Realtors-The Agency (Missouri)	Unknown	Cannot find use

EXHIBIT J

List of Franchisees and Former Franchisees

List of Franchisees as of December 31, 2023

Franchisee	Contact Person	Address	City	State	Zip Code	Telephone Number
Giddy Up Aspen	Heather Sinclair	205 South Mill Street Suite #110	Aspen	CO	81611	(970) 429-4255
JLB KLB, LLC*	Jared Blank	1035 Pearl Street #101B	Boulder	CO	80302	(720) 577-5503
JLB KLB, LLC*	Jared Blank	255 Clayton Street, Ste. 110	Denver	CO	80206	(720) 441-2961
Solstice House LLC	Stewart Seeligson	135 W. Colorado Avenue, Suite 2E	Telluride	CO	81435	(970) 708-4999
Smast Development, LLC*	Mike Smith	2 South Avenue	New Canaan	CT	06840	(888) 892-6722
Agent Sea Naples, LLC*	Chris Resop	99 9th Street North	Naples	FL	34102	(239) 610-3235
Santiago Arana, Individual*	Howard Elfman	180 Royal Palm Way, Ste. 201	Palm Beach	FL	33408	(561) 465-8500
Santiago Arana, Individual*	Howard Elfman	9564 Harding Ave	Surfside	FL	33154	(305) 203-5085
Trilogy Real Estate, LLC	Jeff Beal	480 N Main Street, Ste. 212	Alpharetta	GA	30009	(770) 728-8149
102701, Inc.	Yvienne Peterson	34 Wailea Gateway Pl., #A) 204	Wailea	HI	96753	(808) 344-2900
Gregory F. Link II	Greg Link	1911 N 4th St.	Coeur d'Alene	ID	83814	(208) 661-4749
Mike Moir, Robyn Moir	Mike Moir	1051 S Wells St, Ste 250	Meridian	ID	83642	(208) 900-6960
The Garontakos Group LLC	Traci Garontakos	3546 South US 421	Zionsville	IN	46077	(317) 207-0190
Farabee Inc.	Jason Farabee	4940 US Highway 42	Louisville	KY	40222	(502) 627-0077
Rollo Enterprises, Inc.*	Eric Rollo	435 Columbus Avenue	Boston	MA	02116	(617) 356-7605
Rollo Enterprises, Inc.*	Eric Rollo	877 Main Street	Osterville	MA	02655	(508) 713-3044
Elite Team LLC	Nurit Coombe	6101 Executive Boulevard Suite 230	Bethesda	MD	20852	(202) 888-1127
Elite Team LLC	Nurit Coombe	11 South Market Street	Frederick	MD	21701	(240) 361-7745
Isabelle Hall Company	Brad Wolf	442 S Old Woodward Ave.	Birmingham	MI	48009	(248) 644-3500
Joy Vance Real Estate Co.*	Joy Vance	245 Town Center Avenue, Suite E1	Big Sky	MT	59716	(406) 640-7819

