



FRANCHISE DISCLOSURE DOCUMENT
Epcon Communities Franchising, LLC
An Ohio Limited Liability Company
500 Stonehenge Parkway
Dublin, Ohio 43017
(614) 761-1010
www.epconfranchising.com
www.EpconOpportunity.com

Brief Description of the Franchised Business: You will receive a franchise to use an original development system and copyrighted architectural plans to develop, construct and market a project consisting of residential dwellings, with the right, upon payment of additional fees and with Epcon Communities Franchising, LLC's consent, to develop additional projects. Epcon Communities Franchising, LLC's unique development system provides use of intellectual property and guidance for the development, construction and marketing of a residential "care-free living" community using unique architectural designs.

The total investment necessary to commence operation of an Epcon Communities franchised business when purchasing raw land for your Epcon Communities project ranges from \$3,373,725 to \$5,054,640 for a 30 Unit project, and ranges from \$1,113,725 to \$1,495,725 when purchasing developed lots for your Epcon Communities project. This includes the \$80,000 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jennifer Dimel, Franchise Sales Specialist, at 500 Stonehenge Parkway, Dublin, Ohio 43017 and (614) 761-1010.

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

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

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

Issuance Date: April 17, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit N.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 Epcon Communities business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Epcon Communities franchisee?	Item 20 or Exhibit N 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 O.

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 Ohio. Out-of-state arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Ohio than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty and 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.

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.

DISCLOSURES REQUIRED BY THE STATE OF MICHIGAN

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

- (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 franchisee 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 provisions of the franchise agreement and to cure any failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure the 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 five 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 the 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 franchisee's assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in a manner provided in subdivision (c).

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

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

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

The Michigan Franchise Investment Law also provides:

A franchisor whose most recent financial statements are unaudited and which show a net worth of less than One Hundred Thousand Dollars (\$100,000) 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 the place of escrow.

The escrow agent shall be a financial institution authorized to do business in the State of Michigan. The escrow agent may release to the franchisor that amount of the escrowed funds applicable to a specific franchisee upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training or other items. This subsection does not prohibit a partial release of escrowed funds upon receipt of affidavits of partial fulfillment of the franchisor's obligation.

Franchisees should direct any questions concerning this offering to:

Assistant Attorney General
Consumer Protection Division, Franchise Section
G. Mennen Williams Building, First Floor
525 West Ottawa Street
Lansing, MI 48933
(517) 335-7567

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- A. Financial Statements for Epcon Communities Franchising, LLC
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- C. Initial Market Area Agreement
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- E. Personal Covenants and Agreement of Principal, Officer, Director, Owner, Investor or Partner
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- G. Market Hold Agreement
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- I. Lender Assignment Agreement
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- N. List of Franchisees
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- P. List of Agents for Service of Process
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- R. Termination and Release Agreement
- S. Technology Royalty Addendum to Franchise Agreement
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- U. Receipt Pages

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

The name of the franchisor is Epcon Communities Franchising, LLC, which is referred to in this disclosure document as “Epcon Communities Franchising, LLC” or “ECFL” or “we” or “us”. ECFL is an Ohio limited liability company, formed on December 31, 2019. We do business under the names “Epcon Communities Franchising, LLC”, “Epcon Communities Franchising”, “Epcon Homes & Communities” and “Epcon Communities”. Our principal business address is 500 Stonehenge Parkway, Dublin, Ohio 43017. Our agent for service of process is Epcon Communities Franchising, LLC, 500 Stonehenge Parkway, Dublin, Ohio 43017, Attention: Joseph R. Karpowicz. In addition, if your state is listed in Exhibit P, our agent for service of process in your state is listed in Exhibit P.

On December 31, 2019, Epcon Communities Franchising, Inc. converted from an Ohio corporation to an Ohio limited liability company with the name Epcon Communities Franchising, LLC. Because of the nature of the conversion and the fact that there was no “acquisition” of assets, we do not regard Epcon Communities Franchising, Inc. (referred to in this disclosure document as “ECFI”) as a predecessor of Epcon Communities Franchising, LLC. Epcon Communities Franchising, Inc.’s principal business address was 500 Stonehenge Parkway, Dublin, Ohio 43017.

From March 14, 2005 until December 31, 2019, under the name Epcon Communities Franchising, Inc., we offered and sold Epcon Communities franchises. ECFI changed its name on March 14, 2005 from Epmark, Inc. From August 1996 until February 2005, under the name Epmark, Inc., we offered and sold Epmark franchises.

Parents, Affiliates and Predecessors

EC Franchising, LLC, Epcon JV LLC and Epcon Holding LLC, each with a principal business address of 500 Stonehenge Parkway, Dublin, Ohio 43017, are ECFL’s parent companies.

Epcon Communities, LLC (“Epcon LLC”), EC New Vision Ohio, LLC (“ECNV Ohio”), Epcon Communities Carolinas, LLC (“Carolinas LLC”), EC New Vision Carolinas, LLC (“ECNV Carolinas”), EC New Vision Indiana, LLC (“ECNV Indiana”), EC New Vision Georgia, LLC (“ECNV Georgia”), and EC New Vision Tennessee, LLC (“ECNV Tennessee”) are affiliates of ECFL, each with a principal business address of 500 Stonehenge Parkway, Dublin, Ohio 43017. Epcon LLC and ECNV Ohio are collectively referred to in this disclosure document as “Epcon”. Carolinas LLC and ECNV Carolinas are collectively referred to in this disclosure document as “Epcon Carolinas”. ECNV Indiana is referred to in this disclosure document as “Epcon Indiana”. ECNV Georgia is referred to in this disclosure document as “Epcon Georgia.” ECNV Tennessee is referred to in this disclosure document as “Epcon Tennessee.”

In 1986, Epcon LLC’s two principals began the work and development projects that ultimately became the Epcon Communities Development System described in this Item 1 as the “Development System”.

Epcon LLC and ECNV Ohio develop and construct residential community projects in Ohio through a number of single member limited liability companies, for which either Epcon LLC or ECNV Ohio is the sole member, using the Development System.

Throughout its existence, Epcon has been involved in the development and construction of low-maintenance residential community projects in central Ohio. Generally, Epcon does business under the names “Epcon Communities” and “Epcon”.

Carolinas LLC and ECNV Carolinas develop and construct residential community projects in North Carolina and South Carolina through a number of single member limited liability companies, for which either Carolinas LLC or ECNV Carolinas is the sole member, using the Development System. Generally, Epcon Carolinas does business under the names “Epcon Communities,” and “Epcon”.

ECNV Indiana develops and constructs residential community projects in Indiana through single member limited liability companies, for which ECVN Indiana is the sole member, using the Development System. ECVN Indiana is referred to in this disclosure document as “Epcon Indiana”. Generally, Epcon Indiana does business under the name “Epcon Communities,” and “Epcon”.

As of the original issuance date of this disclosure document, ECVN Georgia has not developed Epcon Communities residential community projects in Georgia, but has plans to do so during 2023. ECVN Georgia will develop these projects through single member limited liability companies, for which ECVN Georgia will be the sole member, using the Development System. ECVN Georgia is referred to in this disclosure document as “Epcon Georgia”. Generally, Epcon Georgia will do business under the name “Epcon Communities” and “Epcon”.

As of the original issuance date of this disclosure document, ECVN Tennessee has not developed Epcon Communities residential community projects in Tennessee, but has plans to do so during 2023. ECVN Tennessee will develop these projects through single member limited liability companies, for which ECVN Tennessee will be the sole member, using the Development System. ECVN Tennessee is referred to in this disclosure document as “Epcon Tennessee”. Generally, Epcon Tennessee will do business under the name “Epcon Communities” and “Epcon”.

Epcon Communities Marketing Program, Inc. (“Epcon Marketing”) is an affiliate and subsidiary of ECFL, which was formed to facilitate the system-wide pooling and expenditure of funds used for marketing Units in Epcon Communities projects, including those of ECFL’s franchisees and Epcon, Epcon Carolinas and Epcon Indiana. Epcon Marketing’s principal business address is 500 Stonehenge Parkway, Dublin, Ohio 43017.

ECFL has no predecessors required to be disclosed in this disclosure document.

Description of Epcon Communities Franchising, LLC’s Business

ECFL is in the business of licensing franchisees to develop, construct and market attached and detached residential homes in residential community development projects using an original development system, copyrighted architectural plans (including plans for two, three or four-Unit attached buildings in various configurations and plans for single family detached residential Units (defined below)), and other building designs like illustrations, renderings, blueprints and models, all under uniform and distinctive methods, plans, standards, specifications and systems, as periodically modified by it (referred to in this disclosure document as the “Development System”). A residential dwelling unit in a condominium or platted lot single family development project is referred to in this disclosure document as a “Unit.”

The Development System includes other special characteristics identified to the public by our service marks, trade name, emblems, signs, slogans, insignia and copyrights as have been designed by us for use with the Development System (referred to in this disclosure document as the “Marks”).

When we use the word “you” in this disclosure document, we are referring to you as a prospective ECFL franchisee and to other ECFL franchisees. If you elect to acquire an ECFL franchise through a corporation, partnership, limited liability company, or other business entity, the word “you” also includes the shareholders, partners, members, managers or owners of that entity.

Description of the Epcon Communities Franchise

You will be granted the right to use the Development System in developing, constructing and marketing attached and detached residential homes in residential community development projects at a specified location and within a specified territory using the Marks.

If you have not identified a specific property for development at the time you sign your Franchise Agreement with us, you must sign an Initial Market Area Agreement (the form of each is attached as

Exhibit C to this disclosure document), which provides for a market area in which you may be able to locate your project and which gives you additional time to locate suitable property for your project. When you identify a property for your project, and we agree to that location, you will be required to sign a Market Area Agreement with us, which will have a smaller market area than that in the Initial Market Area Agreement. The size of the market area included in the Market Area Agreement will depend upon the number of Units planned for your project. The form of Market Area Agreement is attached to this disclosure document as Exhibit D.

Under certain circumstances, we may grant you an extension of time to use the rights to the Development System granted to you under your Market Area Agreement, and under certain circumstances, even though your rights to use the Development System have terminated, you may complete construction of Units in your project (during a period of time not to exceed one year).

The general market for the Units to be developed, constructed and marketed by you includes those seeking to purchase ranch style homes in low maintenance communities.

The majority of Epcon Communities' franchisees purchase raw ground on which they build the Units comprising their Epcon Communities project. While not typical, you may purchase developed lots in an existing real estate development for your project instead of raw ground. The market for the products and services that you will provide to homeowners is well developed. The sale of the Units in your project is a year-round business.

If you become an ECFL franchisee, you must compete with a number of already established businesses developing, constructing and marketing housing, many of which may have been in business for a significant period of time, as well as other new and re-sale single family homes, condominiums and apartment rentals. You should consult the internet and/or a classified telephone directory under "Condominiums", "55+ Housing", "Building Contractors" and "Realtors" to determine the number of competitors in the area.

Your Epcon Communities business and project are subject to numerous laws and governmental regulations that apply to businesses generally. In addition, you must comply with a variety of federal, state and/or local laws and regulations concerning zoning and building codes, licensing requirements for contractors, property managers and real estate salespersons, the formation and management of condominium associations, occupational health and safety on the construction site, housing finance, the federal Interstate Land Sales Full Disclosure Act, equal housing laws, the Fair Housing Act and the Americans with Disabilities Act, as well as the Accessibility Guidelines promulgated under each of these laws. Before you purchase an Epcon Communities franchise, we suggest that you check on the existence and the requirements of these laws and regulations in your area. We do not warrant to you that the architectural plans, specifications, condominium association materials and site plan samples provided as part of our Development System will comply with the laws and regulations applicable in the state and local governmental jurisdictions in which you decide to locate your project. You will be required to engage a local architect and legal counsel to assist you in determining which state and local government agencies are involved in regulating real estate development activity in your area and in making any modifications to the architectural plans, specifications, sample condominium association materials and site plan samples that are necessary to permit your project to be in compliance with all applicable laws and regulations. You must provide us with a letter from your architect detailing all of the changes made to the architectural plans, if any. If you are unable to obtain permits and approvals from governmental authorities regarding a particular project site within thirty-six months after signing the Franchise Agreement, you may terminate your Franchise Agreement if you provide timely notice to us of your desire to terminate the agreement and you pay us a termination fee. If governmental authorities require you to make modifications to the plans to gain approval or obtain a permit, you must comply with these requirements in order to move ahead with your project.

You must pay us the Initial Franchise Fee and you may be required to pay us the Minimum Monthly Royalty regardless of whether you commence construction or complete development of a project or build any Units.

Prior Business Experience of Epcon Communities Franchising, LLC

ECFL has not itself developed Epcon Communities projects of the type being franchised. From its formation in April 1995, until it began offering franchises in August 1996, ECFI (now known as ECFL) granted licenses to licensees to use its development system in developing multi-family residential communities to be located in the United States. These licenses were not franchises, because the licensees were prohibited from using the licensor's service mark in their activities. As of August 1996, ECFI (now known as ECFL) focused on offering and selling franchises. Beginning in 2023, under a separate disclosure document and franchise offering, ECFL plans to offer franchises in Canada. As of the original issuance date of this disclosure document, there are no Epcon Communities franchised businesses in Canada.

Epcon, Epcon Carolinas, Epcon Indiana, Epcon Georgia, and Epcon Tennessee and their principals, have for 36 years, since 1986, developed or are currently developing 106 multi-family residential communities of the type being franchised in Ohio, Georgia, Indiana, Florida, North Carolina and South Carolina (including those currently under construction), and beginning in 2023, plan to develop these multi-family residential communities in Georgia and Tennessee. The total number of Units developed in the past, along with the estimated number of Units to be developed during 2023 in these states is approximately 9,179.

From October, 1988 through April, 1995, Epcon LLC granted licenses to licensees to use what was then known as the Epcon development system to develop multi-family residential communities. Epcon LLC ceased granting licenses for use of the system in April 1995 and itself became a licensee of ECFL. Epcon continues to develop multi-family residential communities using the Development System.

From time to time, we enter into license agreements with former franchisees and other parties that permit the former franchisee or other party to use certain plans in special circumstances and for the purpose of completing unfinished projects.

We have never offered or granted franchises in any other line of business and are not engaged in other business activities. Epcon, Epcon Carolinas, Epcon Indiana, Epcon Georgia and Epcon Tennessee have never offered or granted franchises in any line of business. Epcon Marketing has never developed an Epcon Communities project of the type being franchised and has never offered or granted franchises in any line of business.

ITEM 2. BUSINESS EXPERIENCE

Co-Chairman: Philip G. Fankhauser

Since January 2023, Mr. Fankhauser has served as Co-Chairman of ECFL. From January 2020 through December 2022, Mr. Fankhauser served as Chief Executive Officer of ECFL. He served as Chief Executive Officer of ECFI from March 2006 through December 2019 and served as a Director of ECFI from its formation in April 1995 through December 2019. Since January 2023, Mr. Fankhauser has served as Co-Chairman of EC Franchising, LLC, EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Carolinas, LLC, EC New Vision Georgia, LLC, EC New Vision Indiana, LLC, EC New Vision Ohio, LLC, EC New Vision Tennessee, LLC, and Epcon Communities Carolinas, LLC. Mr. Fankhauser served as President of EC Franchising, LLC from March 2021 through December 2022, as President of EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Ohio, LLC, and EC New Vision Carolinas, LLC from June 2018 through December 2022, as President of EC New Vision Indiana, LLC from December 2019 through December 2022, as President and Chief Operating Officer of EC New Vision Georgia, LLC from April 2022 through December 2022, and as President and Chief Operating Officer of EC New Vision Tennessee, LLC from June 2021 through December 2022. Since January 2023, Mr. Fankhauser has served as the Co-Chairman of Epcon Communities, LLC. Mr. Fankhauser served as the Chief Operating Officer of Epcon Communities, LLC from March 2006 through December 2022, and President and a Director of Epcon Communities, LLC (formerly Epcon Communities, Inc.) from August 1988 through December 2022. Since April 2006, Mr. Fankhauser has served as a Trustee of

Epcon Marketing. Mr. Fankhauser served as President and Chief Operating Officer of Epcon Communities Carolinas, LLC from December 2007 through December 2022. The location for each of Mr. Fankhauser's current and former positions is Dublin, Ohio. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019).

Co-Chairman: Edward A. Bacome

Since January 2023, Mr. Bacome has served as Co-Chairman of ECFL. From January 2020 through December 2022, Mr. Bacome served as the President of ECFL. He served as President of ECFI from April 2008 through December 2019 and served as a Director of ECFI from its formation in April 1995 through December 2019. Since January 2023, Mr. Bacome has served as Co-Chairman of EC Franchising, LLC, EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Carolinas, LLC, EC New Vision Georgia, LLC, EC New Vision Indiana, LLC, EC New Vision Ohio, LLC, EC New Vision Tennessee, LLC, and Epcon Communities Carolinas, LLC. Mr. Bacome served as Chief Executive Officer of EC Franchising, LLC from March 2021 through December 2022, as Chief Executive Officer of EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Ohio, LLC, and EC New Vision Carolinas, LLC from June 2018 through December 2022, as Chief Executive Officer of EC New Vision Indiana, LLC from December 2019 through December 2022, as Chief Executive Officer of EC New Vision Georgia, LLC from April 2022 through December 2022, and as Chief Executive Officer of EC New Vision Tennessee, LLC since June 2021. Since January 2023, Mr. Fankhauser has served as the Co-Chairman of Epcon Communities, LLC. From August 1988 through December 2022, Mr. Bacome served as a Director of Epcon Communities, LLC, and served as its Chief Executive Officer from March 2006 through December 2022. Since April 2006, Mr. Bacome has served as a Trustee of Epcon Marketing, and from December 2007 through December 2022, he served as Chief Executive Officer of Epcon Communities Carolinas, LLC. The location for each of Mr. Bacome's current positions and former positions is Dublin, Ohio. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019)

Treasurer and Chief Financial Officer: David P. Blackmore

Since January 2020, Mr. Blackmore has served as Treasurer and Chief Financial Officer of ECFL. He served as the Chief Financial Officer of ECFI from May 2005 through December 2019, and served as the Treasurer of ECFI from August 2005 through December 2019. He has served as the Treasurer and Chief Financial Officer and Treasurer of EC Franchising, LLC since March 2021, as the Chief Financial Officer of Epcon Communities, LLC since May 2005, and he has been the Chief Financial Officer and Treasurer of Epcon Communities, LLC since August 2005. Mr. Blackmore has served as Chief Financial Officer and Treasurer of EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Ohio, LLC, and EC New Vision Carolinas, LLC since June 2018, as Chief Financial Officer and Treasurer of EC New Vision Indiana, LLC since December 2019, as Chief Financial Officer and Treasurer of EC New Vision Georgia, LLC since April 2022 and as Chief Financial Officer and Treasurer of EC New Vision Tennessee, LLC since June 2021. Since April 2006, Mr. Blackmore has served as the Treasurer of Epcon Marketing, and since December 2007, Mr. Blackmore has been the Chief Financial Officer and Treasurer of Epcon Communities Carolinas, LLC. The location for each of Mr. Blackmore's current and former positions is Dublin, Ohio. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019).

Vice President of Sales: Nanette M. Pfister

Since January 2020, Ms. Pfister has served as the Vice President of Sales of ECFL, and she has served as the Vice President of Sales and Marketing for Epcon Communities, LLC since August 2018. She served as the Vice President of Sales for ECFI from August 2018 through December 2019. From January 2007 until August 2018, Ms. Pfister held the position of Vice President of Sales and Marketing for ECFI. Ms. Pfister has served as Vice President of Sales of EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Ohio, LLC, and EC New Vision Carolinas, LLC since June 2018, as Vice President of Sales of EC New Vision Indiana, LLC since December 2019, as Vice President of Sales of

EC New Vision Georgia, LLC since April 2022, and Vice President of Sales of EC New Vision Tennessee, LLC since January 2023. Currently, Ms. Pfister serves as the Vice President of Corporate Affairs and as a Trustee of Epcon Marketing, positions she has held since April 2006. The location for each of Ms. Pfister's current and former positions is Dublin, Ohio. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019).

Chief Executive Officer: Joel D. Rhoades

Since January 2023, Mr. Rhoades has served as Chief Executive Officer of ECFL. From January 2020 through December 2022, Mr. Rhoades served as Director and Vice President of ECFL. From January 2020 to February 2021, Mr. Rhoades served as General Counsel of ECFL. He served as a Director of ECFI from August 2007 to December 2019, Vice President of ECFI from January 2005 to December of 2019, and General Counsel for ECFI from March 2003 to December 2019. He served as Secretary of ECFI from March 2003 to December 2017. Mr. Rhoades has served as Chief Executive Officer of Epcon Communities, LLC since January 1, 2023 and served as its Director from March 2006 through December 2022 and as Regional President from October 2017 through December 2022. He served as Epcon Communities, LLC's General Counsel from March 2003 to February 2021. He served as Vice President of Epcon Communities, Inc. from January 2005 to October 2017 and as Secretary from March 2003 to December 2017. Since January 2023, Mr. Rhoades has served as Chief Executive Officer of EC Franchising, LLC, EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, Epcon Communities Carolinas, LLC, EC New Vision Carolinas, LLC, EC New Vision Georgia, LLC, EC New Vision Indiana, LLC, EC New Vision Ohio, LLC, and EC New Vision Tennessee, LLC. From December 2007 through December 2022, Mr. Rhoades has served as Vice President of Epcon Communities Carolinas, LLC and Secretary of Epcon Communities Carolinas, LLC from December 2007 to December 2017. Mr. Rhoades served as the Vice President of EC Franchising, LLC from March 2021 through December 2022, as the Regional President of EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Ohio, LLC, and EC New Vision Carolinas, LLC from June 2018 through December 2022, as the Vice President of EC New Vision Indiana, LLC from December 2019 through December 2022, as the Vice President of EC New Vision Georgia, LLC from April 2022 through December 2022, and as the Vice President of EC New Vision Tennessee, LLC from June 2021 through December 2022. The location for each of Mr. Rhoades' current and former positions is Dublin, Ohio. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019).

President of Franchising: Paul W. Hanson

Since January 2020, Mr. Hanson has served as President of Franchising of ECFL, located in Dublin, Ohio. He served as President of Franchising for ECFI from December 2018 until December 2019 and has served as Trustee of Epcon Communities Marketing Program, Inc., also located in Dublin, Ohio, since December 2018. From September 2015 to November 2018, Mr. Hanson was a Group Vice President for Arthur Rutenberg Homes, Inc. of Clearwater, Florida while located in Indianapolis, Indiana. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019).

Vice President of Marketing: Robert H. Krohn

Mr. Krohn has been the Vice President of Marketing of EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Ohio, LLC, and EC New Vision Carolinas, LLC since December 2018, and has held the position of Vice President of Marketing for EC New Vision Indiana, LLC since December 2019, for EC New Vision Georgia, LLC and EC New Vision Tennessee, LLC since January 2023. He has served as Secretary of Epcon Marketing since May 2018, and as its Marketing Manager since October 2013. From October 2013 until July 2018, he was the Marketing Manager for Epcon Communities, Inc. From July 2018 until December 2018, he served as the Marketing Manager for EC Holdings Ohio, Inc., EC Holdings Carolinas, LLC, EC New Vision Ohio, LLC, and EC New Vision Carolinas, LLC. The location for each of Mr. Krohn's current and former positions is Dublin, Ohio. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019).