Franchisee	Contact Person	Address	City	State	Zip Code	Telephone Number
Joy Vance Real Estate Co.*	Joy Vance	9 E Main Street, Ste. E	Bozeman	MT	59715	(406) 551-2345
Hines Mendoza LLC	Abigail Hines Miller	3540 Toringdon Way, Ste. 200	Charlotte	NC	28277	(980) 292-4031
ZZYZZX, LLC	Zar Zanganeh	670 S green Valley Pkwy, Suite 210	Henderson	NV	85052	(702) 501-2992
ZZYZZX, LLC	Zar Zanganeh	630 S. 4th Street	Las Vegas	NV	89101	(702) 684-6100
Smast Development, LLC*	Mike Smith	61 W Main Street	Bayshore	NY	11706	(631) 870-5757
TAH, LLC	Tyler Whitman	2462 Main Street P.O. Box 313	Bridgehampton	NY	11932	(631) 899-3224
Smast Development, LLC*	Mike Smith	TEMP: 229 Main Street	Huntington	NY	11743	(631) 870-0755
Smast Development, LLC*	Michael Smith	229 Main Street	Huntington	NY	11743	(631) 870-5757
Cleveland Brokerage Group LLC	David Ayers	14 1/2 N Main Street	Chagrin Falls	OH	44022	(216) 415-7080
WyWay Ventures, LLC	Wyatt Poindexter	111 N Broadway, Suite 1	Edmond	OK	73034	(405) 216-3693
Dirk Hmura PC	Dirk Hmura	500 SW 116th Ave	Beaverton	OR	97225	(503) 297-2000
Red Dirt LLC	Grant Ludwick	255 SW Bluff Drive, Ste. 210	Bend	OR	97702	(541) 508-7843
The Agency Hilton Head	Alison Melton	5790 Guilford Place Suite 200	Bluffton	SC	29910	(843) 706-2024
TAN, LLC	Scott Coggins	1033 Demonbreun St., Ste. 300	Nashville	TN	37203	(615) 678-9522
SW4 Global LLC	Ana Ruelas	828 W. 6th Street, Suite 150	Austin	TX	78703	512) 890-1372
WRGIP, LLC	Damon Williamson	8111 Preston Road, Ste. 725	Dallas	TX	75225	(757) 355-5444
Mojo Real Estate Group Corp	Molly Jones	6965 S Union Park Center, Suite 150	Cottonwood Heights	UT	84047	(385) 999-6656
MCJ Holdings, LLC	Charlie Taylor	255 Main Street Suite E, PO Box 2061	Park City	UT	84098	(435) 640-5212
Cladd Corp	David Ellis	148 Tabernacle St.	St. George	UT	84770	(425) 200-8455
Tacova LLC*	Alan Thompson	821 S Battlefield Blvd. South	Chesapeake	VA	23322	(757) 324-3002
Tacova LLC*	Alan Thompson	408 Laskin Road, Suite B	Virginia Beach	VA	23322	(757) 355-5444
BenJam	Jennifer Cameron	123 Lake St. South, Ste. 123B	Kirkland	WA	98004	(425) 296-8111

Franchise Agreement Signed, Outlet Not Yet Opened as of 12/31/2023

Franchisee Name	Contact Person	Office Address	City	State	Zip Code	Phone Number
Brad Kaneshiro	Brad Kaneshiro	1450 Ala Moana Blvd., Suite #3800	Honolulu	HI	96814	(808) 728-1698
MCAR Real Estate LLC	Michael Cannuscio	72 Front Street	Marblehead	MA	01945	(781) 838-0068
ZZYZZX, LLC	Zar Zanganeh	100 N. Sierra Street, Suite 260	Reno	NV	89501	(775) 622-9615
WyWay Ventures LLC	Wyatt Pointdexter	111 N Broadway, Suite 1	Edmond	OK	73034	(405) 216-3693
BAB SC LLC	Alison Melton	5790 Guilford Place Suite 200	Bluffton	SC	29910	(843) 706-2024
Middleton Real Estate Corp.	Mark Middleton	168 Winslow Way West	Bainbridge Island	WA	98110	(206) 842-2041

* Denotes multi-unit developer.

Former Franchisees

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

Franchisee Name	Contact Person	City	State	Phone Number
BRCK, LLC	Clifford Smith and Todd Miller	New Canaan	CT	(203) 258-8918 (203) 257-9909

EXHIBIT K

Form of General Release

THE AGENCY REAL ESTATE FRANCHISING, LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

THE AGENCY REAL ESTATE FRANCHISING, LLC ("we," "us," or "our") and the undersigned _____ franchisee, _____ ("you" or "your"), currently are parties to a certain Franchise Agreement (the "Franchise Agreement") dated _____. You have asked us to take the following action or to agree to the following request: _____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your equity holders) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your equity holders) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your equity holders) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "TAREF Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the TAREF Parties (1) arising out of or related to the TAREF Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the TAREF Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the TAREF Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your equity holders. By his, her, or their separate signatures below, your equity holders likewise grant to us the release and covenant not to sue provided above.

The parties acknowledge that they are familiar with the provisions of California Civil Code Section 1542 which reads as follows:

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

You and your equity holders, for yourselves and each of the Releasing Parties, hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that he, she, or it may lawfully waive such right or benefit. In connection with this waiver and relinquishment, with respect to the Claims, you and your equity holders, for yourselves and each of the Releasing Parties, acknowledges that he, she, or it may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of this release, but that it is the parties' intention, fully, finally and forever to settle and release all such Claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist, and, in furtherance of such intention, the releases given hereunder shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

The following language applies only to transactions governed by the Washington Franchise Investment Protection Act

This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

EXHIBIT L

State Addenda and Agreement Riders/Amendments

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
THE AGENCY REAL ESTATE FRANCHISING, LLC**

The following are additional disclosures for the Franchise Disclosure Document of **THE AGENCY REAL ESTATE FRANCHISING, LLC** required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 The Agency Real Estate Franchising, LLC, any franchise seller, or any other person acting on behalf of The Agency Real Estate Franchising, LLC. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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

3. OUR WEBSITE, www.theagencyre.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. The California Department of Real Estate has established requirements to apply for a Real Estate Broker License in the State of California. For more information, please visit www.dre.ca.gov/examinees/requirementsbroker.html.

5. The “Special Risks to Consider About This Franchise” page is modified to include the following risk factor:

Spousal Liability: Your spouse will be 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.

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

Neither we, 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. Sections 78a et seq., suspending or expelling such person from membership in that association or exchange.

7. The highest applicable interest rate in California is ten percent (10%).

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

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

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

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

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

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 mediation in the county where our headquarters are then located and arbitration at a suitable location chosen by the arbitrator that is within 10 miles of where we have our principal business address at the time the arbitration demand is filed (currently Beverly Hills, California). You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew the franchise. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

HAWAII

THESE FRANCHISES WILL BE/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 REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. Item 17 shall be supplemented by the addition of the following language at the end of the Item:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

2. Exhibit H (Disclosure Compliance Questionnaire) to the Franchise Disclosure Document is hereby deleted in its entirety.

ILLINOIS

1. The following statements are added to the end of Item 5:

All initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and the franchisees are open for business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

2. The following statements are added to the end of Item 17:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

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

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement.

2. The following language is added to the end of the "Summary" section of Item 17(c), entitled Requirements for franchisee to renew or extend:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following language is added to the end of the "Summary" section of Item 17(h), entitled "Cause" defined – non-curable defaults:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

4. The "Summary" section of Item 17(v), entitled Choice of forum, is amended to read as follows:

Subject to your arbitration obligation, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

5. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

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

MINNESOTA

1. The following paragraphs are added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation, or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK

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

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

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS

TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular:

- (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;
- (b) obtained a discharge of its debts under the Bankruptcy Code; or

(c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

5. The following is added to the end of the “Summary” section of Item 17(c), entitled Requirements for franchisee to renew or extend:

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.

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

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

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

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

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

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

NORTH DAKOTA

1. The following is added to the end of the “Summary” section of Item 17(c), entitled Requirements for franchisee to renew or extend:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the “Summary” section of Item 17(i), entitled Your obligations on termination/non-renewal:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

3. The following is added to the end of the “Summary” section of Item 17(v), entitled Choice of forum:

; except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

4. The “Summary” section of Item 17(w), entitled Choice of law, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, Delaware law applies.

RHODE ISLAND

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

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.”

VIRGINIA

1. The following language is added to the end of the “Summary” section of Item 17(h), entitled “Cause” defined – non-curable defaults:

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 grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision might not be enforceable.