Business Development Director: Jad Buckman

Since January 2020, Mr. Buckman has served as a Business Development Director of ECFL located in Dublin, Ohio. In December 2019, he served as a Business Development Director of ECFI also located in Dublin, Ohio. From February 2019 to December 2019, Mr. Buckman was Executive Director of Sales at HealthSource in Cincinnati, Ohio. From November 2016 to January 2019, Mr. Buckman was Business Development Manager for ECFI in Dublin, Ohio. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019).

Assistant General Counsel: Joseph R. Karpowicz

Mr. Karpowicz has served as Assistant General Counsel for ECFL since January 2020 and for Epcon Communities, LLC since October 2013. He served as Assistant General Counsel for ECFI from October 2013 until December 2019. The location for each of Mr. Karpowicz's current and former positions is Dublin, Ohio. (As disclosed in Item 1 of this disclosure document, ECFI, an Ohio corporation, converted to ECFL, an Ohio limited liability company, on December 31, 2019).

ITEM 3. LITIGATION

Certain Pending Actions

Fair Housing Advocates Association v. Epcon Communities, Inc., et al., HUD Case No. 05-12-0088-8, Inquiry No. 329941 and Assistant Secretary of Fair Housing and Equal Opportunity ("FHEO") v. Epcon Communities, Inc., HUD Case No. 05-13-0010-8, Inquiry No. 349829; United States of America v. Epcon Communities, LLC and Epcon Communities Franchising, Inc., Case No. 2:19-cv-4601 (United States District Court, Southern District of Ohio, Eastern Division, filed October 17, 2019). On October 27, 2011, a formal Complaint was filed with the Midwest Region Office, Region V of the Fair Housing Office of the U.S. Department of Housing and Urban Development ("Fair Housing Office") by the advocacy group, Fair Housing Advocates Association ("FHAA"). On October 15, 2012, the Assistant Secretary of FHEO filed a similar Complaint with the Fair Housing Office. The Complaints allege that Epcon Communities, Inc. (now Epcon Communities, LLC) and other respondents have engaged in one or more discriminatory housing practices under federal Fair Housing law. The Complaints listed five projects in Ohio developed by ECFI franchisees at which the discrimination allegedly occurred. Specifically, the Complaints alleged inaccessible common use areas, such as clubhouse kitchens and mailboxes, and inaccessible parking, a lack of accessible routes to entrances due to the inclusion of steps and/or noncompliant slopes, a lack of an accessible route in the form of a sidewalk from the residences to the common use areas, as well as items of noncompliance within the units. Finally, the Complaints allege that Epcon Communities, LLC has denied or made unavailable, housing to persons with disabilities, discriminated against persons with disabilities in the terms, conditions, privileges, or provisions of services and failed to design and construct covered dwellings in accordance with federal accessibility requirements in violation of the Fair Housing Act. Letters accompanying the Complaints provided notice that the Fair Housing Office would conduct an investigation to determine whether the Complaints had merit. On August 8, 2014, an Amended Complaint was filed by the Assistant Secretary of FHEO that listed thirty-three projects in Ohio developed by ECFI franchisees and Epcon Communities, LLC at which the discrimination allegedly occurred, removed Joel Rhoades as a personally named respondent and added an allegation that the violations were continuing. These matters have been consolidated within the lawsuit, United States of America v. Epcon Communities, LLC and Epcon Communities Franchising, Inc., Case No. 2:19-cv-4601, filed in the United States District Court, Southern District of Ohio, Eastern Division, on October 17, 2019 by the United States Department of Justice ("the DoJ"). In the Complaint, the DoJ alleged that the defendants have discriminated against persons with disabilities by failing to design and construct covered multi-family dwellings at 32 multifamily properties in Ohio with the required accessibility features. Of the 32 properties, 11 properties were developed by Epcon Communities, LLC and 21 were developed by ECFI franchisees. The Complaint requested that the Court find that the defendants violated the Fair Housing Act, enjoin further violations of the Fair Housing Act and award monetary damages. The parties entered into a Consent Decree settling the matter on March 25, 2020. The Consent Decree has a term of three

(3) years from the date of its entry and subjects ECFL and Epcon LLC to the following: (i) an injunction from discrimination on the basis of disability as prohibited by the Fair Housing Act, 42 U.S.C. 3604(f); (ii) establishment of a fund in the amount of \$2,200,000 for accessibility retrofits at certain Epcon communities developed by Epcon Communities, LLC and franchisees of ECFI; (iii) payment of a civil penalty of \$51,303 to the United States Treasury; (iv) a settlement payment to Fair Housing Advocates Association in the amount of \$40,000; (v) establishment of a fund in the amount of \$300,000 for settlement payments to aggrieved persons; (vi) actions to assure compliance with the Accessible Design Requirements of the Fair Housing Act in the future design and construction of Epcon communities by Epcon Communities, LLC and ECFL franchisees; and (vii) dissemination of certain notices. Compliance with the Consent Decree is ongoing.

Marrington Villas at Cobblestone Association, Inc. v. Epcon Communities, Inc., n/k/a Epcon Communities, LLC, Epcon Communities Carolinas, LLC, and Epcon Marrington, LLC., Case No. 2021CP0801194 in the Circuit Court for the Ninth Judicial Circuit, State of South Carolina, County of Berkeley. Litigation commenced June 14, 2021. The plaintiff alleges that the defendants were guilty of fraud, gross negligence or recklessness in construction or development of a project and alleges defects and deficiencies relating to the development, construction and/or repair of residential units and buildings known as Marrington Villas at Cobblestone located in Berkeley County, South Carolina. The plaintiff seeks binding arbitration and demands judgment for compensatory and punitive damages in an unspecified amount. The matter is pending.

Robert Price and Linda Price v. Epcon Communities, LLC, Epcon Marrington, LLC, Epcon Communities North Carolinas, LLC, and Jenkins Plumbing Company, LLC., Case No. 2022-CP-0801974 in the Court of Common Pleas for the Ninth Judicial District, Berkeley County, South Carolina. Litigation commenced August 18, 2022. The plaintiffs allege defects and deficiencies relating to the construction of plumbing work in a residential unit in the community known as Marrington Villas at Cobblestone located in Berkeley County, South Carolina. The plaintiffs have asserted claims of negligence/gross negligence, breach of implied warranties, and violation of the South Carolina Unfair Trade Practices Act and seek actual damages and punitive damages in an unspecified amount. The matter is pending.

Certain Concluded Actions

Villas of Stonehenge Condominium Association v. 9th Street Company, L.L.C. et al., Case No. 11-0512-CH in the Circuit Court for Kalamazoo County, Michigan. On January 20, 2012, Villas of Stonehenge Condominium Association (the "Association"), the condominium association for the Villas of Stonehenge Condominium (the "Condominium") in Kalamazoo, Michigan filed an Amended Complaint against Villas of Stonehenge, Inc., a Michigan corporation and the franchisee which developed the condominium project, Kenneth Watts, the owner of Villas of Stonehenge, Inc., 9th Street Company, L.L.C., the successor developer of the Condominium (not a franchisee), John Stewart, the owner of 9th Street Company, L.L.C., Phillip Martin, an officer, director and manager of the Condominium, and ECFL. ECFL was added as a defendant in a lawsuit that was originally filed on October 5, 2011. The claims against ECFL included (1) a request for a declaratory judgment that ECFL formed a joint venture and/or a partnership with the other defendants and that ECFL was jointly and severally liable for any money judgment or other relief granted against the other defendants, (2) trespass and violation of Michigan Compiled Laws Section 600.2919, (3) breach of contract, (4) breach of warranty, (5) breach of covenant, (6) negligence, (7) breach of fiduciary duty, (8) fraud, (9) negligent misrepresentation, (10) innocent misrepresentation, (11) silent fraud, (12) violation of the Michigan Condominium Act, (13) violation of the Master Deed, and (14) violation of the Michigan Consumer Protection Act. On September 3, 2013, by the agreement of all of the parties, the case was dismissed with prejudice in its entirety with respect to all claims involving ECFL. The settlement agreement to which ECFL is a party provides (a) ECFI did not admit responsibility or liability for any damages alleged by any party; (b) a payment of \$50,000 to the Association was made by ECFL (and its insurer); ECFL agreed to the grant of a license for use of the condominium development system to 9th Street Company, L.L.C. to permit it to finish the remaining units in the Condominium; (d) 9th Street Company, L.L.C. agreed to enter into and abide by the terms of the license agreement with ECFL; and (e) the Association agreed to fully defend and indemnify ECFL from any claim filed against ECFI by any of the parties. As to ECFL, the matter is concluded.

Lipari v. Epcon Nantz Road, LLC, et al., Case Number 19-CVS-93, in the Superior Court Division of Mecklenburg County, North Carolina. This case was filed on January 7, 2019. The defendants include Epcon Communities, LLC, Philip G. Fankhauser and Edward A. Bacome, as well as other parties. The plaintiffs asserted causes of action including fraud in the inducement, constructive fraud, negligent misrepresentation, unfair and deceptive trade practices, punitive damages, and respondeat superior. The plaintiffs have alleged that the defendants provided inadequate storm sewer and drainage improvements, misrepresented that the community in which the plaintiffs' home is located had lake access, misrepresented the number of the home's air conditioning units, and failed to construct the common areas in the community in a workmanlike manner. The plaintiffs have demanded attorneys' fees, court costs, a constructive trust, and an unspecified amount of actual, trebled, and punitive damages. The defendants have filed Motions to Dismiss and Alternative Motions to Stay Proceeding and Compel Arbitration. The plaintiffs voluntarily dismissed the suit on May 8, 2019. The matter was resolved upon the signing of a settlement agreement dated November 2, 2020, and the arbitration matter was subsequently dismissed on or about November 9, 2020. The settlement agreement provided: Epcon Nantz Road, LLC agreed to pay to Mr. and Mrs. Lipari the amount of \$52,500; Epcon Nantz Road, LLC agreed to install up to two (2) yard drains in the Liparis' side yard and/or back yard to connect to the main storm drainage system for the community; and the parties agreed to mutual releases of all claims. The matters are concluded.

M.E. Stores Property, LLC v. Epcon Nantz Road, LLC, Epcon Communities Carolinas, LLC, Epcon Communities, LLC et al., Case No. 20-CVS-14594 in the General Court of Justice Superior Court Division of Mecklenburg County, North Carolina. Litigation commenced on October 28, 2020. The matter was removed to the United States District Court for the Western District of North Carolina on December 23, 2020, as Case No. 3:20-CV-631. The plaintiff alleged that the defendants' construction activities created dust that infiltrated the plaintiff's machinery and boats located on the plaintiff's property causing damage to its personal property. The plaintiff's causes of action included trespass, nuisance, negligence, breach of contract, fraud, negligent supervision, improper capitalization and respondeat superior. The case was settled for total payments of \$25,000 by defendants of which the Epcon defendants paid \$22,000. The Notice of Voluntary Dismissal was filed on June 15, 2022. The matter is concluded.

Except for the matters described above, no litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

You must pay us a non-refundable initial franchise fee (the "Initial Franchise Fee") of \$75,000.00, which is due when the Franchise Agreement is signed by you and us.

You must also pay us or a provider designated by us a non-refundable initial marketing program membership fee (the "Initial Marketing Program Membership Fee") of \$5,000.00, which is due when the Franchise Agreement is signed by you and us. Existing franchisees in good standing with us are not required to pay the Initial Marketing Program Membership Fee if their Franchise Agreement was signed before May 1, 2023 (and is still in effect), or, if they paid an Initial Marketing Program Membership Fee to us under their existing Franchise Agreement. However, existing franchisees in default under their previously signed Franchise Agreement are required to pay the Initial Marketing Program Membership Fee.

If you are a current franchisee and you, as an individual, or 50% or more of the owners of your corporation, partnership or limited liability company, enter into another Franchise Agreement for the development of an additional project, the non-refundable Initial Franchise Fee will be \$5,000.00, if (a) the location of the additional project is within 100 miles of a project of yours that is under development in accordance with a then-existing Franchise Agreement with us, and, if applicable, (b) the additional project

is located within a state in which we have an effective franchise registration or franchise registration exemption.

Sometimes there are changes to the ownership of a franchisee business entity after the Franchise Agreement is signed. In these instances, under our current policies, (a) if you are a current franchisee and form a business entity to develop a new project, and the business entity is owned by at least 80% of the owners of the current franchisee entity and we consent to an additional owner(s), there is no Initial Franchise Fee, and (b) if more than 20% of the original ownership of your franchisee business entity is transferred to a third party, your entity will be required to pay us an amount equal to the then-applicable Initial Franchise Fee. In addition, we must consent to the transfer of the ownership interest to the third party.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Minimum Monthly Royalty	\$2,000 per month, but is \$0 if you closed on the sale of a Unit in the preceding month. \$5,000 per month if you violate the terms of your Franchise Agreement regarding transfer.	Due on or before the 15 th of each month.	See Note 1.
Point of Closing Royalty Payment	2.00% multiplied by the gross sales price of a Unit for the first 6 Units closed in a calendar year; 1.75% of the gross sales price of each Unit for the 7th through 12th Unit closed in a calendar year; 1.50% of the gross sales price of each Unit for the 13 th through 24 th Unit closed in a calendar year; 1.25% of the gross sales price of each Unit for the 25 th through 50 th Unit closed in a calendar year; and, 1.00% of the gross sales price of each Unit for the 51 st Unit and each subsequent Unit closed in a calendar year. However, in no event will the payment be less than \$3,000.00.	Due at time of closing of a Unit.	See Note 2.
Marketing Program Fee	You must pay Epcon Marketing a Marketing Program Fee of \$625 per month for each project. As of the date of this disclosure document, the Marketing Program Fee is discounted based on the number of projects that you concurrently have under construction and/or for which the you are actively marketing for sale Units in a project.	Monthly, by the 15th day of each month.	See Note 3.

Type of Fee	Amount	Due Date	Remarks
Termination Fee	If you have not commenced construction within 36 months after signing your Franchise Agreement, you may terminate your Franchise Agreement for a fee of \$10,000.	Due with notice of termination.	Amount is payable to us.
Mortgage and Security Agreement Recording and Administrative Fee	You are required to reimburse us for all costs (including legal fees, filing fees and recording fees) incurred by us in obtaining, filing and recording a mortgage, security agreement or other security interest. We estimate these costs will range from \$200 to \$1,000.	Upon closing of your financing with your lender or within 15 days of invoicing.	Amounts are payable to us.
Market Hold Fee	\$5,000 for each reservation or "hold" on one "market area."	Upon your signing of the Market Hold Agreement.	See Note 4.
National Conference	As of the date of this disclosure document the early-bird registration fee is \$1,200 per attendee and the regular registration fee is \$1,600 per attendee.	Payable by date of conference.	You, an owner of the franchisee business entity or an approved representative of your franchise business is required to attend this conference. You are responsible for the attendee's transportation and room and board expenses.
Training Fee	Will vary under the circumstances. We estimate these fees will range from \$1,500 to \$2,500 per person.	Immediately upon billing.	The fees for any required or voluntary training will vary depending on the subject matter of the training and the use of outside trainers and speakers. You are responsible for each attendee's transportation and room and board expenses.
Additional Consulting Services Fee	Upon thirty (30) days prior written notice, charge \$200 per hour for consulting services requested by you in excess of those considered reasonable by us for a particular project. You must reimburse us for transportation, lodging and food costs that we incur to provide these consulting services to you. We estimate these costs to be \$1,000 to \$1,600 (assuming two days of consultation at your place of	Immediately upon billing.	We provide at no additional charge to you 50 hours of consulting services on each project. In addition, we provide a reasonable number of hours of consulting services in excess of the 50 hours. Services are provided to you at our business offices, by telephone, by our Intranet, or at your place of business. We have the right to charge you \$200 per hour for these consulting services if your requests for consultation are in

Type of Fee	Amount	Due Date	Remarks
	business or at your project site).		excess of those we consider reasonable for a project.
Rebate Program	Amount varies. As of the date of this disclosure document, the most recent fees paid by a franchisee for participation in the rebate program ranged from \$112 to \$118,618 annually, which included an administrative fee of 7.5% of the rebate amounts and an accounting fee of 2.5% of the rebate amounts (both amounts are paid to us for our administration of the rebate program).	Payments due as directed by us.	See Note 5.
Avid Ratings, Inc. Membership	Currently there is a one-time implementation fee of \$200 and a per survey fee of \$49.	Due after the signing of the Franchise Agreement and before a Unit is closed.	Amounts are payable to Avid Ratings, Inc. or other third parties that we designate. See Note 6.
Securities Offering Review Fee	Amount varies. We estimate this fee will range from \$0 to \$1,000.	Immediately upon billing.	If you desire to make a public securities offering of your stock, you must pay us an amount equal to our expenses to review and comment on the proposed offering documents.
Late Payment Fee	Lesser of interest at 18% annual rate or maximum rate permissible under state law, for the period beginning on the day payment is due through the date payment in full is made to us, as well as our costs of collection, including reasonable attorney's fees.	When payment is overdue.	
Liquidated Damages For Breach of Articles 10.3 and 14.3 of Franchise Agreement	The greater of (i) the estimated value of the project multiplied by 3.0%, or (ii) the actual completion value of the project multiplied by 3.0%.	Immediately upon occurrence of the breach.	Amounts are payable to us. This amount is chargeable for each project developed in breach of Articles 10.3 and 14.3 of the Franchise Agreement.
Litigation Expenses to Prevailing Party in Dispute	Amounts vary.	Immediately upon billing.	If we are the prevailing party in a legal dispute with you, you must pay all our litigation expenses, including attorney's and accountant's fees.
Your Indemnification	Amounts vary.	Immediately upon billing.	You must reimburse us for all our losses, expenses and

Type of Fee	Amount	Due Date	Remarks
of Us			damages, incurred in connection with your ownership of the franchised business and your use of the Development System.
Insufficient Funds Fee	If we choose to charge a fee, we estimate it will be \$25 per occurrence. Fees charged by banks vary from bank to bank.	Immediately upon billing.	We may electronically withdraw from your bank account (EFT) any fees owed by you to us. If your bank does not honor any EFT, you must pay any service charges imposed by us and/or your bank.
Post Expiration or Termination De-identification Expenses	You must pay us our actual costs incurred for the de-identification of your project. Amounts vary per franchisee, depending upon the extent to which the franchisee failed to de-identify its project.	Immediately upon billing.	Upon termination or expiration of the Franchise Agreement, at your expense, we have the right to enter upon the premises of your project and remove any use of the Marks.
Technology Royalty Fee	If you signed a Technology Royalty Addendum, you must pay us a technology royalty fee equal to 0.5% of the Gross Sales Price of each Unit sold. If we cap the amount of the Gross Sales Price for purposes of calculating your Point of Closing Royalty Payments, you must pay us a technology royalty fee equal to 0.5% of the capped amount of the Gross Sales Price. Additional \$200 per hour for costs to make changes to floor plans if changes require our approval.	Royalty due upon closing of sale of each Unit in a Project; Fee to change floor plans due within 30 days of invoice.	See Note 2 and Note 7.

Except as provided in the following notes, the fees and payments listed above are uniformly imposed and collected by us. These fees and payments are nonrefundable.

Note 1: Minimum Monthly Royalty: Each month that your project is under development, you must pay us a minimum monthly royalty (the “Minimum Monthly Royalty”). A project is considered under development from the date that you are required to pay the Minimum Monthly Royalty until the date your project is completed or your right to use the Development System under your Market Area Agreement or Initial Market Area Agreement is terminated by us, whichever occurs first. You must pay us the Minimum Monthly Royalty on the 15th day of each month, beginning the earlier of (a) the 37th month after the month in which the Franchise Agreement is signed by you and us, or (b) the month immediately after the month in which you close on the first sale of a Unit in your project. We may withdraw the Minimum Monthly Royalty from your bank account by electronic funds transfer (“EFT”) or require you to pay the Minimum Monthly Royalty to us in some other manner. The amount of the Minimum Monthly Royalty is \$2,000 for any month in which you did not close on the sale of a Unit in the preceding month.

At the end of each calendar year during the term of your Franchise Agreement, we will review the Minimum Monthly Royalty payments and Point of Closing Royalty Payments made by you in that calendar year. If you have paid us more than \$24,000 in Point of Closing Royalty Payments in that calendar year, and you are not in default under your agreements with us, we will refund to you any Minimum Monthly Royalty payments paid by you in that calendar year. If you violate the terms of your Franchise Agreement relating to transfer of your franchise or ownership interest of your business entity, you will not be eligible for any refund of Minimum Monthly Royalty payments.

Note 2: Point of Closing Royalty Payments: A Point of Closing Royalty Payment is due each time you close on the sale of a Unit in your project. The amount of the payment is determined by multiplying the Applicable Percentage in the table below by the gross sales price of the Unit closed, including the sales price of both real property and personal property, as provided in the HUD-1 Settlement Statement or the Settlement Disclosure Form for the sale of the Unit (the “Point of Closing Royalty Payment”) for each Unit. However, in no event will the Point of Closing Royalty Payment be less than \$3,000, including the Point of Closing Royalty Payment applicable under the Volume-Based Reduction and Cap on Calculation of Point of Closing Royalty Payments described below. As indicated in the table below, the Applicable Percentage used to determine the Point of Closing Royalty payment varies depending upon the number of Units for which a sale is closed in a calendar year. If you violate the terms of your Franchise Agreement relating to transfer of your franchise or ownership interest of your business entity, we have the right to increase the percentage used to calculate your Point of Closing Royalty Payments to 3.5%.

Point of Closing Royalty Percentage Table	
Units Closed	Applicable Percentage
1 - 6	2.0%
7 - 12	1.75%
13 - 24	1.50%
25 – 50	1.25%
51 and more	1.00%

If you have more than one active project, when determining the number of Units closed in a calendar year, we will aggregate the number of Units closed in each of those projects if the project in which the Unit closed is governed by a franchise agreement with a Point of Closing Royalty Payment, and the franchisees under each applicable franchise agreement are identical or substantially similar, which will be determined in our sole and absolute discretion.

If you pay us the Point of Closing Royalty Payment for a Unit, we will, at your request and expense, sign a partial mortgage release and/or partial security interest release for that Unit.

Volume-Based Reduction to Point of Closing Royalty Payments: At the beginning of each calendar year, we may rank all of our franchisees on the basis of the total amount of Point of Closing Royalty Payments paid to us by franchisees over the course of the previous three calendar years. The top 15% of franchisees in that ranking may receive for that calendar year a reduction in the Point of Closing Royalty Percentage, provided that in the three (3) previous calendar years (i) they have closed on at least 100 Units during that three-year period, and (ii) they have paid more than \$500,000 in total Point of Closing Royalty Payments to us during that three year period from all of their projects (“Qualifying Franchisees”).

Qualifying Franchisees that closed from 50 Units through 99 Units in the previous calendar year will pay Point of Closing Royalty Payments on the first 12 Units closed in the current calendar year using 1.50% as the Applicable Percentage.