WASHINGTON

1. The following statements are added to the end of Item 5:

Based upon our financial condition, the Washington Department of Financial Institutions – Securities Division has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and the franchisees are open for business.

2. The following additional disclosures are added to the Franchise Disclosure Document:

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 FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR USE IN HAWAII**

This Rider (the "Rider") is made by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company whose principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210 ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Office that Franchisee will operate under the Franchise Agreement will be located in Hawaii, (b) any of the offer or sales activity relating to the Franchise Agreement occurred in Hawaii, and/or (c) Franchisee is a resident of Hawaii.

2. **ACKNOWLEDGEMENTS.** Section 17.01(h) (Certain Acknowledgments and Representations of Franchisee) of the Franchise Agreement is hereby deleted.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

**RIDER TO THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider (the "*Rider*") is made by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company whose principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210 ("*Franchisor*"), and _____, a(n) _____ ("*Franchisee*").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "*Franchise Agreement*"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offer or sales activity relating to the Franchise Agreement occurred in Illinois and the Office that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is a resident of Illinois.

2. **FEE DEFERRAL.** The following language is added as a new subparagraph 5.01(d) of the Franchise Agreement:

(d) Franchisor shall defer payment of the Initial Franchise Fee and other initial payments owed by Franchisee to Franchisor until Franchisor has completed its pre-opening obligations under this Agreement and Franchisee opens for business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

3. **GOVERNING LAW.** Paragraph 15.01 of the Franchise Agreement is deleted and replaced with the following:

Except to the extent governed by the Lanham Act (15 U.S.C. 1051 et seq.), this Agreement and the Franchise shall be governed by the laws of Illinois without regard to its conflicts of law principles.

4. **CONSENT TO JURISDICTION.** The following is added to the end of subparagraph 12.04(a) of the Franchise Agreement:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as a new Article XVIII of the Franchise Agreement:

XVII. ILLINOIS FRANCHISE DISCLOSURE ACT

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the

arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

Franchisee's rights upon termination and non-renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

**RIDER TO THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT
STATE OF MARYLAND**

This Rider (the "Rider") is made by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company whose principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210 ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Maryland, and/or (b) the Office that Franchisee will operate under the Franchise Agreement will be located in Maryland.

2. **FEE DEFERRAL.** The following language is added as a new subparagraph 5.01(d) of the Franchise Agreement:

(d) Based upon Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under this Agreement.

3. **ACKNOWLEDGMENTS.** The following language is added to the end of Article XVII of the Franchise Agreement:

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

4. **RELEASES.** The following language is added to the end of subparagraph 6.02(d) of the Franchise Agreement:

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

5. **INSOLVENCY.** The following sentence is added to the end of subparagraph 11.02(c) of the Franchise Agreement:

This subparagraph might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor will enforce it to the extent enforceable.

6. **GOVERNING LAW.** The following language is added to the end of paragraph 15.01 of the Franchise Agreement:

However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **CONSENT TO JURISDICTION**. The following language is added at the end of subparagraph 12.04(a) of the Franchise Agreement:

Notwithstanding the foregoing, and subject to Franchisee's arbitration obligations, Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. **LIMITATION OF CLAIMS**. The following sentence is added to the end of paragraph 12.05 of the Franchise Agreement:

, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

9. **MARYLAND FRANCHISE LAW**. The following is added as a new paragraph 12.06 of the Franchise Agreement:

12.06 Maryland Franchise Law

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

10. **ACKNOWLEDGMENTS AND REPRESENTATIONS**. Paragraph 17.01 of the Franchise Agreement is deleted in its entirety.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

**RIDER TO THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT
STATE OF MINNESOTA**

This Rider (the "*Rider*") is made by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company whose principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210 ("*Franchisor*"), and _____, a(n) _____ ("*Franchisee*").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "*Franchise Agreement*"). This Rider is being signed because (a) the Office that Franchisee will operate under the Franchise Agreement will be located in Minnesota, and/or (b) any of the offer or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following language is added to the end of subparagraph 6.02(d) of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law with respect to claims arising under Minn. Rule 2860.4400D.