Qualifying Franchisees that closed 100 or more Units in the previous calendar year will pay Point of Closing Royalty Payments on the first 24 Units closed in the current calendar year using 1.25% as the Applicable Percentage.

Cap on Calculation of Point of Closing Royalty Payments: You set the prices at which your Units are sold. However, solely when determining the maximum amount of Point of Closing Royalty Payments you are required to pay to us, we may, from time to time, cap the amount of the Gross Sales Price of any Unit sold by you. This means that if you sell a Unit for a Gross Sales Price in excess of the cap that we established, your Point of Closing Royalty Payment will be based on the capped amount and not the higher Gross Sales Price for which you sold the Unit. (The Gross Sales Price of a Unit is the sales price set out in the HUD-1 Settlement Statement or the sale price of the property and the sale price of any personal property included in the sale, which is set out on the Closing Settlement Disclosure Form.) If we choose to cap the amount of the Gross Sales Price, we anticipate that we will do so on an annual basis and notify you at the time of our annual franchisee convention. We also communicate the cap amount on the portion of our website accessible by franchisees (but not the general public). Once published at the annual franchisee convention and on our website, the cap amount is effective immediately. When determining the cap amount, we consider the sales price of all Units sold by all of our franchisees during the prior year.

Limit on Annual Total Point of Closing Royalty Payments: We may, from time-to-time, limit the total amount of Point of Closing Royalty Payments paid by you in a calendar year.

If you violate the terms of your Franchise Agreement relating to transfer of your franchise or ownership interest in your business entity, you will not be eligible for the volume-based reduction to Point of Closing Royalty Payments, the cap on the calculation of Point of Closing Royalty Payments or the limit on the total Point of Closing Royalty Payments to be made by you in a particular year.

Note 3: Marketing Program Fee: You must pay us, Epcon Marketing or another entity designated by us, a marketing program fee (“Marketing Program Fee”) in the amount of \$625 per month for each of your projects. However, if you have more than one project under construction and you are actively marketing Units for sale in all of those projects, we currently discount the amount of the Marketing Program Fee that you are required to pay. As of the date of this disclosure document, a franchisee who meets these requirements will pay Marketing Program Fees per month in the following amounts:

Projects Under Development During the Month	Monthly Marketing Program Fee Applicable to Projects For That Month
First and Second Project	\$625 each Project
Third through Fifth Project	\$500 each Project
Sixth Project and Each Additional Project	\$375 each Project

We may discontinue the discount of the Marketing Program Fee at any time. When estimating the amount for the Marketing Program Fee in this Item 6, it was assumed that you would have only one project.

The first Marketing Program Fee payment is due on the 15th day of each month beginning the earlier of (a) the 18th month after the month in which the Franchise Agreement was signed by you and us, or (b) the month immediately after the month in which you request that we include your Epcon community on our web site, or (c) the fifteenth day of the month immediately following the month of your first closing on a sale of a Unit within your Project Your obligation to pay the Market Program Fee continues until the last Unit in your project is sold. We have the right to withdraw the Marketing Program Fee by EFT.

Your monthly Marketing Program Fee may be increased by us or Epcon Marketing from year to year. If so, it will be raised no more than 120% of the monthly Marketing Program Fee paid by you during the immediately preceding calendar year.

Franchisees who signed a Franchise Agreement with us that differs from the Franchise Agreement included as Exhibit B of this disclosure document may not be required to pay a Marketing Program Fee or may pay a fee less than that set out in the table above. However, if these franchisees wanted to develop additional projects with us, we required them to sign an amendment to their agreements that obligated them to pay a Marketing Program Fee.

Note 4: Market Hold Fee: If you are a franchisee in good standing and ask us to reserve or “hold” a new market area for you, and we approve that request, you must sign a Market Hold Agreement (see Exhibit G to this disclosure document) and pay us a market hold fee for each market area that you reserve. You may enter into no more than one Market Hold Agreement for each of your active Market Area Agreements under which a project is currently under development. If you enter into a Franchise Agreement and Market Area Agreement with us for the reserved market area before the expiration of the Market Hold Agreement your Market Hold Fee will be applied toward the fees that you owe us under that Franchise Agreement.

Note 5: Rebate Program Fee: We have the right to require you to participate in a rebate program that we have established with some of our approved and/or designated suppliers for the benefit of our franchisees. Under this program, you will receive a rebate from purchases that you make from these suppliers. The suppliers remit your rebate amount to us directly, and we in turn remit the rebate amount to you, less an administrative and accounting fee that we charge for our administration of the rebate program. As of the date of this disclosure document, you are not required to participate in the rebate program, but you may do so if you would like.

Note 6: Avid Ratings, Inc. Membership: You may be required by us to participate in a homeowner’s survey program. As of the date of this disclosure document, Epcon uses Avid Ratings, Inc. and franchisees are encouraged to use Avid Ratings, Inc. for this service. We suggest that you obtain a minimum of one survey immediately after closing and one follow-up survey 9 months after closing.

Note 7: Technology Royalty: Franchisees may choose to use software to help streamline their construction, sales and marketing efforts and to obtain sales and marketing materials, such as brochures and virtual tours. We recommend Higharc software, but you are not required to use a particular software. As of the original issuance date of this disclosure document, we have an arrangement with the provider of Higharc software whereby we are permitted to provide qualifying franchisees with access to the software. You do not pay a fee to Higharc for the right to use this software, but rather, you pay us a technology royalty fee for the right to use the software. The technology royalty fee will be the lesser of 0.5% of the Gross Sales Price of the Unit, or, if we cap the maximum amount of the Gross Sales Price per Unit for purposes of determining your Point of Royalty Closing Payment, you will pay us 0.5% of the capped Gross Sales Price of the Unit (see Note 2 above for a discussion of the cap on the Gross Sales Price for Point of Closing Royalty Payments). In addition, if you request Higharc to make changes to the floor plans or optional items that are part of our Development System and we agree to allow you to make such changes, you must pay Higharc \$200 per hour for the costs to make the changes to the floor plan and/or list of optional items.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

This table assumes you are developing a project of thirty (30) detached home Units and you are purchasing raw land and developing the lots yourself (see General Note I and General Note II below).

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Land Purchase (See Note 1 and Note 1.A.)	\$600,000 to \$1,300,000	As Arranged	As Arranged	Land Seller
Financing Costs for Land Acquisition and Land Development During Initial Period (See Note 2)	\$0 to \$98,915	As Arranged	As Arranged	Lenders and Investors
Due Diligence and Land Entitlement (See Note 3.)	\$42,500 to \$105,000	As Arranged	As Arranged	Market Researchers, Appraisers, Governmental Entities, Attorneys and Other Third Parties
Land Development and Site Improvements (See Note 4 and 4.A)	\$1,950,000 to \$2,600,000	As Arranged	As Arranged	Contractors, Engineers, Governmental Entities and Other Third Parties
Large Pavilion Community Amenity (See Note 5 and 5.A)	\$70,000 to \$90,000	As Arranged	As Arranged	Contractors, Furniture and Building Materials Suppliers, and Other Third Parties
Vertical Construction Costs for Model Home Unit (See Note 6.)	\$200,700 to \$252,200	As Arranged	As Arranged	Contractors and Suppliers of Building Materials
Vertical Construction Costs for First Unit Offered for Sale (See Note 6.)	\$200,700 to \$252,200	As Arranged	As Arranged	Various Contractors and Building Materials Suppliers
Upfront Sales and Marketing (See Note 7.)	\$125,000 to \$145,000	As Arranged	As Arranged	Contractors, Utilities, Furniture Suppliers, Media, Printers, and Other Third Parties
Training Salary for In-House Sales Consultant (See Note 6.)	\$20,800	As Arranged	As Arranged	In-House Sales Team
Direct and Indirect / Overhead Project Costs (See Note 9.)	\$60,000 to \$70,000	As Arranged	As Arranged	Various Parties
Initial Franchise Fee	\$75,000	Lump Sum	Franchise Agreement Signing	Payable to Us
Initial Marketing Program Membership Fee (See Note 16.)	\$5,000	Lump Sum	Franchise Agreement Signing	Payable to us
Mortgage and Security Agreement Recording Fees and Administrative Fee (See Note 10.)	\$200 to \$1,000	Lump Sum	Financing Closing or 15 Days of Invoicing	Payable to Us
Marketing Program Fee (See Note 11.)	\$ 3,125	Installments	Monthly, by the 15 th day of each month.	Payable to Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Training Program (See Note 12.)	\$2,000 to \$3,000	Lump Sum	On demand	Various Other Parties
National Conference Attendance (See Note 13.)	\$6,000 to \$8,000	Lump Sum	On demand	Payable to Us and Various Other Parties
BuildTopia Software License (See Note 14.)	\$2,700 to \$5,400	Lump Sum	Varies	Constellation Software Providers
Additional Funds (for 3 month period) (See Note 15.)	\$10,000 to \$20,000	Varies	Varies	Architects, Engineers, Market Research Firms, Attorneys, Land Sellers, Governmental Entities, and Various Other Parties
TOTAL	\$3,373,725 to \$5,054,640			

NOTE: Payments described in the Item 7 table above that are made to us or Epcon Marketing are not refundable. Generally, other than due diligence deposits paid to land sellers in conjunction with the purchase of raw land or developed lots, payments made to parties other than us or Epcon Marketing are not refundable.

This table assumes you are developing a project of thirty (30) detached home Units and you are purchasing existing developed lots for your project from a land developer (see General Note I and General Note III below).

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Purchase of Two Developed Lots (See Note 1 and Note 1.B)	\$210,000 to \$250,000	As arranged	As arranged	Land Sellers
Deposit to Secure Exclusive Land Purchase Agreement for 30 Units and Community Amenity (See Note 1.C)	\$187,500 to \$375,000	As Arranged	As Arranged	Land Developer / Seller
Due Diligence and Land Entitlement for Two Developed Lots (See Note 3 and 3.A.)	\$5,000 to \$10,000	As Arranged	As Arranged	Governmental Entities, Attorneys and Other Third Parties
Land Development and Site Improvements (See Note 4 and 4.B.)	\$0	Not applicable	Not applicable	Not applicable
Large Pavilion Community Amenity (See Note 5 and 5.A)	\$0	Not applicable	Not applicable	Not applicable
Vertical Construction Costs for Model Home Unit (See Note 6 and 6.A.)	\$200,700 to \$252,200	As Arranged	As Arranged	Contractors and Suppliers of Building Materials
Vertical Construction Costs for First Unit Offered for Sale (See Note 6.)	\$200,700 to \$252,200	As Arranged	As Arranged	Various Contractors and Building Materials Suppliers
Upfront Sales and Marketing (See Note 7.)	\$125,000 to \$145,000	As Arranged	As Arranged	Contractors, Utilities, Furniture Suppliers, Media, Printers, and Other Third Parties
Training Salary for In-House Sales Consultant (See Note 6.)	\$20,800	As Arranged	As Arranged	In-House Sales Team
Direct and Indirect / Overhead Project	\$60,000 to	As Arranged	As Arranged	Various Parties

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Costs (See Note 9.)	\$70,000			
Initial Franchise Fee	\$75,000	Lump Sum	Franchise Agreement Signing	Payable to Us
Initial Marketing Program Membership Fee See Note 16.)	\$5,000	Lump Sum	Franchise Agreement Signing	Payable to us
Mortgage and Security Agreement Recording Fees and Administrative Fee (See Note 10.)	\$200 to \$1,000	Lump Sum	Financing Closing or 15 Days of Invoicing	Payable to Us
Marketing Program Fee (See Note 11.)	\$ 3,125	Installments	Monthly, by the 15 th day of each month.	Payable to Us
Initial Training Program (See Note 12.)	\$2,000 to \$3,000	Lump Sum	On demand	Various Other Parties
National Conference Attendance (See Note 13.)	\$6,000 to \$8,000	Lump Sum	On demand	Payable to Us and Various Other Parties
BuildTopia Software License (See Note 14.)	\$2,700 to \$5,400	Lump Sum	Varies	Constellation Software Providers
Additional Funds (for 3 month period) (See Note 15.)	\$10,000 to \$20,000	Varies	Varies	Architects, Engineers, Market Research Firms, Attorneys, Land Sellers, Governmental Entities and Various Other Parties
TOTAL	\$1,113,725 to \$1,495,725			

NOTE: Payments described in the Item 7 table above that are made to us or Epcon Marketing are not refundable. Generally, other than due diligence deposits paid to land sellers in conjunction with the purchase of raw land or developed lots, payments made to parties other than us or Epcon Marketing are not refundable.

General Note I:

The information in the tables above and the notes below is provided to help you determine the amount of the initial investment that is needed during your initial investment period. For purposes of Item 7, the initial investment period (a) starts on the date the Franchise Agreement is signed, (b) includes the time required to: (1) identify a site appropriate for an Epcon community; (2) enter into a purchase contract for raw land or developed lots; (3) complete the required due diligence to assure the property is suitable for your project; (4) conduct a market study; (5) complete a land plan; (6) complete engineering; (7) complete modifications to the prototype architectural plans; (8) complete land entitlement (if purchasing raw land); (9) purchase the land or developed lots; (10) construct a model home Unit to be offered for sale and leaseback; and (11) construct the first Unit in your project to be offered for sale; and (c) includes an initial period of operations of three (3) months, which typically begins on the date the last of the items in (b) (1) through (11) are completed.

It is important that you consult with an attorney and an accountant to assure that you have an understanding of the real estate purchase and development processes, and the costs and risks associated with the purchase and development of real estate. You should also secure trade contractor and supplier agreements to more accurately determine the costs for your project. The expenses shown in

the tables above anticipate that you will commence work on your project location search immediately upon entering into your Franchise Agreement.

The information and expenses included in Item 7 are based on our experience in franchising for twenty-five years, and that of our affiliates, Epcon, Epcon Carolinas, Epcon Indiana, Epcon Georgia and Epcon Tennessee, in building Epcon Communities for thirty-six years.

We selected the method used in disclosing the estimated total initial investment to you because it is the most meaningful presentation and because it conforms to the typical way in which new franchisees develop an Epcon community, as well as conforming to the presentation of cost information within the real estate development industry.

Your initial investment will vary depending upon the size and the cost of your site and project. A project as small as twenty-five (25) Units is permitted, and some Epcon communities have over one hundred (100) Units. Variation in your costs will occur from differences such as: geographic location, differing building code requirements, energy code requirements, climatic conditions, seismic zones, wind load requirements, snow load requirements, subsurface soil and rock conditions, subsurface ground water, wetlands, environmental site issues, cultural resource discoveries, zoning requirements and processes, governmental fees, land cost, local labor rates, materials and shipping expenses, supply and demand forces, local construction customs, required off-site improvements, financing costs, and required returns to any investors.

You will most likely purchase raw land and undertake the due diligence, entitlement, land development and site improvements for your project. However, we do not prohibit you from purchasing developed lots for your project from a third-party land developer. If you purchase developed lots for your project, the zoning, entitlement, land development and permits needed for the development of the lots will have been obtained prior to your purchase of the lots.

The cost estimates shown in Item 7 assume that you are planning to complete one (1) project in a standard market area that will have thirty (30) detached dwelling Units (homes). The cost estimates for vertical construction are based on our most popular home design, a slab-on-grade Portico unit type. The low end of the estimated cost range is a Portico model home with no structural options and the high end of the estimated range is a Portico model home with all available structural options. For a project of this size, we specify the prototypical Large Pavilion as the only amenity in the project and have provided cost estimates for that structure.

Payments described in Item 7 which are made to us or Epcon Marketing are not refundable. Generally, other than due diligence deposits paid to land sellers in conjunction with the purchase of raw land or developed lots, payments made to parties other than us or Epcon Marketing are not refundable.

General Note II:

The first table above assumes that you will purchase raw land from a third-party seller and that you will develop the lots for your project. The first table above also assumes that:

1. Sometime during the first three (3) months of your Franchise Agreement, you will enter a contingent land purchase agreement for purchase of a site that you have identified.
2. Commencing in month four (4) and for the next eight (8) months, you will perform your due diligence on the site, complete the zoning and entitlement process, prepare preliminary engineering, and have the prototype plans for the Units and the community amenity adjusted for your local building code requirements.
3. Commencing in month twelve (12) and for the next four (4) months, you will complete and obtain approval of the final civil engineering of your project.

4. Commencing in month sixteen (16), you will begin land development, bring entitled raw land to a point where the community amenity and Units may be built upon the lots within your project, submit for building permits, collect bids and award contracts to subcontractors to build a model Unit, and commence pre-sale activities and marketing.
5. Commencing in month twenty (20), you will begin construction of the community amenity, one (1) model home Unit to be offered for sale and leaseback and your first Unit to be offered for sale to homeowners. The time period for the construction of the community amenity is approximately sixty (60) days. The time period for the construction of a slab-on-grade Portico Model Home Unit with no structural options and an additional Portico Unit with no structural options to be made available for sale to homeowners is approximately one hundred twenty (120) calendar days.
6. Enrollment on the Epcon Communities web site occurs five (5) months prior to the opening of your model home in month twenty-four (24).

General Note III:

The second table above assumes you are purchasing developed lots from a land developer and that the developed lots have been approved and, with some exceptions, are ready for you to commence construction of your project. The table also assumes that:

1. Sometime during the first three (3) months of your Franchise Agreement, you will enter a contingent land purchase agreement giving you exclusive purchase rights for the lots to be developed within the site that you have identified.
2. Commencing in month four (4) and for the next eight (8) months, you will perform your due diligence on the site, work in support of the land developer as that entity completes any outstanding land entitlement and/or final engineering work. As that is occurring, you will have the prototype plans for the Units and the community amenity adjusted for your local building code requirements.
3. Commencing in month twenty (20), you will construct the model home, which opens in month twenty-four (24).
4. Commencing in month twenty (20) you will begin construction of the first Unit to be offered for sale and construction of this Unit will be completed in approximately four (4) months.
5. Enrollment on the Epcon Communities web site occurs five (5) months prior to the opening of your model home in month twenty-four (24).

The Following Notes Are Applicable to the Tables Included Above:

Note 1: Purchase of Raw Land or Developed Lots:

Costs to purchase raw land and developed lots, as well as other land-related expenses vary widely based upon factors such as location, the availability of suitable land or lots for your project, surrounding property values, adequacy and proximity of utility services and proximity to commercial and other services. It is generally expected that a project will have 2.75 to 4.0 Units per acre, which may increase to 4.5 Units per acre if storm water retainage is managed off-site and set-back and building separation requirements are minimal.

Note 1.A: Purchase of Raw Land:

As of the original issuance date of this disclosure document, franchisees typically purchase raw land from a third-party seller to develop their project. Expenses incurred in connection with this purchase include the cost of land and some or all of the following costs: settlement and closing fees, title search/binder/insurance, attorney fees, and/or any costs customarily the responsibility of the buyer in your local market. When purchasing raw land, you become responsible for the due diligence, entitlement, zoning, permitting, horizontal construction (land development, streets, and underground utilities) and the site improvements that will benefit the proposed community being constructed.

Note 1.B: Purchase of Developed Lots:

If you purchase developed lots for your project, it may lessen the time required to bring your to project to market. Lots developed by a third party and purchased by you will, in most cases, have been zoned, entitled, developed, have the proper permitting to be built upon and may be purchased as one, collective purchase, as a staged take-down, or individually. However, further zoning approval may be required in certain municipalities related to exterior architectural element requirements before vertical construction may begin. The estimate above is for two developed lots, one for the Model Home Unit and one for the first Unit in your project to be offered for sale to homeowners.

Note 1.C: Land Purchase Agreement Deposit:

While, as of the original issuance date of this disclosure document, most franchisee purchase raw land for their project, you may purchase developed lots from a land developer or other seller for your project. The most common way of doing this is through a land purchase agreement (also called a real estate purchase agreement), in which a franchisee has an exclusive option to purchase all of the developed lots constituting the franchisee's project on a defined "takedown" (purchase) schedule. Typically, Land Purchase Agreements require the payment of a deposit to the land developer or seller that is between 5% and 10% of the total value of the agreement. The value of the agreement is typically calculated by multiplying the number of developed lots to be purchased by you by the purchase price attributed to each lot. This deposit is usually returned to you as a credit on the closing of the purchase of the final five to ten lots of your project. The amount of the deposit reflects the deposit for the developed lots and for the community amenity. (Note 5 below includes information regarding this amenity).

Note 2: Financing Your Project:

While it is possible to pay the total initial investment with your own funds, most franchisees, whether purchasing raw land or developed lots, finance part of the initial investment needed for their project. Neither we nor our affiliates offer financing to you for your initial investment. The types of financing available, as well as the amounts financed, may differ from project to project and from franchisee to franchisee.

For franchisees who elect to purchase raw land and develop the lots for their project themselves, instead of purchasing developed lots, some of the most common types of financing, include the following:

1. Traditional Acquisition and Development Loans

These loans are typically funded by a local or regional financial institution, require an upfront 25% to 35% equity contribution either funded by you or by investors you procure in an amount based on the total cost of acquisition of the land and development of the project site, and require interest-only payments during the initial development of your site and construction of Units, followed by principal repayment installments due at the time of closing on each Unit. Franchisees typically use the raw land they have purchased with cash as the required equity contribution by providing the lender with a lien against the property.

2. Private Institutional Acquisition and Development Loans

These loans are typically funded through a broker relationship using private institutional or “family office” funds, require an upfront equity contribution by you ranging from 5% to 10% of the total cost of acquisition of the land and development of the project site, and require interest-only payments during the initial development of your site and construction of each Unit, followed by principal repayment installments due at the time of closing on each Unit. These loans also typically require substantially higher interest rates due to the lower upfront equity requirements of the loan.

Both franchisees who purchase raw land for their project and those who purchase developed lots for their project typically finance all or part of the investment needed for the vertical construction costs of their project. A common type of this financing is a vertical construction revolver loan.

Vertical construction revolver loans are typically funded by a local or regional financial institution and require upfront fees based on the total amount of funding the borrower is requesting to have available for vertical construction. Given the positive difference between sales prices of Units and the vertical construction costs of Units, these loans will typically cover 100% of the borrower’s vertical construction costs and are paid on a draw schedule as significant milestones in the construction schedule are met.

Note 2.A: Project Financing When Developing Raw Land:

Franchisees developing their project on raw land typically pay for the costs to acquire raw land from their own funds, instead of obtaining financing for the purchase of land. Some franchisees use their own funds for the costs they incur with respect to land development and site improvements, while others obtain financing for some or all of the costs they incur with respect to land development and site improvements. Most franchisees obtain financing for vertical construction costs for each Unit in their project. Franchisees who obtain financing for land development and site improvements, as well as financing for vertical construction costs, typically obtain two loans for their project, though often both are through the same bank. The first covers the costs for land development and site improvements and the second covers vertical construction costs for each Unit in the project. When obtaining financing for land development, site improvements and vertical construction costs, franchisees typically incur some out-of-pocket expenses relating to obtaining the financing. (See Note 2).

Note 2.B: Project Financing When Purchasing Developed Lots:

Franchisees purchasing developed lots for their projects typically obtain financing which covers a portion of the costs associated with vertical construction of each Unit in the project. Franchisees typically incur some out-of-pocket expenses relating to obtaining this financing. (See Note 2).