3. **TERMINATION BY FRANCHISOR.** The following language is added at the end of paragraph 11.01 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that Franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice of non-renewal of this Agreement.

4. **GOVERNING LAW.** The following language is added at the end of paragraph 15.01 of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of Franchisee's rights under Minnesota Statutes Chapter 80C or Franchisee's right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

5. **CONSENT TO JURISDICTION.** The following language is added at the end of subparagraph 12.04(a) of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of Franchisee's rights under Minnesota Statutes Chapter 80C or Franchisee's rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

6. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, subparagraphs 12.04(b) and (c) of the Franchise Agreement are deleted in their entirety.

7. **LIMITATION OF CLAIMS.** The following sentence is added to the end of paragraph 12.05 of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

8. **LIQUIDATED DAMAGES.** The following language is added to the end of paragraph 13.01(e) of the Franchise Agreement:

Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

**RIDER TO THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT
STATE OF NEW YORK**

This Rider (the "*Rider*") is made by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company whose principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210 ("*Franchisor*"), and _____, a(n) _____ ("*Franchisee*").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "*Franchise Agreement*"). This Rider is being signed because (a) Franchisee is a resident of the State of New York and the Office that Franchisee will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offer or sales activity relating to the Franchise Agreement occurred in New York.

2. **RELEASES.** The following language is added to the end of subparagraph 6.02(d) of the Franchise Agreement:

Notwithstanding the foregoing, all rights Franchisee enjoys and any causes of action arising in Franchisee's 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TRANSFER BY FRANCHISOR.** The following language is added to the end of paragraph 10.01 of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

4. **TERMINATION BY FRANCHISEE.** The following language is added to the end of paragraph 11.01 of the Franchise Agreement:

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

5. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added at the end of paragraph 15.01 and subparagraph 12.04(a) of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **LIMITATION OF CLAIMS.** The following sentence is added to the end of paragraph 12.05 of the Franchise Agreement:

To the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

**RIDER TO THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider (the "Rider") is made by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company whose principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210 ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of North Dakota and the Office that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following language is added to the end of subparagraph 6.02(d) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **LIQUIDATED DAMAGES**. The following language is added to the end of paragraph 13.01(e) of the Franchise Agreement:

Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

4. **GOVERNING LAW**. Paragraph 15.01 of the Franchise Agreement is deleted and replaced with the following:

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 or North Dakota 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.

5. **CONSENT TO JURISDICTION**. The following language is added at the end of subparagraph 12.04(a) of the Franchise Agreement:

To the extent required by the North Dakota Franchise Investment Law, Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, subparagraphs 12.04(b) and (c) of the Franchise Agreement are deleted in their entirety.

7. **LIMITATIONS OF CLAIMS.** The following is added to the end of paragraph 12.05 of the Franchise Agreement:

The statutes of limitations under North Dakota Law apply with respect to claims arising under the North Dakota Franchise Investment Law.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

**RIDER TO THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider (the "Rider") is made by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company whose principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210 ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Rhode Island and the Office that Franchisee will operate under the Franchise Agreement will be located in Rhode Island, and/or (b) any of the offer or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added at the end of paragraphs 12.04 and 15.01 of the Franchise Agreement:

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." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

**RIDER TO THE AGENCY REAL ESTATE FRANCHISING, LLC
FRANCHISE AGREEMENT, DISCLOSURE COMPLIANCE QUESTIONNAIRE AND
RELATED AGREEMENTS
FOR USE IN WASHINGTON**

This Rider (the "Rider") is made by and between The Agency Real Estate Franchising, LLC, a Delaware limited liability company whose principal business address is 331 Foothill Road, Suite 100, Beverly Hills, California 90210 ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement, Disclosure Compliance Questionnaire and related agreements. This Rider is being signed because (a) Franchisee is domiciled in Washington, and/or (b) the Office that Franchisee will operate under the Franchise Agreement will be located or operated in Washington, and/or (c) any of the offer or sales activity relating to the Franchise Agreement occurred in Washington.