Note 3: Due Diligence and Land Entitlement Generally:

Due diligence and land entitlement are critical components of your project as they assure that the property you are considering purchasing is suitable for your project. Generally speaking, due diligence is the process by which you examine and inspect the property that you plan to purchase and may include investigation of the condition of title and physical conditions of the property, confirmations of fees, permitting, and processes required by various governmental agencies, market studies, geotechnical borings and testing for soil suitability, and architectural work to prepare the prototype plans provided to you by us. Generally speaking, land entitlement is the process of acquiring approvals for the right to develop your site with your project. It includes things such as zoning approvals, confirmation of the availability of utilities, obtaining permits for utilities such as sewer and water, tree clearing, and the completion of any other activity required so that horizontal development may commence.

In some municipalities, additional zoning approval from an architectural review board or committee is needed to allow you to use specific products, plans and materials that are part of our Development System. Obtaining these zoning approvals may increase the costs that you incur in connection with your project.

Note 3.A: Due Diligence and Land Entitlement for Developed Lots:

A nominal cost should be budgeted for due diligence when you are purchasing developed lots for your project. The land developer or seller of the developed lots can usually provide documentation for all of the prior due diligence that was completed by the land developer or seller in connection with its purchase and development of the lots. However, there may be approvals that require further research or procurement by you.

Note 4: Land Development and Site Improvements Generally

Land development expenses encompass all horizontal construction costs that are required to bring entitled raw land to a point where Units and other amenities are permitted to be constructed. These costs typically include conceptual site plans, all materials, labor, hard and soft costs, fees, permits, plan reviews, inspections, testing, bonds, letters of credit, site plans, erosion and stormwater control measures, demolition of existing structures, temporary access to the site, clearing, mass excavation, retaining walls, temporary and permanent utility services, streets, roadways, sub-base and base, curbs and underdrains, street lighting and signage, fencing and any other facilities or work that is required to complete the land development. Any necessary off-site improvements that may be required to accommodate the on-site improvements are also considered a cost of land development.

Site improvement expenses are those related to all commonly owned land and amenities that are intended to benefit the entire community, and not just a single Unit owner. These expenses typically include items such as required permits, fees, entry feature(s), landscaping and earth mounding of common areas, landscape and hardscape, signage, common area fixtures and community mail kiosks.

Note 4.A. Land Development and Site Improvements for Raw Land:

If you purchase raw land and develop the lots for your project yourself, your costs for land development and site improvements will be significantly higher than if you purchase developed lots for your project.

Note 5: Large Pavilion Community Amenity:

An Epcon community typically includes an amenity such as a pavilion, clubhouse or other common area (such as a pool and recreation center) to be constructed on common ground and used by all residents in the community. The type and size of the community amenity vary depending upon the number of Units in a community. Upon completion of the amenity and the formation of the condominium or homeowners association for your project, the land upon which the community amenity is located and the community amenity are transferred to the association. We provide prototype architectural plans for various community amenities that can be offered by you depending upon the number of Units in your project. For the purposes of Item 7, we have included an estimate of a Large Pavilion, which is appropriate for a project of thirty (30) units.

Note 5.A Large Pavilion Expenses when Purchasing Raw Land:

Expenses related to a Large Pavilion community amenity constructed on raw land that you purchase for your project generally include expenses for final drawings required to construct the amenity, permitting and inspection costs, vertical construction costs, furnishings, fire extinguishers, , site landscaping and irrigation, parking areas, public sidewalks, and service walks.

Note 5.B Large Pavilion Expenses when Purchasing Developed Lots:

If you purchase developed lots for your project, the community amenity is constructed by the land developer or seller from whom you purchase your developed lots, and the costs incurred by the land developer or seller to purchase the land upon which the community amenity is located and to construct the community amenity are typically included in the purchase price set out in your land purchase agreement (with the total costs of the land and amenity allocated over the purchase price that you pay for each developed lot within your project). These costs include the costs incurred by the land developer or seller to build the community amenity in accordance with the specifications and requirements in our Development System.

Note 6: Vertical Construction Costs for Model Home Unit and First Unit to be Offered for Sale to Homeowners:

The estimate of expenses for your Model Home Unit and first Unit to be offered for sale assumes that both Units are a Portico Unit and includes all costs associated with the construction of an “average,” slab-on-grade home which has a finished floor area of approximately 1,776 square feet. The general range for vertical construction cost per square foot is approximately \$113.00 per SF of finished living space for a base Unit to \$142.00 per SF of finished living space for a Unit with many upgrades and structural options. Vertical construction costs typically include all hard costs, labor, and material expenses required to construct a Unit, such as footers and foundations; building frame and enclosure; utility and mechanical rough-ins; drywall, interior trim and mechanical fixtures; and landscaping and turf. Based upon the financing that you obtain for your project, you may also incur soft costs, such as financing costs for a vertical construction line of credit, if you obtain a line of credit. The estimated amount of interest you will incur on your line of credit while building the Units are included in the estimated amounts for vertical construction of your Model Unit and first Unit to be offered for sale.

Note 6.A: Vertical Constructions Costs for Unit on Developed Lots:

Franchisees who purchase developed lots for their project typically require an upfront customer deposit of \$45,000 for each Unit sold prior to commencement of construction of the Unit. The estimated amount of vertical construction costs for a Unit constructed on a developed lot does not include the amount of the down payment paid by the purchaser of the Unit, though this deposit will reduce the amount of borrowing you need to incur in order to build the Unit.

Note 7: Upfront Sales and Marketing for Project:

Marketing and sales expenses that are allocated over the entire 30 Unit project typically include expenses like a temporary sales office trailer and associated permits, parking lot, landscaping, temporary utility service extensions, model home furnishings (typically, approximately \$30 per SF of the living space of the model home Unit), operating expenses, placement/removal of temporary items; presentation gallery signage, equipment and furnishings in the clubhouse (or in the model Unit garage, if applicable), construction expenses to prepare and convert the garage to/from a sales office, model home furnishings and accessories, interior design fees, costs to dismantle the sales office in the clubhouse or garage, model Unit operating expenses including taxes, utilities, cleaning, building maintenance, and landscaping maintenance, pre-selling campaign expenses and general project marketing and promotions such as brochures. Expenses for marketing can vary due to the length of time the project will take to build, the costs for media advertising, the number of sales brochures used and costs to operate the sales center.

Note 8: In-House Sales Consultants:

Most franchisees have an in-house team of sales consultants to help facilitate Unit sales. You may want to hire and train your sales consultants before you are ready to enter into purchase contracts with homeowners for the Units in your project. If so, you may incur expenses for a salary or other form of compensation to your sales consultants. We estimate a weekly salary of \$800 per consultant, but the salary amounts can vary. Once your sales consultants are fully trained and you are ready to enter into purchase contracts for the Units in your project, we recommend that you shift to a full commission compensation structure with your sales consultants. Expenses related to sales commissions that you pay to your in-house sales team are typically incurred after the initial investment period. The estimate above assumes one sales consultant is paid a weekly salary of \$800 per week for 26 weeks.

Note 9: Direct and Indirect/Overhead Project Costs:

Direct and indirect/overhead project costs typically include expenses such as permits, final site engineering and approvals, permits, final architectural working drawings derived from our prototypes, attorney fees, salaries of the job-site superintendent or a construction manager and direct labor.

Direct and indirect/overhead project costs also include the creation of the homeowners or condominium association, creation of condominium documents including: the required services of architects and engineers; engagement of a property management contractor; general administrative project costs; insurance; accounting services; real estate taxes; and any required funding of the association at start-up or during the development of your project. Additional expenses may be incurred for contributions made to the association for fees, dues and expenses for any Units that remain unsold after the association is formed.

Direct and indirect/overhead project costs also include a general contingency amount, which varies for each project and is used to cover costs in a project which may not be expected. In developing company-owned projects, Epcon, Epcon Carolinas, Epcon Indiana and Epcon Tennessee use an amount equal to approximately one percent (1%) of the total costs of the project for its general contingency amount and an inflation rate of five percent (5%) per year for multi-year projects that do not have trade partner price guarantees that cover the entire development period.

Note 10: Mortgage and Security Agreement Recording Fee and Administrative Fee:

Mortgage and security agreement recording fees and administrative fees are usually in nominal amounts. Recording fees vary state to state and county to county, and will necessarily depend upon the fees of the governmental entity where your project is located.

Note 11: Marketing Program Fee:

You are required to list your project on the Epcon Communities website designated by us when you are ready to begin marketing your project to potential buyers. You must pay us or Epcon Marketing a Marketing Program Fee in the amount of \$625 per month for each of your projects beginning on the earlier of (a) the nineteenth (19th) month after you sign your Franchise Agreement, or (b) the month after your project is first included on the Epcon Communities web site, or (c) the fifteenth day of the month immediately following the month of your first closing on a sale of a Unit within your Project. It is assumed that your enrollment on the Epcon Communities web site occurs five (5) months prior to the opening of your Model Home and completion of your first Unit offered for sale in the twenty-fourth (24th) month after you sign your Franchise Agreement. For purposes of Item 7, we assumed that you have only one project, which means that you are not eligible for the Marketing Program Fee discount described in Item 6 of this disclosure document.

Note 12: Initial Training Program and Sessions:

This estimated fee refers to programs and sessions offered by us to new franchisees and their sales associates and construction personnel to help them become familiar with our Development System, the types of services typically provided by us, and the responsibilities and expectations associated with becoming a franchisee. At least one owner of the franchise business must attend the initial training program. We provide initial training in two installments, each lasting one day, and work with you to determine the timing of each installment so it is best-suited for you, based upon your prior development and construction experience, as well as the current status of your project. We may require your construction supervisor to attend the construction training session offered as part of the initial training program, which lasts one day. As of the date of this disclosure document, there is no fee for any of the initial training programs, however, you are responsible for transportation, lodging, and some meals of each of your attendees. We assume two owners will attend the initial training program and one construction person will attend construction training. We assume one sales person will attend sales training sessions, which are, as of the original issuance date of this disclosure document, held virtually. The estimated costs above are total for all expected attendees and include estimated costs of transportation, lodging and food.

Note 13: National Conference Attendance:

The national conference is typically offered by us during the second quarter of each year and lasts three days. At least one owner of the franchise business must attend the national conference and it is highly encouraged that your entire staff attend the conference. It is assumed that one owner, one sales professional, and one construction person will attend the national conference. The estimated costs above are calculated per person and include the cost of the registration fee, transportation, lodging and food for three attendees.

Note 14: BuildTopia Software License:

Most franchisees purchase software licenses from builder software developers to assist them in managing their business. While we do not require you to use a specific software, we have an agreement with Constellation Software for use of its BuildTopia software, and we maintain copies of our plans, options and specifications on Constellation Software's BuildTopia website. If you utilize BuildTopia software, you will have access to the materials that we maintain on the BuildTopia website. The BuildTopia software includes modules relating to CRM (Customer Relations Management), sales contracts, purchasing and warranties. The cost for one annual BuildTopia license is \$2,700, and we estimate that you will need to purchase one or two licenses during the initial investment period, depending upon your staffing level.

Note 15: Additional Start Up Expenses:

These figures are estimates of additional start-up expenses that you may incur during the initial investment period described above, such as organization costs, entity formation costs, attorney or other professional fees, and costs for the search of land or developed lots upon which to build your project. If you are unable to procure financing, land, zoning or developed lots, you may not be able to carry expenses associated with those to another project. It is impossible to project exact expenses for your specific area or project, because the expenses are related to a range of factors which vary from project to project. The actual amount of additional funds that you will need depends on a variety of factors, including the time of year when you start your project, your own management skill, economic conditions, competition in your area and other factors. The estimate does not include any allowance for an owner's distribution or salaries for your employees.

Note 16: Initial Marketing Program Membership Fee: You must pay to us or to an entity designated by us that has been formed for the purpose of operating a franchise system level marketing program, an initial marketing program membership fee in the amount of \$5,000. The Initial Marketing Program Membership Fee is due at the time of signing of the Franchise Agreement. This fee is for your

access to our web-based resources related to the Development System and the marketing assets that have been created for use across the franchise system through an intranet web site maintained by us or our designee.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We issue to you specifications for approximately 75% of the goods and services that you will need to develop and market your Epcon Communities project, and from time to time, we may issue specifications for goods and services to our designated and/or approved suppliers. If issued, the specifications will be in writing and will be provided to you and designated and/or approved suppliers by regular mail and/or email communication. These specifications include, for example, our standards for quality, performance, durability, safety, appearance, material composition and other characteristics incident to maintaining our Development System.

Items Which Must Be Purchased From a Designated Supplier and Items Which Must Meet Our Specifications

Home Survey Services

You may be required to participate in a homeowner's survey program which requires you to survey each buyer of a Unit in your project shortly after the buyer closes on the purchase of the Unit and then again a few months after closing. Survey scores indicate the buyer's perception of you, your sales staff, your construction staff, the quality of the Unit, and the perceived value of the Unit, the amenities, and the condominium association. The most critical questions on the survey help determine if the buyer would recommend you to others. You will receive a copy of the survey reports, which are intended to communicate to you areas in which you need to improve.

Home Warranty

We can require you to participate in a home warranty program that requires you to purchase insurance for the Units you sell in your project to cover defects and deficiencies in workmanship for one year and structural defects and deficiencies for ten years. You must purchase the home warranty from a third-party provider designated by us. You must meet the underwriting requirements established from time to time by the provider. In addition to the cost of the home warranty for each Unit, which is estimated to range from \$925 to \$1,400 per Unit, you may be required by the third-party provider to pay a one-time enrollment fee for each of your Projects. We estimate the enrollment fee to be \$95. You must obtain the home warranty plan for each Unit prior to closing on the sale of the Unit, including the collection of any information and documentation needed by the issuer of the home warranty plan.

Civil Engineer or Land Planner

You must enlist the services of a civil engineer or land planner of your choosing to prepare a conceptual site plan and to complete your project. The conceptual site plan layout must include building setbacks and local storm water retention requirements and must be based upon a site-utilization analysis and density study. Utility plans, grading plans, or preliminary or final engineering are not required in the conceptual site plan. We estimate that the conceptual site plan will cost approximately \$3,500 to \$4,500 for a 12 to 25-acre site. Other than purchases from the designated suppliers discussed above, you are not required to purchase any items or services from suppliers designated or approved by us.

Insurance

You must maintain builder's risk and general liability insurance in an amount not less than \$1,000,000 per occurrence and \$2,000,000 per project annual aggregate covering more than one person, and with a deductible or self-insured retention on the policy of no more than \$1,000. We have the right to

require you to obtain other types of insurance and to change the coverage, deductible and self-insurance retention amounts.

Your insurance policy must include coverage for liability arising from your development of a project, premises-operations, independent contractors and products-completed operations. The policy may not contain any restrictive endorsements or policy language which excludes coverage for residential work performed by subcontractors on your behalf or liability assumed under construction contracts.

The policy must name you and all project entities as named insureds and Epcon Communities Franchising, LLC as an additional insured, using ISO Additional Insured Endorsement CG2029 (04-13 or 12-19) or its equivalent which provides premises and completed operations coverage. You must carry workers compensation insurance, including an employer's liability limit of \$500,000, and commercial auto liability (primary) providing limits of at least \$1,000,000 for each occurrence, combined single limits. You must also carry umbrella / excess liability Insurance written on an "occurrence," not a "claims-made" basis, providing coverage in excess of the underlying employer's liability, commercial general liability, and commercial automobile liability insurance, on terms at least as broad as the underlying coverage, with limits of not less than \$5,000,000 per occurrence and in the annual aggregate.

Your insurance costs will vary depending on the insurance carriers, the terms of payment and your history. All insurance policies must contain a separate endorsement naming us as an additional insured. All insurance must be placed with an insurance carrier or carriers with an A.M. Best's rating of "A-" and an A.M. Best's Class rating of "xiv" (or better), duly licensed in the state in which your project is located, or be approved in writing by us. Your obligation to obtain and maintain the specified insurance coverages will not be limited in any way by insurance we maintain, nor will it relieve you of liability under any indemnity provisions of the Franchise Agreement. We may require that public liability policies contain a provision that allows us to recover under the policy even in the event of your negligence. You must also meet any other insurance-related obligations in the Franchise Agreement.

QualityMark™

We can require you to participate in an inspection program where the Units in your project are inspected for defects and deficiencies in the workmanship of the improvements and features of the Unit. As of the date of this disclosure document, we require you to participate in the QualityMark™ inspection program. After the inspection, all of the trade partners, the work of which has been noted as sub-standard on the inspection report, must correct any deficiencies or problems with their work before the Unit buyer sees the finished Unit. You must employ or contract for the inspector who will perform the QualityMark™ inspection. The inspector must be a person other than your construction superintendent or any other person who was involved in the day-to-day construction of the Epcon Community at which the inspection will occur.

Rebate Program

We have the right to require you to participate in a program that provides a rebate to you for purchases that you make of certain items from certain designated or approved suppliers. We do not currently require you to participate in this rebate program, but you may participate, if you would like. As disclosed in Item 6, we charge you a fee for our administration of this rebate program.

Purchase Arrangements and Special Pricing

Occasionally, we may negotiate purchase arrangements and special pricing with suppliers for the benefit of our entire Development System using the potential combined purchasing power of all of our franchisees and affiliates. For example, we periodically arrange for printing of sales brochures on a group basis to lower the per item cost. Other examples of products and services for which suppliers have granted special prices for groups using the Development System include advertising services, appliances, cabinets, floor coverings, faucets, miscellaneous home improvement products, heating, ventilating and air

conditioning systems, lumber, paint, porches, project site analysis services, frames and windows. You are not required to participate in group purchases. We do not receive a payment for these purchases or receive products at a lower price than you will pay. We have not established and do not participate in any purchasing or distribution cooperatives.

Convention, Meetings and Seminar Sponsorships

From time to time, a supplier of goods and services to our franchisees may sponsor conventions, meetings and seminars hosted by us for franchisees. If so, we and/or our affiliates receive sponsorship fees from the supplier. The fees paid to us and/or our affiliates by these suppliers were because of the supplier’s sponsorship of the National Conference, not because of the franchisees’ purchases of goods or services from the supplier. During 2022, suppliers paid \$257,400 in sponsorship fees.

General Supplier Information

We do not provide any material benefits to you based upon your use of designated or approved sources or suppliers. We do not, nor do any of our officers, own an interest in any supplier listed in Item 8. We do not require you to purchase items from us.

We estimate that your required purchases from designated suppliers, approved suppliers or suppliers whose products must meet our specifications will constitute 57% to 64% your cost to establish your franchised business, and 81% to 83% of your total operating expenses thereafter assuming a 30 Unit project.

During our most recent fiscal year, neither we nor our affiliates received revenue or other material consideration from required purchases of products or services by franchisees.

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

Franchise Agreement, Other Agreements and Addenda

Obligation	Article(s)/Section(s)/ Paragraph(s) in Agreement or Addendum	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3.3 of the Franchise Agreement; Sections 2, 3, 4 and 6 of the Market Area Agreement; Sections 2, 3 and 4 of the Initial Market Area Agreement; Section 2 of the Market Hold Agreement	Items 7, 11 and 12
b. Pre-opening purchases/leases	Article 5 of the Franchise Agreement; Section 2 of the Sublicense Agreement	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 5.20 and 11.3 of the Franchise Agreement; Section 2 of the Sublicense Agreement	Items 7, 11 and 12
d. Initial and on-going training	Sections 5.12, 5.13 and 15.2 of the Franchise Agreement; Section 2 of the Sublicense Agreement	Items 6, 7, 11 and 15
e. Opening	Not Applicable	Item 11

Obligation	Article(s)/Section(s)/ Paragraph(s) in Agreement or Addendum	Disclosure Document Item
f. Fees	Sections 3.1, 5.1, 5.2, 5.3, 5.4, 7.4, 7.5, 8, 11.2, 12.3, 12.8 and 13.5 of the Franchise Agreement; Section 5 of the Market Area Agreement; Section 5 of the Initial Market Area Agreement; Section 2 of the Sublicense Agreement; Paragraph C of the Mortgage; Paragraphs 15 and 16 of the Security Agreement; Section 1 of the Market Hold Agreement	Items 5, 6, 7, 10 and 11
g. Compliance with standards and policies/Operating Manual	Sections 4.3 and 8.1 and Article 9 of the Franchise Agreement; Sections 3 and 8 of the Market Area Agreement; Sections 3 and 7 of the Initial Market Area Agreement; Section 2 of the Sublicense Agreement; Sections 10, 11 and 12 of the Non-Disclosure and On-Line Information Access Agreement	Items 6, 7, 8, 11, 15 and 16
h. Trademarks and proprietary information	Section 5.9 and Articles 6 and 10 of the Franchise Agreement; Section 8 of the Market Area Agreement; Section 7 of the Initial Market Area Agreement; Sections 2, 4 and 6 of the Sublicense Agreement; Sections 8 and 10 of the Non-Disclosure and On-Line Information Access Agreement; All Sections of the Copyright and Assignment Agreement; Section 5 of the Market Hold Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 10 of the Non-Disclosure and On-Line Information Access Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 5.23 of the Franchise Agreement; Section 3 of the Copyright Assignment & Agreement	Item 8
k. Territorial development and sales quotas	Section 11.3 of the Franchise Agreement; Sections 2, 3, 4, 6 and 7 of the Market Area Agreement; Sections 2, 3, 4 and 6 of the Initial Market Area Agreement; Section 3 of the Market Hold Agreement; Section 2 of the Sublicense Agreement	Item 12
l. Ongoing product/service purchases	Sections 7.4 and 7.5 of the Franchise Agreement	Items 6, 8 and 16
m. Maintenance, appearance and remodeling requirements	Section 9.2 of the Franchise Agreement; Section 2 of the Sublicense Agreement; Section 4 of the Non-Disclosure and On-Line Information Access Agreement	Item 17

Obligation	Article(s)/Section(s)/ Paragraph(s) in Agreement or Addendum	Disclosure Document Item
n. Insurance	Section 16.2, 16.3, 16.4 and 16.5 of the Franchise Agreement; Section 2 of the Sublicense Agreement; Paragraph 9 of the Security Agreement	Items 6, 7 and 8
o. Advertising	Sections 6.7 and 6.9 and Article 7 of the Franchise Agreement; Section 2 of the Sublicense Agreement; Section 1 of the Copyright Assignment & Agreement	Items 7, 8 and 11
p. Indemnification	Section 16.1 of the Franchise Agreement; Sections 2 and 9 of the Sublicense Agreement; Section 17 of the Non-Disclosure and On-Line Information Access Agreement; Section 4 of the Copyright & Assignment Agreement	Item 6
q. Owner's participation, management, staffing	Not Applicable	Items 11 and 15
r. Records and reports	Sections 5.3, 5.15, 5.16 and 5.17 of the Franchise Agreement; Section 2 of the Sublicense Agreement; Paragraph 6 of the Security Agreement	Not Applicable
s. Inspections and audits	Section 5.3 of the Franchise Agreement; Section 2 of the Sublicense Agreement; Paragraph 8 of the Security Agreement	Not Applicable
t. Transfer	Article 12 of the Franchise Agreement; Section 2 of the Sublicense Agreement; Section 5 of the Market Hold Agreement	Items 6 and 17
u. Renewal	Section 11.4 of the Franchise Agreement; Section 8 of the Initial Market Area Agreement	Items 1 and 17
v. Post-termination obligations	Sections 10.3, 11.2, 13.5, 13.6 and 13.7 of the Franchise Agreement; Sections 2 and 5 of the Sublicense Agreement; Section 14 of the Non-Disclosure and On-Line Information Access Agreement	Item 17
w. Non-competition covenants	Sections 10.6 and 13.7 of the Franchise Agreement	Item 17
x. Dispute resolution	Sections 10.6 and 13.7 of the Franchise Agreement; Paragraphs 12, 17 and 18 of the Security Agreement	Item 17
y. Compliance with statutory obligations	Sections 5.19, 5.20 and 9.2 of the Franchise Agreement; Section 11 of the Non-Disclosure and On-Line Information Access Agreement	Item 1
z. Attendance at all annual conventions or meetings of franchisees	Section 5.13 of the Franchise Agreement; Section 2 of the Sublicense Agreement	Item 11

Obligation	Article(s)/Section(s)/ Paragraph(s) in Agreement or Addendum	Disclosure Document Item
aa. Modification of development system and architectural plans to comply with building code, permit requirements and other laws	Sections 5.19, 5.20 and 9.2 of the Franchise Agreement	Item 1
bb. Participation in home survey service and rebate program	Sections 5.14 and 5.15 of the Franchise Agreement	Items 6 and 8
cc. Participate in QualityMark program	Section 5.17 of the Franchise Agreement	Items 6 and 8
dd. Payment of principal and interest	Paragraph C of the Mortgage	Item 10
ee. Grant of security interest in after-acquired property and assets including proceeds	Paragraph 2 of the Security Agreement	Not Applicable
ff. Actions necessary for attachment, perfection and first priority	Paragraph 4 of the Security Agreement	Not Applicable
gg. Change to name, address, officers or type of business organization	Paragraph 6 of the Security Agreement	Not Applicable
hh. Obligations concerning the collateral.	Paragraph 8 of the Security Agreement	Not Applicable

ITEM 10. FINANCING

To secure payment of all fees that you owe us, you must provide us with a mortgage in a minimum amount of \$200,000 against the real property upon which your project will be constructed and a security agreement granting to us a security interest in all of your personal property at your project (see the basic form of mortgage attached as Exhibit L to this disclosure document and the form of Security Agreement attached as Exhibit M to this disclosure document).