2. **FEE DEFERRAL.** The following language is added as a new subparagraph 5.01(d) of the Franchise Agreement:

(d) The Washington Department of Financial Institutions – Securities Division requires Franchisor to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisee to Franchisor until Franchisor has completed its pre-opening obligations under this Agreement and Franchisee opens for business.

3. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement, Disclosure Compliance Questionnaire and related agreements:

In recognition of the requirements of the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the "Act"), this Agreement shall be modified as follows:

In the event of a conflict of laws, the provisions of the Act, Chapter 19.100 RCW, will prevail.

RCW 19.100.180 may supersede this Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. There may also be court decisions which may supersede this Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of Franchisee's 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 this Agreement, Franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

A release or waiver of rights executed by Franchisee may not include rights under the 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 Franchisor's reasonable estimate 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 Franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed One Hundred Thousand Dollars (\$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 Franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed Two Hundred Fifty Thousand Dollars (\$250,000) per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in this Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting Franchisee from (i) soliciting or hiring any employee of a franchisee of Franchisor, or (ii) soliciting or hiring any employee of Franchisor. As a result, any such provisions contained in this Agreement or elsewhere are void and unenforceable in Washington.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

THE AGENCY REAL ESTATE FRANCHISING, LLC
a Delaware limited liability company

By: _____

Its: _____

FRANCHISEE:

a(n) _____

By: _____

Its: _____

NEW YORK REPRESENTATIONS PAGE

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

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	April 17, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

RECEIPT

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

If The Agency Real Estate Franchising, LLC 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 requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan law 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 The Agency Real Estate Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit D.

The franchisor is The Agency Real Estate Franchising, LLC, located at 331 Foothill Road, Suite 100, Beverly Hills, California 90210. Its telephone number is (424) 230-3700.

Issuance date: April 17, 2024

The franchise seller(s) for this offering is/are Billy Rose, Mauricio Umansky, Rainy Hake Austin, James Ramsay, Judy Parsons, Ricardo Beer, Bryan Shaffer, and John Thorpe at 331 Foothill Road, Suite 100, Beverly Hills, California 90210, (424) 230-3700; and: _____ {complete only if applicable}.

The Agency Real Estate Franchising, LLC authorizes the agents listed in Exhibit D to this disclosure document to receive service of process for it in the particular state. I received a disclosure document dated April 17, 2024, that included the following Exhibits:

- | | | | |
|----|--|----|---|
| A. | Franchise Agreement | G. | Financial Statements |
| B. | Limited Purpose Addenda | H. | Disclosure Compliance Questionnaire |
| C. | Confidentiality and Non-Disclosure Agreement | I. | Similar Trademarks |
| D. | State Franchise Administrators/Agents for Service of Process | J. | List of Franchisees and Former Franchisees |
| E. | Operations Manual Table of Contents | K. | Form of General Release |
| F. | State Laws Requiring Licensing of Real Estate Brokers and Agents | L. | State Addenda and Agreement Riders/Amendments |

Date
(Date, sign and return to us)

Franchisee

Print Name

individually and as an officer, partner or member

of _____

a (_____ corporation)

a (_____ partnership)

a (_____ limited liability company)

which has been or will be formed to act as franchisee

Address:

City State Zip Code

Area Code Phone Number

RECEIPT

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

If The Agency Real Estate Franchising, LLC 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 requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan law 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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Date
(Date, sign and keep for your records)

Franchisee

Print Name

individually and as an officer, partner or member
of _____
a (_____ corporation)
a (_____ partnership)
a (_____ limited liability company)
which has been or will be formed to act as franchisee

Address:

City State Zip Code

Area Code Phone Number