The Mortgage and Security Agreement

You must sign and deliver the mortgage to us so that it can be recorded within 15 days after you close on the purchase of your property, or if you already own your property, no later than 30 days after you sign the Franchise Agreement. The mortgage can only be subject to, and junior only to, the mortgage lien(s) and/or personal property lien(s) granted by you to the lenders providing land acquisition and construction financing for your project. If you increase the number of Units in your project, we may require an increase in the amount of the mortgage and/or require other additional security. You must reimburse us for all expenses and fees incurred by us in subordinating your mortgage at the same time you close on any financing with your lender or within 15 days of our delivering an invoice to you.

The security agreement can only be subject to, and junior only to, the mortgage lien(s) and/or personal property lien(s) granted by you to the lenders providing land acquisition and construction financing for your project. You must reimburse us for all expenses and fees incurred by us in subordinating the security agreement at the same time you close on any financing with your lender or within 15 days of our delivering an invoice to you.

As described in Item 12 of this disclosure document, we acknowledge that real estate developers often form a separate business entity for each project. If we permit you to sublicense to another business entity, we may require that business entity to sign new or amended mortgages and security agreements.

Although we have never done so, we have the right to assign our interests in the mortgage and security agreement to a third party without your consent. If we do so, the third party may be immune under the law to any defenses to payment you may have against us. If the mortgage and security agreement are assigned to a third party by us, as long as the Franchise Agreement is effective, we will remain primarily obligated to provide the assistance to you for which we are obligated under the Franchise Agreement.

In our sole discretion, we may accept or require a deed of trust, letter of credit, or other security instrument in substitution of a mortgage or security agreement. You must reimburse us for all expenses and fees (including legal fees, and filing and recording fees) incurred by us in obtaining, filing and recording the mortgage and security agreement or other security instrument.

We do not offer direct or indirect financing to you. We do not receive direct or indirect payments for placing financing. We do not guarantee any loan or lease which you may obtain or any obligation which you may incur.

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

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

Obligations Before Opening

Before you begin development of your initial Epcon Communities project, we will provide the following assistance:

1. Unstamped and unsealed architectural plans and specifications for buildings, based upon our most recently updated project plans, including foundation plan, floor plan, roof plan, wall sections, and exterior elevations, (Franchise Agreement, Section 4.1.1).
2. Unstamped and unsealed architectural plans and specifications for clubhouses and pavilions, based upon our most recently updated project plans, including foundation plan, floor plan, roof plan, wall sections, exterior elevations, drawings or schedules for cabinets and floor coverings, plumbing plan, electrical plan and HVAC plan. (Franchise Agreement, Section 4.1.2).
3. Sample site and landscape plans from one recent project. (Franchise Agreement, Section 4.1.3).
4. Operations Manual. (Franchise Agreement, Section 4.1.5).
5. Initial training sessions for you, the owners of the franchise business and your representatives (up to a total of three persons). (Franchise Agreement, Section 5.12).
6. Fifty (50) hours of consulting services on the areas of planning, financing, construction and marketing. (Franchise Agreement, Section 4.1.10.1).
7. Sample Construction Scopes of Work. (Franchise Agreement, Section 4.1.4).

We generally do not provide equipment, signs, fixtures, opening inventory or supplies directly to you. While we are not obligated to do so, we are in the practice of providing you with written specifications and the names of approved suppliers offering some of these items.

Obligations After Opening

During the development of your initial Epcon Communities project and all additional Epcon Communities projects, we will provide the following assistance:

1. Continuation of the assistance referred to in paragraph 6 set out above in this Item 11. (Franchise Agreement, Section 4.1.10.1).
2. Copies of modifications and improvements to plans and other parts of the Development System, upon your request. (Franchise Agreement, Section 9.3).

You must conduct your business and develop your project as provided for in the Manual or as otherwise designated by us. (Franchise Agreement, Section 4.3).

We do not have an obligation, either before or after opening, to hire your employees for you.

Although we do not have an obligation to do so, we are significantly involved in improving and developing the franchised business due in part to development of Epcon Communities projects by Epcon, Epcon Carolinas, Epcon Indiana Epcon Georgia and Epcon Tennessee.

We do not have an obligation to establish the prices at which you sell your Units.

Although we do not have an obligation to do so, we are in the practice of establishing and using administrative, bookkeeping, accounting and inventory control procedures which we may share with you from time to time.

Although we do not have an obligation to resolve operating problems you encounter, we do provide you with advice and consultation in connection with the operation of your Epcon Communities business and periodic continuing individual advice, consultation and assistance. (Franchise Agreement, Section 4.1.10).

Advertising Programs

We or a business entity selected by us will maintain a web site to promote your projects as well as the projects of our affiliates, Epcon, Epcon Carolinas, Epcon Indiana, Epcon Tennessee, and Epcon Georgia. (Franchise Agreement, Section 7.5). As of the date of this disclosure document, this web site is maintained by our affiliate, Epcon Marketing. You will be provided web pages on this web site for each of your projects. (Franchise Agreement, Section 7.5). Before you start marketing or selling activities for any of your projects, you must provide the information specified by us so that web pages can be created for your project. (Franchise Agreement, Section 7.5). We may terminate the web site and the related web pages at any time. You will be granted access to the administrative portion of www.epconcommunities.com, so that you may make periodic updates to your web content on that web site. You must designate a person in your company with the role of web site administrator for providing content updates to your web pages. (Franchise Agreement, Sections 4.3 and 7.5(i)).

Epcon, Epcon Carolinas, Epcon Indiana, Epcon Tennessee and Epcon Georgia advertise the projects that they develop. Other than the web site discussed above, we do not conduct advertising for your projects, and we are not required to spend any amount for advertising in the areas where your project is located. As part of the materials provided to you at the time you sign the Franchise Agreement, you are provided marketing campaign ideas and materials, templates for brochures, direct mail and signage, virtual renderings and tours for Epcon model homes, product and lifestyle-based photography from various Epcon Communities around the country all for your use in your own individual marketing efforts for your Epcon Communities project. These materials are based on Epcon's experience in using the Development System licensed to you by us and have been partly developed in-house and partly by

outsourced design and advertising agencies. In your advertising, you are likely to use media that are local in scope.

We may periodically arrange for printing of sales brochures on a group basis to lower the per item cost, but we are not obligated to do so. Each participant in a group order pays its pro-rata share of the total cost of the sales brochures. Epcon does not receive any revenue from a franchisee's purchase of these sales brochures.

You may prepare your own advertising plans and materials, which you must submit to us for our written approval at least 30 days before you intend to use them. (Franchise Agreement, Section 7.3). Approval will be based upon your compliance with the provisions of the Franchise Agreement and the Manual regarding the use of service marks and copyrighted and patented materials relating to or identified with Epcon Communities. We will not unreasonably withhold our approval. If written disapproval is not received by you from us within 30 days of the date that we receive your advertising plan and/or materials, we will be deemed to have given the required approval. Upon 30 days prior written notice, we can revoke our approval of any advertising previously approved.

We may apply additional advertising restrictions to your use of the Internet, web pages or email. The web site located at www.epconcommunities.com is the only authorized Epcon Communities franchising web site. You may not own or operate a separate website for the promotion of your Epcon business. (Franchise Agreement 6.9). You must disclose to us all web sites owned, registered to or operated by you that are related to residential construction or real estate sales. (Franchise Agreement, Section 6.9). You must comply with all laws and regulations related to the web site (Franchise Agreement, Section 7.5), respond to inquiries received through the web site within a certain stated period of time, and honor all prices advertised on your web pages on the web site. (Franchise Agreement, Section 4.3).

You must pay Epcon Marketing an Initial Marketing Program Membership Fee ("Initial Marketing Program Membership Fee") of \$5,000 for each of your projects. (Franchise Agreement, Section 7.4). Additional details on the Initial Marketing Program Membership Fee may be found in Item 5 and Item 7.

You must pay Epcon Marketing a Marketing Program Fee ("Marketing Program Fee") of \$625 per month for each of your projects. (Franchise Agreement, Section 7.4). Additional details on the Marketing Program Fee may be found in Item 6.

Epcon Marketing will administer the advertising plans and materials of the advertising fund associated with the Initial Marketing Program Membership Fees and Marketing Program Fees. (Franchise Agreement, Section 7.4). It may spend these fees to promote the projects of franchisees and our affiliates, Epcon, Epcon Carolinas, Epcon Indiana, Epcon Tennessee, Epcon Georgia and any future affiliates who develop Epcon Communities projects on a local, regional and/or national level and in any medium that it believes will promote Epcon Communities projects. Epcon Marketing's trustees approve the expenditure of the Initial Marketing Program Membership Fees and Marketing Program Fees. The finances for these programs will be administered by us. The marketing fund is audited, and the audited financial statements are made available to you upon request. If any Initial Marketing Program Membership Fees or Marketing Program Fees are not spent in the calendar year in which they are paid, the remaining amounts will be carried over to the next year. You may request in writing a report of how these fees are spent from our Chief Financial Officer. Because the obligation to pay Initial Marketing Program Membership Fees did not start until 2023, the source of funds spent during 2022 was the Marketing Program Fees. In 2022, Marketing Program Fees were spent on production (67%) and salary and administrative expenses (33%). Initial Marketing Program Membership Fees and Marketing Program Fees will not be used to solicit the sale of franchises. (Franchise Agreement, Section 7.4).

In April 2000, we established a "Leaders Council" that may meet periodically to discuss issues of importance to you, other franchisees and us. The Leaders Council is composed of a select number of franchisee members in addition to Edward A. Bacome and Philip G. Fankhauser (whose biographies are

included in Item 2 of this disclosure document). New members of the Leaders Council are selected by us annually. The Leaders Council held one meeting in 2022.

Other than as described above, you are not required to participate in any other advertising fund or cooperative. We have not established an advertising council composed of franchisees and have no plans to do so in the future.

Computer System

You must purchase and use a computer system meeting our specifications and your architect must have a computer design system similar to that now typically used in the profession to read plans in CAD format. (Franchise Agreement, Section 5.10). The computer system will be used to store word processing data, spreadsheets, financial information, PDFs and CAD drawings. Your computer must be able to recognize and open CAD drawings (".DWG" file types) using AutoCAD LT 2019 or similar software (Autodesk DWF Viewer and Autodesk TrueView are recommended as free alternatives), or a later version as determined by us.

We estimate that it will cost you up to \$1,700 (per computer) to purchase the computer system and up to \$2,400 (per user) to purchase the AutoCAD LT 2019 software license. You must utilize a broadband Internet connection with your computer system at a cost of approximately \$110 per month for business class pricing. Your computer(s) must allow you to view and listen to standard multimedia type files such as photos, videos and music files, both locally on your computer and over the Internet. You must have Adobe Photoshop or similarly capable software (such as Illustrator) for making updates to and accessing marketing materials. You are required to have a working email address. Periodically, we send you important information by email, and some email messages that we send to you require a response to us. Your computer and email system will be required to have updated antivirus and anti-spam software installed. (Your obligations regarding computer hardware and software are set out in Section 5.10 of the Franchise Agreement and the Manual.) We are not obligated to provide to you, or to assist you in obtaining, the required software and hardware. You can obtain the required software and hardware from any supplier.

Your computer system will permit you to take advantage of services to be offered to you both by us and third parties, as described below.

We make our Manual and other information related to our Development System, as well as online training modules, available to you and certain of your employees through a password-protected web site (the "on-line support system"). This is the preferred method of making updates to the Manual available to you for downloading and printing. Prior to gaining access to our password protected web site, you and your employees must sign the Non-Disclosure and On-Line Information Access Agreement (see attached Exhibit K to this disclosure document), and you must provide us with a copy of each signed agreement.

We do not provide technical assistance for any of the designated computer hardware or software components. Under the Franchise Agreement, you must periodically upgrade and/or update the hardware components and/or software programs that make up your personal computer system to meet our then-current minimum specifications and list of required capabilities. (Franchise Agreement, Section 5.10). There are no contractual limitations on the frequency or cost of this obligation, but we will not require these upgrades more often than annually. We estimate that the annual cost of options or required upgrades will be \$350. We are not obligated to provide any ongoing maintenance, repairs, upgrades or updates.

We will not have independent access to the information generated or stored on your computer system. We do not have any liability to you as a result of any malfunctions of any computer system or web site.

In the operation of your business, we recommend that you use a construction management software program, such as Constellation's BuildTopia program, which is designed to assist with a number of construction related items such as scheduling, purchase orders and warranties. We do not provide any specific recommendations given the number of options in the marketplace and the fact that some are more suitable for larger builders and others are designed with a small operation in mind. A typical new franchisee is able to find a web-based software platform at a cost starting around \$2,700 per year per license.

We also recommend that you use software to help streamline your construction, sales and marketing efforts and to obtain your sales and marketing materials, such as brochures and virtual tours. You are not required to use a particular software, but we recommend Higharc, which is cloud-based. As of the original issuance date of this disclosure document, we have an arrangement with the provider of Higharc software whereby we are permitted to provide qualifying franchisees with access to the software. You do not pay a fee to Higharc for the right to use this software, but rather, you pay us a technology royalty fee for the right to use the software. The Higharc software provides a number of construction, sales and marketing services. These services include, for example, access to the plans and drawings used in the development and construction of Epcon Communities projects, providing a community management tool that keeps you informed about Units that are available for sale in your project, providing sales and marketing materials that allow for personalization of a Unit, creation of job and homebuyer specific construction drawings, and generation of job-specific key measure reports for guidance in estimating quantities of materials needed for construction of a Unit. The technology royalty fee will be the lesser of 0.5% of the Gross Sales Price of the Unit, or, if we cap the maximum amount of the Gross Sales Price per Unit for purposes of determining your Point of Royalty Closing Payment, you will pay us 0.5% of the capped Gross Sales Price of the Unit (see Note 2 in Item 6 table for a discussion of the cap on the Gross Sales Price for Point of Closing Royalty Payments). In addition, if you direct Higharc to make changes to the floor plans or optional items that are part of our Development System and we agree to allow you to make such changes, you must pay Higharc \$200 per hour for the costs to make the changes to the floor plan and/or list of optional items.

We also recommend that you use Lasso software in your sales and marketing efforts, which is a web-based CRM platform that allows your sales consultants to manage their prospects through the home buying process. You must pay Lasso Soft, Inc. a \$500 fee for the set-up of the Lasso system, as well as a minimum payment of \$70 per month for up to two individual logins for use by you of the Lasso system and an additional \$35 per month for each user login after two. Epcon Marketing will pay the costs incurred for the Lasso integration of your web site on www.epconcommunities.com so that web leads are auto-generated into Lasso. These fees are subject to change, including an increase in the amount of the fees charged by Lasso. You are not currently required to use this software, although it is highly recommended.

Operations Manual

We provide our Operations Manual (the "Manual") to you in a format selected by us, which may include electronic files, or web-based format or access. (Franchise Agreement, Section 4.1.5.) The Manual contains mandatory and suggested specifications, standards, operating procedures and rules prescribed by us periodically for use in the development, construction and marketing of your project. We have the right to modify the Manual periodically and to supplement it with periodic bulletins. The Manual is confidential and our proprietary property and is simply loaned to you. You must return any hard copies to us upon the expiration or termination of your Franchise Agreement for any reason. (Franchise Agreement, Section 13.6). As of the date of this disclosure document, the Manual is 87 pages. The following is the Table of Contents of the Manual:

<u>Subject</u>	<u>Number of Pages Devoted to Subject</u>
Administrative Considerations.....	5
Legal Considerations	7

<u>Subject</u>	<u>Number of Pages Devoted to Subject</u>
Insurance.....	2
Land Development	9
Community Structure	8
Finance.....	4
Prototype Plans.....	3
Construction	7
Customer Experience.....	10
Warranty.....	3
Epcon Marketing Standards.....	
Using the Epcon Logos, Trademarks and Colors	1
Epcon Communities Website and Marketing Co-Op.....	1
Marketing.....	
Marketing Budget	2
Marketing Checklist	2
Ordering Marketing Materials	1
Marketing Launch Strategies.....	1
Marketing Mix for Driving Traffic.....	1
Sales	
Included Features & Standards.....	1
Pricing Strategies	2
Selling the Lifestyle	1
Temporary Sales Center	1
Required Sales Center Hours	1
Sales Center Fair Housing Considerations	1
Executing the Reservation Lottery	2
Merchandising Your Model Home & Clubhouse	2
Purchase Agreements.....	2
Leveraging Realtors	1
Grand Opening.....	2
Selection Process & Design Studio.....	1
Sales Staffing & Training.....	1
Sales Management	2
Clear Communication.....	1
Shopping the Competition and Yourself.....	1

Location of Your Project

We do not have an obligation to locate a site or negotiate the purchase of a site for you. We do not own sites that we lease or sell to you. You must identify the site for your project. (Franchise Agreement, Section 3.3). While we do not select a site for you or assist you in the selection of your site, we must approve your site. (Franchise Agreement, Section 3.3). Factors that we consider when approving your project site include the visibility and accessibility of the site, the surrounding neighborhood, site attributes (such as trees, lakes and ravines), proximity of shopping areas, medical services, and recreational areas (such as parks, golf courses and tennis courts). We do not assist you in conforming the site to local ordinances and building codes and/or obtaining any required permits. We are not responsible for constructing, remodeling or decorating the improvements on your site. If you and us cannot agree on a location for your project or you have not started construction of your project within 3 years after the Franchise Agreement is signed, we may terminate the Franchise Agreement.

Time Before Opening

The typical length of time between the signing of the Franchise Agreement and the beginning of construction of your project and/or beginning of Unit sales is generally 10 to 24 months. Factors affecting the length of time include whether you are purchasing developed lots or raw land, site identification and entitlement, obtaining financing, obtaining any necessary zoning approvals and governmental permits, soil and environmental testing, and weather conditions in the locale of your site. If you have not commenced construction activity on your project within 36 months after you sign the Franchise Agreement, we may terminate your Franchise Agreement. (Franchise Agreement, Section 13.4.2).

Training Sessions

All Training

In our discretion, training sessions will be held at our offices in Dublin, Ohio or at a location elsewhere in the greater Columbus, Ohio area. Training sessions may also be provided as webinars, online modules, through an online learning portal, via web-based training, seminars or classes or through Zoom or other video meeting services (collectively, "Web based training"). If training is held at our offices or elsewhere in the Columbus, Ohio area, you must pay for transportation and room and board for each person who attends training. (Franchise Agreement, Section 5.12). If Web-based training is offered, attendees must have a personal computer with Internet service, and they may be required to download a software plug-in such as Java or Adobe Flash Player to access Web-based training. (Franchise Agreement, Section 5.10).

We will supply you with online access to our Manual and other materials for use in your training. (Franchise Agreement, Section 4.1). We have the right to change the way in which we provide the Manual and other training materials to you. (Franchise Agreement, Section 4.1). All training materials required by you during the training sessions are supplied by us.

Initial Training

We provide an initial training program which typically lasts two days. (Franchise Agreement, Section 5.12). At least one owner of the franchise business must attend the initial training program after the Franchise Agreement has been signed and successfully complete this program to our satisfaction before commencing construction of your project. (Franchise Agreement, Sections 5.12 and 13.2.2). It is recommended that anyone employed by you in a management capacity (up to two people in addition to you) also attend the training. We have the right to require your construction supervisor to successfully complete the construction training sessions offered as part of the initial training program. You pay no tuition fee for attendance of up to three people, including an owner of your business, to attend the initial training program. (Franchise Agreement, Section 5.12). If you attend the initial training more than once, you may be charged a fee. Initial training is held approximately four times per year, as we determine needed.

INITIAL TRAINING PROGRAM

As of the date of this disclosure document, the initial training program consists of the following:

Subject	Hours Of Classroom Training (Note 1)	Hours Of On-The-Job Training	Location
Welcome and Franchisee Builder Introductions	15 Minutes	(Note 2)	Greater Columbus, Ohio area
Introduction to Epcon Franchising	15 Minutes	(Note 2)	Greater Columbus, Ohio area
Legal Considerations	60 Minutes	(Note 2)	Greater Columbus, Ohio area

Subject	Hours Of Classroom Training (Note 1)	Hours Of On-The-Job Training	Location
Insurance Requirements	30 Minutes	(Note 2)	Greater Columbus, Ohio area
Land Development	60 Minutes	(Note 2)	Greater Columbus, Ohio area
Community Structure	60 Minutes	(Note 2)	Greater Columbus, Ohio area
Product Overview & Pricing	30 Minutes	(Note 2)	Greater Columbus, Ohio area
Accounting	60 Minutes	(Note 2)	Greater Columbus, Ohio area
Construction and Purchasing	30 Minutes	(Note 2)	Greater Columbus, Ohio area
Marketing	60 Minutes	(Note 2)	Greater Columbus, Ohio area
Sales	45 Minutes	(Note 2)	Greater Columbus, Ohio area
Community Launch & Sales Management	90 Minutes	(Note 2)	Greater Columbus, Ohio area
Customer Experience and Warranty	30 Minutes	(Note 2)	Greater Columbus, Ohio area
Epcon Connect	30 Minutes	(Note 2)	Greater Columbus, Ohio area
Tour of Models at an Epcon Community and Vertical Construction Discussion	90 Minutes	(Note 2)	Greater Columbus, Ohio area
Tour of Design Studio and a Selections Conversation	45 Minutes	(Note 2)	Greater Columbus, Ohio area

SALES AND MARKETING TRAINING

As of the date of this disclosure document, we provide sales and marketing training sessions and materials for your sales consultants and sales managers through an online learning portal. You are not charged a fee for this training. Sales and marketing training is held as needed, typically five or six times per year. As of the date of this disclosure document, sales and marketing training is not required but we have the right to require your sales team to complete this training.

As of the date of this disclosure document, the Sales and Marketing Training consists of the following:

Subject	Hours of Classroom Training (Note 1)	Hours of On-The-Job Training	Location
Welcome to Epcon	25 Minutes	(Note 2)	Web-based Training
Epcon Franchising	5 Minutes	(Note 2)	Web-based Training
Epcon's History	25 Minutes	(Note 2)	Web-based Training
Building Your Book of Knowledge	10 Minutes	(Note 2)	Web-based Training
The Epcon Advantage	10 Minutes	(Note 2)	Web-based Training
Introduction to Understanding Elevations	30 Minutes	(Note 2)	Web-based Training
Market Research and Demographic Trends	15 Minutes	(Note 2)	Web-based Training
Launch of the Courtyard Homes	40 Minutes	(Note 2)	Web-based Training
Product Training #1 Capri	15 Minutes	(Note 2)	Web-based Training
Product Training #2 Palazzo	15 Minutes	(Note 2)	Web-based Training
Product Training #3 Portico	15 Minutes	(Note 2)	Web-based Training
Product Training #4 Promenade	15 Minutes	(Note 2)	Web-based Training
Product Training #5 Provenance	15 Minutes	(Note 2)	Web-based Training
Introduction to the "R" Series Homes	8 Minutes	(Note 2)	Web-based Training
Lifestyle Features and Amenities	45 Minutes	(Note 2)	Web-based Training
Not All Square Footage Is Created Equally	40 Minutes	(Note 2)	Web-based Training
Selling Universal Design Features	6 Minutes	(Note 2)	Web-based Training
Universal Design Terminology	5 Minutes	(Note 2)	Web-based Training
Development & Cost Investments In Our	40 Minutes	(Note 2)	Web-based Training

Subject	Hours of Classroom Training (Note 1)	Hours of On-The-Job Training	Location
Home Designs			
15 Minutes with Phil: Defining Differences in Architecture	30 Minutes	(Note 2)	Web-based Training
15 Minutes with Phil: Defining Differences in Lifestyle	25 Minutes	(Note 2)	Web-based Training
Fair Housing Pitfalls in Sales Process	60 Minutes	(Note 2)	Web-based Training
Following Fair Housing	30 Minutes	(Note 2)	Web-based Training
Observe a Lifestyle Loan Seminar led by Mutual of Omaha Mortgage	90 Minutes	(Note 2)	Web-based Training
Introduction to the Lifestyle Home Loan	15 Minutes	(Note 2)	Web-based Training
Lifestyle Home Loan Certification	90 Minutes	(Note 2)	Web-based Training
How to Introduce the Lifestyle Home Loan	35 Minutes	(Note 2)	Web-based Training
Building a Remarkable Experience with Remarkable Processes	25 Minutes	(Note 2)	Web-based Training
Introduction to the Construction Process	50 Minutes	(Note 2)	Web-based Training
HOA and Condominium Association Training	60 Minutes	(Note 2)	Web-based Training
Introduction to Personality Types	15 Minutes	(Note 2)	Web-based Training
Questions Different Personality Types Ask	20 Minutes	(Note 2)	Web-based Training
Managing Your Calendar	10 Minutes	(Note 2)	Web-based Training
Pricing Practices and Policies	60 Minutes	(Note 2)	Web-based Training
Building Relationships with Realtors	40 Minutes	(Note 2)	Web-based Training
The Importance of Referrals	15 Minutes	(Note 2)	Web-based Training
Shopping the Competition	15 Minutes	(Note 2)	Web-based Training
Shop Your Top Three Competitors	3 Hours	(Note 2)	Web-based Training
Ranking Prospects and Effective Follow Up	15 Minutes	(Note 2)	Web-based Training
Holding Successful Community Events	20 Minutes	(Note 2)	Web-based Training
Holding Successful Community Events, Part Two	10 Minutes	(Note 2)	Web-based Training
Community Signage	10 Minutes	(Note 2)	Web-based Training
Resources for Creating A Virtual Experience	10 Minutes	(Note 2)	Web-based Training
Selling Inventory Homes	20 Minutes	(Note 2)	Web-based Training
Six Human Needs and Warrior Stories	15 Minutes	(Note 2)	Web-based Training
Why Buy New Over Resale	75 Minutes	(Note 2)	Web-based Training
Save the Cancel	12 Minutes	(Note 2)	Web-based Training
Setting and Maintaining Sales Goals	10 Minutes	(Note 2)	Web-based Training
Selling From Your Stage	30 Minutes	(Note 2)	Web-based Training
Presentation Gallery	20 Minutes	(Note 2)	Web-based Training
Using the Epcon Kiosk	5 Minutes	(Note 2)	Web-based Training
Introduction to Financing	30 Minutes	(Note 2)	Web-based Training
Visiting Offsite Models	10 Minutes	(Note 2)	Web-based Training
The Resale Value of Epcon Homes	30 Minutes	(Note 2)	Web-based Training

National Conference

In addition, continued development is implemented through our national conference which is typically held on an annual basis. At least one owner of the franchise business or a representative of your franchised business who is approved by us must attend this conference, and it is recommended that your sales and construction managers and staff also attend. (Franchise Agreement, Section 5.13). The conference is two to three days of sharing best practices and latest initiatives to improve sales, lower

operating costs, build efficient, high-quality homes and improve profitability. There is a registration fee associated with the conference. As of the original issuance date of this disclosure document, the early-bird registration is \$1,200 per attendee and the regular registration fee is \$1,600 per attendee. In addition, you must pay for transportation and room and board for any of the attendees at the conference.

CONSTRUCTION TRAINING

We may provide construction training sessions for you, which typically last one day. It is recommended that you and anyone employed by you in a construction capacity at a management level (“construction supervisor”) attend the construction training sessions. Construction training is typically held approximately one time per calendar year, but may be offered more often if we determine there is adequate demand for a full class. You and your construction employees may participate in the construction training program one time at no fee. We have the right to require your construction supervisor to successfully complete this construction training.

As of the date of this disclosure document, the construction training sessions are as follows:

Subject	Hours Of Classroom Training (Note 1)	Hours Of On-The-Job Training	Location
Introduction to Epcon Communities	30 Minutes	(Note 2)	Greater Columbus, Ohio area
Construction Processes	60 minutes	(Note 2)	Greater Columbus, Ohio area
Purchasing	60 Minutes	(Note 2)	Greater Columbus, Ohio area
Job Site Management	3 Hours	(Note 2)	Greater Columbus, Ohio area

Note 1: Hours of classroom, webinar or online training are approximate. Some topics may take longer than the indicated time, and some may take less time. The order of the material is subject to change based on facilitator and resource availability. Length of classes can vary due to attendee participation, questions asked or additions to or subtractions from the material. There may be pre-class work required prior to attending or participating in training.

Note 2: We do not provide on-the-job training, but you may periodically, at your own expense, request time visiting projects built by Epcon in the greater Columbus, Ohio area. Additionally, our employees may periodically visit your projects and provide advice to you. If you request a visit for this purpose, including site and operation analysis, process improvement feedback, or personnel training, you must reimburse us for any transportation, housing, meals, and car rental or mileage expenses. If your requests are in excess of those considered reasonable by us for a particular project, we have the right after giving you thirty (30) days prior written notice to charge you \$200 per hour for our advice to you.

Training Instructors

Instructors for the training programs will vary from course to course and session to session. David Blackmore, Treasurer and Chief Financial Officer, Joel Rhoades, Vice President and Regional President, Nanette Overly, Vice President of Sales and Marketing Services, and Paul Hanson, President of Franchising will most likely be the individuals assisting with the training of franchisees. In addition, other Epcon Communities associates may conduct classes based on their expertise in a particular subject matter.

The training instructors have the following number of years of experience in the subject for which they will provide instruction and the following years of experience with us and/or Epcon: David Blackmore (49 years of relevant experience/18 years of experience with us and/or Epcon), Nanette Overly (41 years of relevant experience/23 years of experience with us and/or Epcon), Paul Hanson (20 years of relevant experience/5 years of experience with us and/or Epcon), and Joel Rhoades (30 years of relevant experience/30 years of experience with us and/or Epcon). If other individuals provide training, they will

have a minimum of 3 years of experience in the subject for which they will provide instruction, and a minimum of six months with us, Epcon or our national account partner companies.

Additional Training

We may offer additional training programs to address system-wide development needs. A fee may be applied to these additional training programs to cover expenses associated with materials and outside instructor costs. You are not required to attend additional training programs and refresher courses are not required.

ITEM 12. TERRITORY

Your project must be developed at a location within your "Market Area." Your Market Area is a geographic area estimated by us and you to generate sufficient purchaser support for the development of your project. Generally, a Market Area will roughly encompass the area within a radius of between 3 to 12 miles from your project site but will take into consideration existing natural and man-made boundaries and socioeconomic conditions in the area.

If you have identified your project location at the time that you sign the Franchise Agreement with us, you will also sign a Market Area Agreement with us. If you have not identified your project location, you will sign an Initial Market Area Agreement with us.

Initial Market Area Agreement

An "Initial Market Area" is a geographic area, generally larger than a typical Market Area, within which your Market Area and project will be located. During the term of the Initial Market Area Agreement, we and our affiliates, Epcon, Epcon Carolinas, Epcon Indiana, Epcon Tennessee and Epcon Georgia will not develop or grant another licensee or franchisee the right to develop a project utilizing the Development System within the Initial Market Area.

You will have eighteen (18) months from the date of the Initial Market Area Agreement to identify the location of your project and enter into a Market Area Agreement with us. If not, your Initial Market Area Agreement and Franchise Agreement will automatically terminate. In circumstances where you have not identified a specific site for your project, we may, but are not obligated to, agree to extend the time period in which you are required to locate suitable property for your project. When you identify a site for your project, and we agree to that location, you will be required to sign the Market Area Agreement with us. You may not relocate your initial market area without our consent, which may be withheld or conditioned in our sole discretion.

Market Area Agreement

The Market Area for your site will be determined by us and will be depicted on a map attached as an exhibit to the Market Area Agreement. Your Market Area Agreement will also include the location of your project, which must be approved by us.

Under the Market Area Agreement as long as you are in compliance with its terms and those of the Franchise Agreement, the Market Area is exclusive to you and we agree not to grant to another franchisee or licensee the right to develop an Epcon Communities project within your Market Area, and agree that we and our affiliates, Epcon, Epcon Carolinas, Epcon Indiana, Epcon Tennessee and Epcon Georgia, will not develop an Epcon Communities project within your Market Area.

The exclusivity rights granted to you to a particular Market Area under the Market Area Agreement will automatically terminate on the earliest of the date that you are not in compliance with your Franchise Agreement and Market Area Agreement, the date you complete all of the buildings in your

project, the date on which your rights to use the Development System are terminated and the date on which there is an assertion that the exclusivity rights granted to you effectuated a transfer of a portion of our copyrighted works.

You are prohibited from using the Development System at locations not specified in your currently-effective Market Area Agreement.

Our affiliates, Epcon, Epcon Carolinas, Epcon Indiana, Epcon Tennessee and Epcon Georgia use or will use the Development System to develop Epcon projects substantially similar to the project that you will develop; however, they will not develop projects within your Market Area during the term of exclusivity under your Market Area Agreement with us.

You are not restricted from soliciting any customers to purchase Units developed by you, regardless of who they are or where they reside, whether directly or through other channels such as the Internet, telemarketing or other direct marketing. There are no restrictions on us, our affiliates, Epcon, Epcon Carolinas, Epcon Indiana and Epcon Tennessee, and Epcon Georgia or other franchisees (or our existing licensees) from soliciting customers, regardless of the customers' locations, whether directly or through other channels such as the Internet, telemarketing or other direct marketing. You will not receive any compensation from any sales made by us, Epcon, Epcon Carolinas, Epcon Indiana, Epcon Tennessee, Epcon Georgia or other Epcon Communities franchisees (or licensees) to customers located within your Market Area.

We intend to sell franchises to other franchisees to use the Development System.

We have the right to establish other franchise systems utilizing the service marks which are a part of the Development System or other marks. We have not established any other franchise systems and have no current plans to do so.

As of the date of this disclosure document, although we have the right to do so, we have not established any franchised or company-owned projects or another channel of distribution selling similar products or offering similar services under trademarks or service marks other than the Epcon Communities Marks.

Except for a default by you under your Franchise Agreement, Initial Market Area Agreement or Market Area Agreement, continuation of your Initial Market Area or Market Area exclusivity does not depend upon your achievement of a certain sales volume, market penetration or other contingency, and your Initial Market Area and Market Area may not be altered without your written agreement.

If you decide that you would like to develop additional Epcon Communities projects either within your existing Market Area or at a site within another Market Area, and we agree, you must sign a new Franchise Agreement and Market Area Agreement and pay the applicable fees to us, as provided in the Franchise Agreement. The form of Franchise Agreement you sign at that time may have materially different terms than the Franchise Agreement you previously signed with us.

If you become a franchisee and desire to obtain a reservation or "hold" on an additional Market Area or Areas, and we approve that request, you must sign a Market Hold Agreement (see Exhibit G to this disclosure document) and pay us a Market Hold Fee for each Market Area that you reserve. The Market Hold Fee is \$5,000 for a 12-month hold period. These fees are nonrefundable. However, if you enter into a Franchise Agreement and Market Area Agreement with us for the reserved Market Area prior to expiration of any market hold term, the Market Hold Fee for that term will be applied toward payment of the applicable Initial Franchise Fee for the project.

Sublicense Agreement

We acknowledge that real estate developers often form a separate business entity for each of their projects to isolate each of their business endeavors. On the condition that the individual ownership of the entities remains the same or substantially similar, and as an accommodation to you to simplify the paperwork involved with forming a separate business entity for each project, we use the Sublicense Agreement (see Exhibit H to this disclosure document) as a legal mechanism to evidence the contractual relationship between your initial business entity, your new business entity, and us. Also, when the Sublicense Agreement is signed, your new business entity does not pay an initial franchise fee to us (or any other consideration) for the grant of the rights to your new entity to develop your project. We do not grant to you the right to sell or negotiate the sale of franchises in our name or receive any consideration from your new entity with respect to the grant of these rights. The nature of the sublicense arrangement is described in Section 12.5 of the Franchise Agreement.

ITEM 13. TRADEMARKS

IP86, LLC ("IP86"), an Ohio limited liability company, was formed on July 15, 2013 and is an affiliate of ECFL. IP86 maintains its principal place of business at 500 Stonehenge Parkway, Dublin, Ohio 43017. On April 15, 2016, IP86 acquired all of the right, title and interest of Home Page, (disclosed in Item 1 of this disclosure document), in our intellectual property, including trade names, trademarks, service marks, logos, designs, trade dress, registered or unregistered, copyrights, registered or unregistered, and derivatives of the intellectual property and domain names.

Through a license agreement with Home Page that was assigned to IP86 on April 15, 2016, we have the right to use the Marks and to license to you the use of the Marks for use in the development of your project(s) in accordance with the terms of your Franchise Agreement. Because we are a successor to ECFL, pursuant to the license agreement, ECFL's rights under the license agreement to use and license franchisees the rights to use the Intellectual Property became our rights on December 31, 2019. Our license agreement with IP86 is in effect until December 31, 2025, and renews automatically for successive one (1) year periods, unless prior to the expiration of the term, we or IP86 gives the other party at least three (3) months prior written notice of termination. Additionally, the agreement may be terminated if: (1) we fail to pay royalty payments under the license agreement when they are due; (2) any of the following relating to bankruptcy occur: (i) we make an assignment for the benefit of creditors or enter into an arrangement with our creditors, (ii) a receiver, custodian, trustee or liquidator is appointed for us or for a material part of our properties, or proceedings are commenced seeking appointment of a receiver, custodian, trustee or liquidator and is not dismissed within 60 days, (iii) a voluntary bankruptcy petition is filed by us or on our behalf, (iv) we suffer an order for relief under federal bankruptcy law or apply for, consent to or authorize an application of any bankruptcy, reorganization, arrangement, readjustment of debt, insolvency, dissolution, liquidation or other similar law, or proceedings are commenced seeking an application and is not dismissed within sixty (60) days, (v) a material part of our properties are attached or subjected to a lien, which is not removed within sixty (60) days, (vi) we do not pay our debts as they become due, (vii) we conceal or remove a material part of our assets, with an intent to hinder or delay our creditors, or (viii) we transfer a material part of our property for the benefit of a creditor at a time when other similar creditors have not been paid, or (3) we fail to cure a default under the license agreement. Termination of the license agreement with IP86 will not materially alter your rights to use the trademarks.

The Marks listed below are subject to this license agreement and are registered on the Principal Register of United States Patent and Trademark Office ("PTO"), and as of the original date of this disclosure document, all Affidavits of Use required to be filed under the Lanham Trademark Act have been filed.

Service Mark: "EPCON COMMUNITIES"
Services: Residential building construction services.
Registration Date: April 11, 2006
Registration No.: 3,079,215
Renewed on: March 16, 2016

Service Mark: "EPCON COMMUNITIES"
Services: Franchising, namely offering technical assistance in the establishment and/or operation of residential building construction services.
Registration Date: March 6, 2007
Registration No.: 3,216,379
Renewed on: April 17, 2017

Service Mark: Design of Four Inter-locking Houses
Services: Franchising, namely offering technical assistance in the establishment and/or operation of residential building construction services; and residential building construction services.
Registration Date: October 17, 2006
Registration No.: 3,160,667
Renewed on: March 17, 2016

Service Mark: "WHERE LIFE COMES TOGETHER"
Services: Franchising, namely offering technical assistance in the establishment and/or operation of residential building construction services; and residential building construction services.
Registration Date: October 24, 2006
Registration No.: 3,163,933
Renewed on: March 17, 2016

Service Mark: "ONE REMARKABLE EXPERIENCE"
Services: Franchising, namely, offering technical assistance in the establishment and/or operation of residential building construction services.
Registration Date: February 19, 2008
Registration No.: 3,383,857
Renewed on: March 15, 2019

Service Mark: "EPCON"
Services: Residential building construction services.
Registration Date: January 20, 2009
Registration No.: 3,564,430
Renewed on: February 16, 2019

Service Mark: "QUALITYMARK"
Services: Building inspection.
Registration Date: July 8, 2014
Registration No.: 4,564,174

Service Mark: "BUILDING YOUR SUCCESS"
Services: Franchise services, namely, offering business management in the establishment and operation of construction businesses; Arranging and conducting of training courses, workshops, non-downloadable webinars, seminars and conferences in the field of the operation and marketing of construction businesses.
Registration Date: September 27, 2016
Registration No.: 5,051,052

IP86 believes that it owns common law rights in each of the Marks in those areas where the Marks have been used by us, Epcon, Epcon Carolinas, Epcon Indiana, Epcon Tennessee, Epcon Georgia or any of our franchisees.

There are no currently effective material determinations of the PTO, the United States Patent and Trademark Office Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings, nor any pending material federal or state court litigation involving these Marks. In addition, there are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks.

You must use each Mark in full compliance with your Franchise Agreement, the Operations Manual and with reasonable rules prescribed periodically by us. You are prohibited under the Franchise Agreement from using any Mark as part of any corporate, partnership, trade or other legal name without our prior consent. You must, except as prohibited by applicable law, develop your projects under the Marks designated by us for that purpose without any prefix, suffix or other modifying words, terms, designs or symbols without our prior written consent. In addition, you may not use any Mark in connection with the sale of any unauthorized product or service or in any manner not authorized in writing by us. Under the Franchise Agreement, you agree not to contest, directly or indirectly, our ownership, title, right or interest in the Marks which are a part of the Development System.

The Franchise Agreement does not obligate us to protect your use of the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks. You must promptly notify us of any use of the Marks or any use resembling or suggesting the Marks and any litigation instituted by any third party against us or you involving the Marks. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving the Marks. We may, in our sole discretion, undertake the defense, prosecution or settlement of any litigation relating to the Marks. If we do so, you must, under the Franchise Agreement, sign documents and render other assistance as is in our opinion reasonably necessary to carry out the defense, prosecution or settlement. The Franchise Agreement does not require us to participate in your defense and/or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark, or if a proceeding involving a Mark is resolved unfavorably to you.

If we discontinue use of or modify any of the Marks, we may require you to discontinue or similarly modify your use of that Mark at your cost and expense. Your rights under the Franchise Agreement will continue as long as you implement the modification or discontinuance of the Marks as required by us. If you fail to comply with this requirement, we have the right to terminate the Franchise Agreement.

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

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You will be granted a limited, non-exclusive license to use the information that is the subject of certain copyright registrations, as designated by us for use in the development and construction of your project(s) in accordance with the terms of your Franchise Agreement. The copyright registrations are owned by IP86 and are licensed to us. A list of these copyright registrations is attached to this disclosure document as Exhibit Q. A disclosure regarding the terms of the sublicense agreement between us and IP86, LLC appears in Item 13.

All of the copyright registrations have a duration of 70 years after the death of the last surviving author. All of the copyright registrations listed on Exhibit Q relate to architectural designs, drawings and blueprints that we will license to you to use in development and construction of your project(s). No other copyrights are material to the Epcon Communities franchise.

We do not currently have any patents or any pending patent applications that are material to the Epcon Communities franchise.

There are no currently effective determinations of the PTO, the U.S. Copyright Office or any court regarding these copyrights. In addition, there are no agreements currently in effect which significantly limit our rights to license to you the rights to use these copyrights in the development and construction of your project(s).

You must use the information that is the subject of each copyright registration in full compliance with the Franchise Agreement, the Manuals, the other manuals disclosed in Item 11 of this disclosure document and with reasonable rules prescribed periodically by us. You must promptly notify us of any use of information that is the subject of the copyright registrations or any use resembling or suggesting the information that is the subject of the copyright registrations or the subject matter of any copyright registration application and any litigation instituted by any third party against us or you involving the copyright registrations ("Copyrights"). The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We may, in our sole discretion, undertake the defense, prosecution or settlement of any litigation relating to the Copyrights. If we do so, you are required under the Franchise Agreement to sign documents and to render other assistance as is in our opinion reasonably necessary to carry out the defense, prosecution or settlement. The Franchise Agreement does not require us to participate in your defense and/or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving Copyrights, or if a proceeding involving a copyright registration is resolved unfavorably to you.

If we discontinue or modify use of the information that is the subject of any of the copyright registrations, we may require you to discontinue or modify your use of that information at your cost and expense. However, unless prohibited by law or if you are in default under your Franchise Agreement, we typically allow franchisees to use the discontinued or modified copyrighted information to complete their existing project, provided the franchisee has commenced construction of its project and construction is completed within the time period permitted under the Franchise Agreement and the Market Area Agreement. We do not know of any infringements that could materially affect your use of the information that is the subject of the copyright registrations. Copyrights created on or after January 1, 1978 are not subject to renewal registration.

In the Franchise Agreement, you acknowledge that your knowledge of the Development System and all processes, services and products, formulae, technology and know-how in the development, construction and marketing of an Epcon Communities project is derived from our proprietary and confidential information and that this information is a trade secret. You must maintain as confidential all information, knowledge or know-how concerning the Development System and the methods of operations under the Development System and any other matters which could properly be considered to be a part of

the Development System. You may neither divulge this information to any person, other than your employees to the extent necessary to develop your project(s), nor permit persons not authorized under the Franchise Agreement to inspect the Operations Manual, other manuals disclosed in Item 11 of this disclosure document, blueprints or other materials provided to you by us. You must ensure that your employees comply with the confidentiality obligations in the Franchise Agreement. You are only permitted to use the Development System to develop projects as approved by us under the Franchise Agreement and Market Area Agreement.

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

You are not obligated to participate personally in the development and construction of your project, however, we recommend that you or at least one of the owners of the franchise business entity directly participate in the development and construction of your project.

If you form a business entity to own and operate your franchised business, your principals, officers, owners, directors, investors and/or partners must each sign the Personal Covenants and Agreement document attached as Exhibit E to this disclosure document. If your spouse is a principal, officer, owner, director, investor or partner in your business entity, your spouse must also sign the Personal Covenants and Agreement document. Signing this document obligates the party signing to be personally bound by the payment and other obligations of the Franchise Agreement, including those concerning confidentiality and non-disclosure, completion of project(s), and non-competition.

If you form a business entity to own and operate your franchised business, the principal owners of the business entity must personally guarantee the obligations of the business entity under the Franchise Agreement.

If requested by us, your project must at all times be under the direct supervision of a Director of Operations who must devote his or her full time and energy to the development of your project. We must approve the person you propose to serve as your Director of Operations.

There are no limitations on whom you can hire as an on-premises supervisor of your project. We have the right to require your on-premises supervisor to successfully complete our construction training program. Even if not required by us, we highly recommend that your on-premises supervisor complete our construction training. Your on-premises supervisor is not required to own an equity interest in the franchisee entity, if the franchisee is a business entity.

You must require your managers and employees who are provided detailed knowledge of the Development System to sign the Personal Covenants and Agreement document attached as Exhibit F to this disclosure document. Signing this document obligates the party signing to be personally bound by the obligations of the Franchise Agreement concerning confidentiality and non-disclosure and non-competition.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We do not restrict the types of goods or services that you may offer, except that you are prohibited from modifying our Development System (except as necessary to comply with building codes and permits, and local, state and federal laws) and, in your development of Epcon Communities projects, you must comply with the specifications of the Development System. Except in limited circumstances, you may not during the term of the Franchise Agreement, own, develop, construct or have any interest in any real estate development project that is age-restricted or for which the targeted buyers are the 55+ home buyer, including, but not limited to, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in our Development System. You are not required to sell all goods or services authorized by us. We have the right to add to, discontinue or modify authorized goods, services, specifications and procedures at our discretion. There

are no limits on this right to make changes to the Development System. You are not restricted regarding the buyers to whom you may sell your Units.

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.

Franchise Agreement

Provision	Article or Section in Franchise Agreement	Summary
a. Length of the franchise term	Sections 3.1, 13.2.14, 13.3 and 13.4	Automatically terminates on the earlier of 30 days after the sale of the last Unit in your project or 48 months following the full execution of the Market Area Agreement. You may terminate if you have not commenced construction within 36 months if you pay a \$10,000 fee. We may terminate if you have not commenced construction within 36 months.
b. Renewal or extension of the term	Section 11.4	The term "renewal" generally means that the franchise relationship is extended for an additional term of years, but the term of your Franchise Agreement may not be renewed or extended. However, if your right to use the Development System is terminated before you complete construction of all Units in your Project, we may grant you the right, for no more than a two year period, to complete construction of certain Units in your Project.
c. Requirements for franchisee to renew or extend	Section 11.4	The term "renewal" generally means that the franchise relationship is extended for an additional term of years, but the term of your Franchise Agreement may not be renewed or extended. However, we may allow you to complete construction of Units in your Project after your right to use the Development System is terminated if, at the time of termination, the Units are under construction or you are in contract with a buyer for a Unit, you pay a Point of Closing Royalty for the Unit and you are in compliance with the requirements of your Market Area Agreement. You will not be required to sign a new Franchise Agreement in order to complete construction of these Units.
d. Termination by franchisee	Section 3.1	You may terminate if you have not commenced construction within 36 months if you pay us a \$10,000 fee or as otherwise permitted by applicable state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Article 13	We may terminate upon your default, and we may terminate if you have not commenced construction within 36 months.
g. "Cause" defined -- curable	Sections 12.8, 13.2 and 13.3	We may terminate if you fail to cure the following defaults after 30 days' notice: non-payment of fees; failure to furnish required reports or information; failure to develop

Provision	Article or Section in Franchise Agreement	Summary
		projects in compliance with the Development System; failure to comply with applicable laws for 10 days after notice of failure to comply; attempted transfer in violation of Article 12; failure to comply with any of your obligations; divulging confidential information or knowledge of the Development System; failure to deliver the mortgage, security agreement, or other required security instrument; breach of another agreement with us; failure to pay Minimum Monthly Royalty when due; or abandonment of project for more than 60 consecutive days without our consent.
h. "Cause" defined -- non-curable	Sections 13.1 and 13.3	Subject to state law, the Franchise Agreement will automatically terminate immediately upon the occurrence of the following events of default: insolvency; assignment for the benefit of creditors; bankruptcy if not timely dismissed; appointment of a receiver, if not timely dismissed; proceedings for composition with creditors; sale after levy of your property; failure to complete initial training; material misrepresentation to us or conduct that reflects unfavorably on you or us; your conviction of a felony or crime involving moral turpitude; your operation results in immediate danger to public health or safety (if default is not cured in 3 days after notice; notice of default after 2 previous defaults have been cured within the preceding 12 months; failure to complete a project within forty-eight (48) months of the date of full execution of the Market Area Agreement; and your death. If you do not commence construction within 36 months, we may terminate the Franchise Agreement. See State Addenda.
i. Franchisee's obligations on termination/non-renewal	Sections 6.3, 10.3, 11.4, 13.5, 13.6 and 13.7	Cease use and, if applicable, return to us, the Marks, Epcon Communities Works, Development System or system or parts of the Development System. (See also r. below.)
j. Assignment of contract by franchisor	Not Applicable	No restrictions on our right to assign as long as our obligations are assumed upon assignment.
k. "Transfer" by franchisee - defined	Section 12.1	Transfer includes a transfer, sale, assignment, pledge or encumbrance of the Franchise Agreement, the licensed rights, the franchise, or an ownership interest in the franchise, or an ownership interest in an entity owning an interest in you.
l. Franchisor's approval of a transfer by franchisee	Section 12.1	We will not unreasonably withhold consent to a transfer, but we have the right to approve the transferee.
m. Conditions for franchisor's approval of a transfer	Sections 12.1, 12.2, 12.3 and 12.4	If you wish to transfer your interests for convenience of ownership, we may require that: the transferee's owners are identified to us and transferee meets our standards and qualifications; the transferee's business is confined to the franchised business; you unconditionally guarantee the transferee's obligations; any stock certificates meet our requirements; and you comply with any other stated policies. If you wish to transfer for any

Provision	Article or Section in Franchise Agreement	Summary
		other reason, we may require the following: satisfaction, of all outstanding obligations; the subordination of your right to receive compensation in connection with the transfer to our right to receive any outstanding obligation of yours under the Franchise Agreement; your signing of a release of claims against us (see Exhibit R to this disclosure document); the transferee assumes and agrees to discharge all of your obligations; transferee meets our educational, character, financial and managerial standards; the transferee signs our then-current Franchise Agreement; and the transferee satisfactorily completes training.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.7	We may match any bona fide offer for your interest in the Franchise Agreement, your assets or ownership interest in you or ownership interest in any entity owning an interest in you.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Section 13.2.11	Automatic termination immediately upon the franchisee's death if franchisee is an individual.
q. Non-competition covenants during the term of the franchise	Section 10.6	No involvement (whether as a principal, agent, employee, officer, director or member of any corporation or other business entity, as a partner or sole proprietor) in the ownership, development, or construction in any real estate development project that is age-restricted or for which the targeted buyers are the 55+ home buyer, and includes, without limitation, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in our Development System.
r. Non-competition covenants after the franchise is terminated or expires	Section 13.7	For 2 years after the termination or expiration of the Franchise Agreement you may have no involvement (whether as a principal, agent, employee, officer, director or member of any corporation or other business entity, as a partner or sole proprietor) in the ownership, development or construction of any real estate development project that is age-restricted or for which the targeted buyers are the 55+ home buyer and includes, but is not limited to, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in our Development System, within (a) ten (10) miles of the geographic border of any Initial Market Area granted to any franchisee pursuant to any Initial Market Area Agreement, or any other agreement that is effective between that franchisee and us; (b) 10 miles of the geographic border of any Market Area granted to any franchisee under any Market Area Agreement or other agreement that is effective between that franchisee and us; (c) 10 miles of the geographic

Provision	Article or Section in Franchise Agreement	Summary
		border of any "Reserved Market Area" reserved for any franchisee or prospective franchisee under any Market Hold Agreement or other agreement that is in effect between that party and us, or (d) 10 miles of any real estate development project of Epcon or of any business entity affiliated with Epcon.
s. Modification of the Agreement	Section 4.3 and Articles 8 and 19	No modifications generally unless they are in writing and signed by both parties.
t. Integration/merger clause	Section 19.1	Subject to applicable state law, only the terms of the Franchise Agreement and other related written agreements are binding. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, nothing in the Franchise Agreement, or in any related agreement, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Sections 10.6 and 13.7	Subject to applicable state law, any breach of a non-competition covenant or the misuse of intellectual property or trade secrets are subject to final binding arbitration in Columbus, Ohio. We may bring suit in court to preserve the status quo, protect proprietary and confidential information, prevent irreparable harm, and enforce monetary defaults or non-competition provisions. Costs of arbitration, including arbitrator's fee, are to be paid equally by you and us, unless the arbitrator orders otherwise.
v. Choice of forum	Section 20.3	Subject to applicable state law, litigation must be filed in Federal District Court for the Southern District of Ohio in Columbus, Ohio or in Common Pleas Court of Franklin County, Ohio. See State Addenda to Franchise Agreement.
w. Choice of law	Section 20.2	Subject to applicable state law, Ohio law applies. See State Addenda to Franchise Agreement.

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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.

Market Area Agreement and Initial Market Area Agreement

Provision	Article or Section in Market Area Agreement (MAA) and Initial Market Area Agreement (IMAA)	Summary
a. Length of the franchise term	Section 9 of MAA	Market Area Agreement terminates upon termination or expiration of Franchise Agreement. Initial Market Area Agreement terminates when your Market Area Agreement is signed, 18 months from the effective date of the Initial Market Area Agreement or the termination or expiration of your franchise agreement.
b. Renewal or extension of the term	Section 9 of MAA	The term "renewal" generally means that the franchise relationship is extended for an additional term of years, but the term of your Market Area Agreement may not be renewed or extended. However, if your right to use the Development System is terminated before you complete construction of all Units in your Project, we may grant you the right, for no more than a two year period, to complete construction of certain Units in your Project.
c. Requirements for franchisee to renew or extend	Sections 8 and 9 of MAA and MAA Extension	The term "renewal" generally means that the franchise relationship is extended for an additional term of years, but the term of your Market Area Agreement may not be renewed or extended. However, we may allow you to complete construction of Units after your right to use the Development System is terminated if, at the time of termination, you are current on Minimum Monthly Royalty and Point of Closing Royalty payments and you pay a Point of Closing Royalty for each Unit, Minimum Monthly Royalty and Marketing Program Fees and you comply with the Franchise Agreement. You will not be required to sign a new Market Area Agreement in order to complete construction of these Units.
d. Termination by franchisee	Section 10 of MAA; Section 8 of IMAA	Market Area Agreement will terminate if you terminate the Franchise Agreement for not commencing construction within 36 months. If permitted under state law, you may terminate the Market Area Agreement.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Sections 8 and 9 of MAA; Sections 7 and 8 of IMAA	Exclusivity rights in Market Area immediately terminate in the circumstances set out in row (h) of this table.
g. "Cause" defined -- curable	Not Applicable	Not Applicable.

Provision	Article or Section in Market Area Agreement (MAA) and Initial Market Area Agreement (IMAA)	Summary
h. "Cause" defined -- non-curable	Section 8 of MAA; Section 7 of IMAA	<p>Your exclusivity rights under the Market Area Agreement immediately terminate 30 months after the date of the Market Area Agreement or upon the: failure to comply fully with agreements with us; date of the sale your last Unit; date that all of rights to use the Development System are terminated; assertion by you, or any other person claiming to be an assignee of your rights under the Market Area Agreement, that your limited exclusivity rights in your Market Area affected the transfer of any of our copyrights in any copyrighted works, or termination, or expiration of the Franchise Agreement.</p> <p>Your exclusivity rights under the Initial Market Area Agreement immediately terminate upon the: failure to comply fully with agreements with us; earlier of the date of your Market Area Agreement or eighteen months from the date of the Initial Market Area Agreement; assertion by you, or any other person claiming to be an assignee of your rights under the Market Area Agreement, that your limited exclusivity rights in your Market Area affected the transfer of any of our copyrights in any copyrighted works; or termination or expiration of the Franchise Agreement.</p>
i. Franchisee's obligations on termination/nonrenewal	Not Applicable	Not Applicable.
j. Assignment of contract by franchisor	Not Applicable	Not Applicable.
k. "Transfer" by franchisee -- defined	Not Applicable	Not Applicable.
l. Franchisor approval of a transfer by franchisee	Not Applicable	Not Applicable.
m. Conditions for franchisor's approval of a transfer	Not Applicable	Not Applicable.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable.

Provision	Article or Section in Market Area Agreement (MAA) and Initial Market Area Agreement (IMAA)	Summary
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the Agreement	Not Applicable	Not Applicable.
t. Integration/merger clause	Not Applicable	Not Applicable.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Not Applicable	Subject to state law.
w. Choice of law	Not Applicable	Subject to state law.

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.

Sublicense Agreement

Provision	Section of Sublicense Agreement	Summary
a. Length of the franchise term	Section 3	Effective date through later of date of the sale of the last Unit or the date that is 1 year after the completion of construction of the last Unit.
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for franchisee to renew or extend	Not Applicable	Although the term “renewal” does not apply to the Epcon franchise, the term renewal generally means that the franchise relationship is extended for an additional term of years.
d. Termination by franchisee	Section 3	If you terminate the Franchise Agreement because you have not commenced construction within 36 months, Sublicense Agreement also terminates.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Section 5	We may terminate the Sublicense Agreement upon your default and if we terminate the Franchise Agreement because you have not commenced construction within 36 months.
g. “Cause” defined -- curable	Section 5	If you do not cure the events of default described in 13.1 and 13.3 of the Franchise Agreement, we may terminate the Sublicense Agreement.
h. “Cause” defined -- non-curable	Section 5	If the Franchise Agreement is terminated for a non-curable event of default, or because you have not commenced construction within 36 months, the Sublicense Agreement also terminates.

Provision	Section of Sublicense Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Section 5	Cease use and, if applicable, return to us, the Marks, Epcon Communities Works, Development System or systems or parts of the Development System; cancel recording of Sublicense Agreement in all governmental records.
j. Assignment of contract by franchisor	Not Applicable	No restrictions on our right to assign as long as our obligations are assumed upon assignment.
k. "Transfer" by franchisee -- defined	Section 1	Transfer includes any transfer of the rights granted under the Sublicense Agreement.
l. Franchisor approval of a transfer by franchisee	Not applicable	Not Applicable.
m. Conditions for franchisor's approval of a transfer	Section 1	Not Applicable.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the franchise	Not Applicable	Non-competition covenants in Section 10.6 of the Franchise Agreement apply during the term of the Sublicense Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Non-competition covenants in Section 13.7 of the Franchise Agreement apply during the term of the Sublicense Agreement.
s. Modification of the Agreement	Section 10.E	No modifications unless they are in writing and signed by both parties.
t. Integration/merger clause	Section 10.E	Subject to applicable state law only the terms of the Sublicense Agreement and other related written agreements are binding. Any representations or promises outside of the disclosure document and Sublicense Agreement may not be enforceable. However, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Section 10.G	Subject to applicable state law, litigation must be filed in Federal District Court for the Southern District of Ohio in Columbus, Ohio or in Common Pleas Court of Franklin County, Ohio.
w. Choice of law	Section 10.G	Subject to applicable state law, Ohio law applies.

*Real estate developers often form a separate business entity for each of their projects to insulate each of their business endeavors. On the condition that the individual ownership of the entities remains the same and substantially the same, and as an accommodation to you to simplify the paperwork involved with forming a separate business entity for each project, ECFL uses the Sublicense Agreement as a legal mechanism to evidence the contractual relationship between your initial business entity, your new business entity, and ECFL.

Pursuant to Section 1 of the Sublicense Agreement, the sublicense does not include certain obligations imposed upon you pursuant to the Franchise Agreement; pursuant to Section 2 of the Sublicense Agreement, the sublicensee agrees to be bound by all of your other obligations under the Franchise Agreement, as these obligations relate to the Epcon Communities project developed by the sublicensee.

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.

Non-Disclosure and On-Line Information Access Agreement

Provision	Article in Non-Disclosure and On-Line Information Access Agreement	Summary
a. Length of the franchise term	Section 14	Effective date until termination.
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable. Although the term “renewal” does not apply to the Epcon franchise, the term renewal generally means that the franchise relationship is extended for an additional term of years.
d. Termination by franchisee	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Section 14	We can terminate at any time, with or without notice for any reason or no reason, regardless of the status of your Franchise Agreement.
f. Termination by franchisor with cause	Section 14	We can terminate upon your failure to maintain authorized franchisee status.
g. “Cause” defined -- curable	Not Applicable	Not Applicable.
h. “Cause” defined -- non-curable	Not Applicable	Not Applicable.
i. Franchisee’s obligations on termination/nonrenewal	Section 14	Cease use of Epcon Communities Intranet.
j. Assignment of contract by franchisor	Not Applicable	Not Applicable.
k. “Transfer” by franchisee - defined	Not Applicable	Not Applicable.
l. Franchisor approval of a transfer by franchisee	Not Applicable	Not Applicable.
m. Conditions for franchisor’s approval of a transfer	Not Applicable	Not Applicable.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not Applicable	Not Applicable.
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the franchise	Section 10	You may not create a web site using Epcon, epcon.com, epconhomesandcommunities.com, epconcommunities.com, epconfranchising.com,

Provision	Article in Non-Disclosure and On-Line Information Access Agreement	Summary
		EpconOpportunity.com and/or epconcommunitiesfranchising.com, or register or use other domain names related or similar to any of these trademarks.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the Agreement	Not Applicable	Not Applicable.
t. Integration/merger clause	Section 18	Subject to applicable state law, only the terms of the Non-Disclosure and On-Line Information Access Agreement and other related written agreements are binding. Any representations or promises outside of the disclosure document and Non-Disclosure and On-Line Information Access Agreement may not be enforceable. However, nothing in Non-Disclosure and On-Line Information Access Agreement, or in any related agreement, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Section 18	Subject to applicable state law, litigation must be filed in Franklin County, Ohio or the Southern District of Ohio.
w. Choice of law	Section 18	Subject to applicable state law, Ohio law applies.

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.

Copyright Assignment & Agreement

Provision	Article or Section in Copyright & Assignment Agreement	Summary
a. Length of the franchise term	Not Applicable	Not Applicable.
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable. Although the term “renewal” does not apply to the Epcon franchise, the term renewal generally means that the franchise relationship is extended for an additional term of years.
d. Termination by franchisee	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.

Provision	Article or Section in Copyright & Assignment Agreement	Summary
f. Termination by franchisor with cause	Not Applicable	Not Applicable.
g. "Cause" defined -- curable	Not Applicable	Not Applicable.
h. "Cause" defined -- non-curable	Not Applicable	Not Applicable.
i. Franchisee's obligations on termination/non-renewal	Not Applicable	Not Applicable.
j. Assignment of contract by franchisor	Not Applicable	Not Applicable.
k. "Transfer" by franchisee -- defined	Not Applicable	Not Applicable.
l. Franchisor approval of a transfer by franchisee	Not Applicable	Not Applicable.
m. Conditions for franchisor's approval of a transfer	Not Applicable	Not Applicable.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the Agreement	Not Applicable	Not Applicable.
t. Integration/merger clause	Not Applicable	Not Applicable.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Not Applicable	Not Applicable.
w. Choice of law	Not Applicable	Not Applicable.

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.

Mortgage

Provision	Article or Section in Mortgage	Summary
a. Length of the franchise term	Paragraph E	Mortgage remains in effect until termination by us.
b. Renewal or extension of the term	Not Applicable	Not Applicable.

Provision	Article or Section in Mortgage	Summary
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable.
d. Termination by franchisee	Paragraph E (1) and (2)	We will terminate the mortgage entirely upon payment of all sums secured by the Mortgage and performance of all of obligations under the Mortgage. We will provide partial release of mortgage upon payment of applicable percent of sales price of each Unit.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Not Applicable	Not Applicable.
g. "Cause" defined -- curable	Not Applicable	Not Applicable.
h. "Cause" defined -- non-curable	Not Applicable	Not Applicable.
i. Franchisee's obligations on termination/non-renewal	Not Applicable	Not Applicable.
j. Assignment of contract by franchisor	Not Applicable	Not Applicable.
k. "Transfer" by franchisee -- defined	Not Applicable	Not Applicable.
l. Franchisor approval of a transfer by franchisee	Not Applicable	Not Applicable.
m. Conditions for franchisor's approval of a transfer	Not Applicable	Not Applicable.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the Agreement	Not Applicable	Not Applicable.
t. Integration/merger clause	Not Applicable	Not Applicable.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Not Applicable	Not Applicable.
w. Choice of law	Paragraph F	Subject to applicable state law, the laws of the State where the property is located applies.

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.

Security Agreement

Provision	Article or Section in Security Agreement	Summary
a. Length of the franchise term	Paragraph 19	Terminates upon full performance, payment and satisfaction of your obligations.
b. Renewal or extension of the term	Paragraphs 3 and 4	You authorize us to file financing statements and amendments and agree to sign, deliver to us, or file financing statements and amendments relating to the collateral.
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable.
d. Termination by franchisee	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Not Applicable	Not Applicable.
g. "Cause" defined – curable	Not Applicable	Not Applicable.
h. "Cause" defined – non-curable	Not Applicable	Not Applicable.
i. Franchisee's obligations on termination/non-renewal	Not Applicable	Not Applicable.
j. Assignment of contract by franchisor	Not Applicable	Not Applicable.
k. "Transfer" by franchisee – defined	Not Applicable	Not Applicable.
l. Franchisor approval of transfer by franchisee	Not Applicable	Not Applicable.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the Agreement	Not Applicable	Not Applicable.
t. Integration/merger clause	Not Applicable	Not Applicable.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Paragraph 17	Subject to applicable state law, you consent to jurisdiction and venue in any state or federal court located in Franklin County, Ohio.

Provision	Article or Section in Security Agreement	Summary
w. Choice of law	Paragraphs 17 and 18	Subject to applicable state law, Ohio law applies and you waive your right to a jury trial.

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.

Market Hold Agreement

Provision	Article or Section in Market Hold Agreement	Summary
a. Length of the franchise term	Section 2	Reserved Market Area will be held for 6 months.
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for franchisee to renew or extend	Not Applicable	Although the term “renewal” does not apply to the Epcon franchise, the term renewal generally means that the franchise relationship is extended for an additional term of years.
d. Termination by franchisee	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Not Applicable	Not Applicable.
g. “Cause” defined -- curable	Not Applicable	Not Applicable.
h. “Cause” defined -- non-curable	Not Applicable	Not Applicable.
i. Franchisee’s obligations on termination/nonrenewal	Not Applicable	Not Applicable.
j. Assignment of contract by franchisor	Not Applicable	Not Applicable.
k. “Transfer” by franchisee -- defined	Section 5	Market Hold Agreement is not assignable to any other party without our consent.
l. Franchisor approval of a transfer by franchisee	Not Applicable	Not Applicable.
m. Conditions for franchisor’s approval of a transfer	Not Applicable	Not Applicable.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not Applicable	Not Applicable.
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable.

Provision	Article or Section in Market Hold Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable.
s. Modification of the Agreement	Not Applicable	Not Applicable.
t. Integration/merger clause	Not Applicable	Not Applicable.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable.
v. Choice of forum	Not Applicable	Subject to state law.
w. Choice of law	Section 6	Subject to state law, Ohio law applies. See State Addenda.

ITEM 18. PUBLIC FIGURES

ECFL does not use any public figure to promote its franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATION

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

Item 19 includes historical sales information regarding Epcon Communities projects that sold Units in projects in 2022. The information below is historical information from projects developed by our franchisees and our affiliates, Epcon and Epcon Carolinas. Projects developed by our affiliates, Epcon and Epcon Carolinas, are sometimes referred to in this Item 19 as "Epcon Corporate" projects. During 2022, there were 36 franchisees in operation out of a total of 70 franchisees in the Development System,¹ and eight Epcon Corporate owned outlets that were in operation. A franchisee is defined to be in operation in 2022 if they closed at least one Unit in 2022. There were a total of 60 projects in operation in 2022.

The data presented in the following sections is compiled from only single-family detached Units closed by franchisees and Epcon Corporate during 2022. We do not offer to new franchisees the right to develop attached Units except in very limited circumstances and then only to existing franchisees who have developed attached Units in the past. New franchisees may only develop detached Units. Even so, of the 960 Units closed by franchisees in 2022, 845 were detached Units. Because we permit new franchisees to only sell detached Units, we have not included data for attached Units in this Item 19.

A. Franchisee Projects

The data used to calculate the information presented below is from sales data for Units being sold in 57 projects that were built by franchisees for detached Units. This data is collected each month in the form of a monthly closing report, either directly from the franchisee or as obtained by searching county

¹ Franchisees may have multiple franchise agreements so this number may not match the total number of franchised locations in Item 20.

property records where the project is located. Twenty-eight (28) franchisees² reported closing data in 2022. We have reported data for 845 total detached Unit closings across 57 projects from 28 franchisees and used that data for purposes of preparing this Item 19. No data from franchisees was excluded from Item 19 as a result of their termination or as a result of the closure of their franchised businesses during their first year of operation.

The information presented below is calculated from all of the available data from the sources identified above and identifies the average, median, minimum and maximum settlement price³ of detached Units closed across all franchisee projects.

The absorption rate is the pace of closings per month on the sales of Units in a project. Any project that closed detached Units in 2022 is used in calculating the following absorption rates. The absorption rate is calculated by dividing the total number of detached unit closings in a project by the number of months a project was actively selling Units during 2022⁴. The total number of months that a project was actively selling is defined by the number of months starting from the month of first home closing(s) through to the month of the project's final home closing(s). Projects that did not have a selling period lasting the full 12 months of the year either sold all of the available Units within the past year, or the projects commenced selling and closing Units at some point during the year. This data for each project's absorption rate per month was then used to calculate the information presented in the tables below for all franchisee projects.

The following table provides the per/Unit settlement price for all detached Units built by franchisees in 2022.

Unit Settlement Price for All Detached Units for Epcon Franchise Projects Combined
(845 Total Detached Unit Closings Across 57 Projects from 28 Franchisees)

Per Unit Settlement Price for All Franchise Detached Closings	
Average	\$487,103
Median	\$475,542
Minimum	\$209,667
Maximum	\$1,071,034

The number of detached Units that achieved results above the average detached Unit settlement price was 377 (45%) and the number detached Units that achieved results below the average Unit settlement price was 468 (55%).

It is customary for Epcon franchisees to offer options that increase the price of a home. Options may be structural in nature, or in the form of upgraded material options. The following table provides data on the sale amount for options purchased per detached Unit closing that reported a dollar amount of purchased options or that zero (0) dollars in options were purchased. In cases where the sales data was collected by searching county property records, the amount of purchased options is not available.

² A franchisee may have multiple projects in operation during the year, each under a separate Market Area Agreement and subject to the same Franchise Agreement. For purposes of presenting information in Item 19, the data is calculated on a per project basis rather than by franchisee or Franchise Agreement.

³ The "settlement price" is defined as the Gross Sales Price as provided in the applicable HUD-1 Settlement Statement or Closing Disclosure or the total of the "Sale Price of the Property" and the "Sale Price of any Personal Property included in Sale" in a Settlement Disclosure Form or the amount reported to the appropriate county office where the project is located.

⁴ Absorption rates provided are based solely on detached unit closings for purposes of the disclosures included in this Item 19.

Similarly, a franchisee may have provided the sales data in the form of a HUD-1 Settlement Statement which would not have included details regarding options purchased. In the cases mentioned above in which the purchased options data is unavailable, the closings are not included in calculating this average. If the franchisee reported a purchased amount of non-zero (0) dollars in options for a closing, this is included in calculating the average amount of options reported. Of the 845 detached Unit closings reported in 2022, in the table below we used a total of 811 Units that were reported to have a non-zero dollar amount in options purchased—29 Units were reported to have zero (0) dollar amount purchased in options, and 5 Units did not have options data available for one or more of the reasons detailed above.

Options Purchased for Detached Units in 2022 Franchise Projects Combined
 (811 Total Detached Unit Closings with Reported Options Across 53 Projects from 24 Franchisees)

Options Purchased for All Franchise Detached Units	
Average	\$86,932
Median	\$71,472
Minimum	\$4,250
Maximum	\$847,994

Of the Units that reported non-zero-dollar amount options, the number of detached Units that achieved results higher than the average amount of options purchased was 315 (39%) and the number of detached Units that achieved results lower than the average amount of options purchased was 496 (61%).

It is customary for franchisees to establish lot premiums on certain building lots within a planned community. For those lots where location premiums were assessed, the following table provides data on the dollar amount assessed. In cases where the sales data was collected by searching county property records, it cannot be determined where those lots were assessed location premiums. Similarly, in cases where the sales data was provided in the form of a settlement statement, details regarding lot location premiums were not available. In those cases where lot location premium data is not available, those Unit closings are not included in calculating this average. If the franchisee reported a lot location premium dollar amount of zero (0) for a Unit closing, this is not included in calculating the average lot location premium. Of the 845 total detached Unit closings for 57 franchisee projects in operation in 2022, we used a total of 533 Units for the calculations in the table below where 533 Unit closings were reported to have a non-zero lot location premium, 301 Unit closings were reported to have no lot location premium, and 11 Units did not have lot premium data available for one or more of the reasons detailed above.

Location Premiums for Building Lots in All 2022 Franchise Projects Combined
 (533 Total Detached Unit Closings Reported a Location Premium
 Across 41 Projects from 21 Franchisees)

Location Premium Per Lot on Detached Franchise Closings	
Average	\$15,254
Median	\$7,200
Minimum	\$1,000
Maximum	\$60,000

The number of detached Units that were assessed a higher-than-average lot location premium was 169 (32%) and the number of lots for detached Units that reported a lower-than-average lot location premium was 364 (68%).

The following tables provide the absorption rate per month for all franchisee projects selling detached Units. The rate of absorption indicates how fast the project is selling Units. The absorption

rates for all franchisee projects have been separated by the top, middle, and bottom third of projects as determined by the absorption rate per month, and include the Per Detached Unit Settlement Price for projects in those subsets. We define projects having the highest absorption rates per month as being in the top third of projects and the projects with the lowest absorption rates per month as being in the bottom third of projects.

Absorption Rate per Month for All 2022 Franchisee Detached Projects Combined

(845 Total Detached Unit Closings Across 57 Projects from 28 Franchisees)

Absorption Rate for All Franchisee Projects Selling Detached Units	
	Absorption Rate
Average	1.76
Median	1.50
Minimum	0.20
Maximum	5.30

The number of projects that achieved results above the average absorption rate was 22 (39%) and the number of projects that achieved results below the average absorption rate was 35 (61%). The period of closings ranged from 1-12 months.

Top Third of 2022 Franchise Projects Based on Absorption Rate with Per Detached Unit Settlement Price

(19 Projects reported from 10 Franchisees⁵ with 503 Total Unit Closings)

Top Third of Franchise Projects Based on Absorption Rate Per Month with Per Detached Unit Settlement Price		
	Absorption Rate	Unit Settlement Price
Average	3.02	\$547,965
Median	2.91	\$533,019
Minimum	2.00	\$257,489
Maximum	5.40	\$1,115,216

The number of projects in this subset that achieved results above the average absorption rate was 7 (37%) and the number of projects that achieved results below the average absorption rate was 12 (63%). The period of closings in this subset ranged from 1-12 months.

The number of Unit closings in this subset that achieved results above the average per Unit settlement price was 265 (53%) and the number of Unit closings that achieved results below the average per Unit settlement price was 238 (47%).

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⁵ Some franchisees have multiple projects and so the total of the number of franchisees reflected in these three absorption tables may exceed the total number of franchisees listed above.

**Middle Third of 2022 Franchise Projects Based on Absorption Rate
with Per Detached Unit Settlement Price**

(19 Projects reported from 14 Franchisees with 231 Total Unit Closings)

Middle Third of Franchise Projects Based on Absorption Rate Per Month with Per Unit Settlement Price		
	Absorption Rate	Unit Settlement Price
Average	1.44	\$557,607
Median	1.50	\$531,250
Minimum	1.14	\$262,253
Maximum	2.00	\$1,071,034

The number of projects in this subset that achieved results above the average absorption rate was 11 (58%) and the number of projects that achieved results below the average absorption rate was 8 (42%). The period of closings in this subset ranged from 1-12 months.

The number of Unit closings in this subset that achieved results above the average per Unit settlement price was 152 (66%) and the number of Unit closings that achieved results below the average per Unit settlement price was 79 (34%).

**Bottom Third of 2022 Franchise Projects Based on Absorption Rate
with Per Detached Unit Settlement Price**

(19 Projects reported from 14 Franchisees with 111 Total Unit Closings)

Bottom Third of Franchise Projects Based on Absorption Rate Per Month with Per Unit Settlement Price		
	Absorption Rate	Unit Settlement Price
Average	0.73	\$528,339
Median	0.80	\$508,164
Minimum	0.20	\$209,667
Maximum	1.13	\$1,054,371

The number of projects in this subset that achieved results above or equivalent to the average absorption rate was 9 (47%) and the number of projects that achieved results below the average absorption rate was 10 (53%). The period of closings in this subset ranged from 3-12 months.

The number of Unit closings in this subset that achieved results above the average per Unit settlement price was 79 (71%) and the number of Unit closings that achieved results below the average per Unit settlement price was 32 (29%).

B. Epcon Corporate Projects

The data used to calculate the information presented below is from sales data for Units sold in 8 projects that were built and sold by our corporate affiliates, Epcon Indiana and Epcon Carolinas, in 2022. This data is collected from Epcon, Epcon Indiana and Epcon Carolinas each month. All of the projects represented in this data were located in either central Ohio, central Indiana, South Carolina or North Carolina.

The calculations are made with all of the available data from Epcon, Epcon Indiana and Epcon Carolinas and identify the average, median, minimum and maximum settlement price of detached single-

family Units across all Epcon Corporate projects. Of the 284 Units closed by Epcon Corporate projects, 284 Units closed were detached Units.

The absorption rate is the pace of closings per month on the sales of Units in a project. The absorption rate is calculated by dividing the total number of closings in a project by the number of months a project was actively selling and closing Units during 2022 to obtain an average number of closings for that project. The total number of months that a project was actively selling is defined as the number of months starting from the month of first home closing(s) through to the month of the project's final home closing(s). Projects that did not have a selling period lasting the full 12 months of the year either closed on the sale of all of its available Units within the past year, or the project commenced selling and closing Units at some point during the year. This data for each project's absorption rate per month was then used to calculate the information presented in the tables below for all Epcon projects. For example, the median absorption rate is the median of the absorption rate of all Epcon projects.

The following table provides the per detached Unit settlement price for all projects built by Epcon, Epcon Indiana and Epcon Carolinas in 2022.

Unit Settlement Price for All 2022 Epcon Corporate Projects Combined for Detached Units
(8 Projects Reported with 284 Total Detached Unit Closings)

Per Unit Settlement Price for All Epcon Corporate Detached Unit Closings	
Average	\$542,049
Median	\$526,898
Minimum	\$366,215
Maximum	\$1,091,235

The number of Unit closings that achieved results above the average Unit settlement price was 126 (44%) and the number of projects that achieved results below the average Unit settlement price was 158 (56%).

It is customary for Epcon Corporate project locations to offer options that increase the price of a home. Options may be structural in nature, or in the form of upgraded material options. The following table provides the average sale amount for options purchased per detached Unit closing. Of the 284 detached Unit closings reported in 2022, 275 Units were reported to have a non-zero dollar amount in options purchased, and nine (9) Units were reported to have a zero (0) dollar amount purchased in options.

Options Purchased for All Detached Units in All 2022 Epcon Corporate Projects Combined
(275 Total Detached Unit Closings with Reported Options Across 8 Projects)

Option Purchase for All Epcon Corporate Detached Units	
Average	\$113,223
Median	\$108,413
Minimum	\$10,000
Maximum	\$286,875

The number of detached Units that achieved results higher than the average amount of options purchased was 133(48%) and the number of detached Units that achieved results lower than the average amount of options purchased was 142 (52%).

It is customary for Epcon Corporate to establish lot premiums on certain building lots within a planned community. For those lots on which location premiums were assessed, the following table provides data on the dollar amount assessed. If the closing reported a lot location premium dollar amount of zero (0), this is not included in calculating the average lot location premium. Of the 284 total detached Unit closings in 2022, 213 Unit closings were reported to have a non-zero lot location premium, and 71 Unit closings were reported to have no lot location premium.

Location Premiums for Building Lots in All 2022 Epcon Corporate Projects Combined
(213 Total Detached Unit Closings Reported a Location Premium Across 8 Projects)

Location Premium Per Lot on Detached Epcon Corporate Closings	
Average	\$18,353
Median	\$12,000
Minimum	\$3,000
Maximum	\$175,000

The number of lots that were assessed a higher-than-average lot location premium was 76 (36%) and the number of lots for detached Units that reported a lower-than-average lot location premium was 137 (64%).

The following tables provide the absorption rate per month for Units for all Epcon Corporate projects. The rate of absorption indicates how fast a project is selling Units. The absorption rates for all Epcon Corporate projects have been separated by the top, middle, and bottom third of projects as determined by the absorption rate per month, and include the Per Detached Unit Settlement Price for projects in those subsets. We define projects having the highest absorption rates per month as being in the top third of projects and the projects with the lowest absorption rates per month as being in the bottom third of projects.

Absorption Rate for All 2022 Epcon Corporate Projects Combined
(8 Projects Reported with 284 Total Detached Unit Closings)

Absorption Rate for All Epcon Corporate Projects	
	Absorption Rate
Average	3.48
Median	3.18
Minimum	1.55
Maximum	6.33

The number of Epcon Corporate projects that achieved results above the average absorption rate was 3 (38%) and the number of projects that achieved results below the average absorption rate was 5(62%). The period of closings ranged from 5-12 months.

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**Top Third of 2022 Epcon Corporate Projects Based on Absorption Rate
with Per Detached Unit Settlement Price**

(2 Projects Reported with 139 Total Detached Unit Closings)

Top Third of Epcon Corporate Projects Based on per Month Absorption Rate with Detached Unit Settlement Price		
	Absorption Rate	Unit Settlement Price
Average	5.79	\$590,551
Median	5.79	\$585,801
Minimum	5.25	\$371,405
Maximum	6.33	\$972,010

The number of projects in this subset that achieved results above the average absorption rate was 1 (50%) and the number of projects that achieved results below the average absorption rate was 1 (50%). The period of closings in this subset were both 12 months.

The number of Unit closings in this subset that achieved results above the average per Unit settlement price was 76 (55%) and the number of Unit closings that achieved results below the average per Unit settlement price was 63 (45%).

**Middle Third of 2022 Epcon Corporate Projects Based on Absorption Rate with Per
Detached Unit Settlement Price**

(3 Projects Reported with 95 Total Detached Unit Closings)

Middle Third of Epcon Corporate Projects Based on per Month Absorption Rate with Per Detached Unit Settlement Price		
	Absorption Rate	Unit Settlement Price
Average	3.32	\$620,818
Median	3.36	\$600,555
Minimum	3.00	\$404,980
Maximum	3.58	\$1,091,235

The number of projects in this subset that achieved results above the average absorption rate was 2 (67%) and the number of projects that achieved results below the average absorption rate was 1 (33%). The period of closings in this subset ranged from 9-12 months.

The number of Unit closings in this subset that achieved results above the average per Unit settlement price was 80 (84%) and the number of Unit closings that achieved results below the average per Unit settlement price was 15 (16%).

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**Bottom Third of 2022 Epcon Corporate Projects Based on Absorption Rate
with Per Detached Unit Settlement Price**

(3 Projects Reported with 50 Total Detached Unit Closings)

Bottom Third of Epcon Corporate Projects Based on Per Month Absorption Rate with Per Unit Settlement Price		
	Absorption Rate	Unit Settlement Price
Average	2.11	\$663,129
Median	2.13	\$620,665
Minimum	1.55	\$494,795
Maximum	2.67	\$1,046,150

The number of projects in this subset that achieved results above the average absorption rate was 2(67%) and the number of projects that achieved results below the average absorption rate was 1 (33%). The period of closings in this subset ranged from 6-12 months.

The number of Unit closings in this subset that achieved results above the average per Unit settlement price was 33 (66%) and the number of Unit closings that achieved results below the average per Unit settlement price was 17 (34%).

NOTES TO ITEM 19 TABLES:

Note 1: UNIT TYPES CONSTRUCTED. Different Unit types and home styles may be constructed in a project, including Unit types which are derived from the standard models listed below. In the projects used in this Item 19 for Epcon projects, several home types and styles were constructed, some of which had basements. Epcon offers a number of home models that are grouped into Series/Collections. Those homes include:

- Palazzo, Portico, Promenade of the “P-Series” of the Detached Courtyard Collection (single-family detached)
- Capri, Salerno, Torino, Verona of the “R-Series” of the Detached Courtyard Collection (single-family detached)

This Item 19 information for Epcon reflects Epcon’s experience with the following home series:

- Palazzo, Portico, Promenade of the “P-Series” of the Detached Courtyard Collection (single-family detached)
- Salerno, Torino, Verona of the “R-Series” of the Detached Courtyard Collection (single-family detached)

For the projects used in this Item 19 for franchisees’ results, a variety of homes were constructed. Some had basements while others did not. Those home models built by our franchisees in the data above include:

- Piazza, Palazzo, Portico, Promenade of the “P-Series” of the Detached Courtyard Collection (single-family detached)
- Capri, Salerno, Torino, Verona of the “R-Series” of the Detached Courtyard Collection (single-family detached)
- Other detached home models derived from the standard Epcon models.

Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation of the data used in preparing the tables set forth above will be made available to you upon reasonable request to us.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Joseph R. Karpowicz, Assistant General Counsel, Epcon Communities Franchising, LLC, 500 Stonehenge Parkway, Dublin, Ohio 43017, (614) 761-1010, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

A list of Epcon Communities' franchisees and the addresses and telephone numbers of their business offices is attached as Exhibit M to this disclosure document. We have not developed residential community projects using the Development System and do not anticipate developing any projects during the fiscal year ending on December 31, 2023.

Following is information on our franchises as of the end of our 2020, 2021 and 2022 fiscal years:

**ITEM 20 TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2020/2021/2022**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	60	70	+10
	2021	70	72	+2
	2022	72	70	-2
Company-Owned*	2020	5	23	+18
	2021	23	20	-3
	2022	20	13	-7
Total Outlets**	2020	65	93	+28
	2021	93	92	-1
	2022	92	83	-9

* We do not operate any company-owned development projects. Our affiliates, Epcon, Epcon Carolinas and Epcon Indiana, have developed and continue to develop projects similar to those to be developed by you. Epcon, Epcon Carolinas and Epcon Indiana's projects are disclosed in Table No. 1 and Table No. 4 of this Item 20 as company-owned outlets. The number of company-owned outlets at the end of a fiscal year takes into account that some development projects have been completed by Epcon, Epcon Carolinas and Epcon Indiana during a fiscal year and Units are no longer being sold. With limited exceptions in connection with Franchise Agreements signed prior to April 2019, a project ceases operation when the sale of the last Unit in the project has closed. However, some marketing, sales and construction punch-out items may remain to be completed.

** In this Table, each franchised outlet represents a signed Franchise Agreement and corresponding signed Market Area Agreement(s), and each company-owned outlet represents a project currently being developed by our affiliates, Epcon, Epcon Carolinas and Epcon Indiana. Thus, the section of the table labeled "Total Outlets" represents totals of signed Franchise Agreements and their corresponding Market Area Agreement(s) (rather than the total number of projects to be developed by franchisees) and company-owned development projects.

Following is information on transfers of franchises to new owners (other than to us) as of the end of our 2020, 2021 and 2022 fiscal years, in the states in which there were transfers:

**ITEM 20 TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2020/2021/2022**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Following is information on our franchises as of the end of our 2020, 2021 and 2022 fiscal years:

**ITEM 20 TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2020/2021/2022**

Col. 1 State*	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened ⁶	Col. 5 Term- inations	Col. 6 ⁷ Non- Renewals	Col. 7 Re- acquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at end of the Year
Alabama	2020	2	0	0	0	0	0	2
	2021	2	0	0	2	0	0	0
	2022	0	0	0	0	0	0	0
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Georgia	2020	4	1	1	0	0	0	4
	2021	4	0	0	1	0	0	3
	2022	3	0	1	2	0	0	0
Illinois	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0

⁶ For purposes of Item 20, an outlet is considered open upon a franchisee's signing of the Franchise Agreement, and its corresponding Market Area Agreement.

⁷ Franchisees are granted the right to use the Development System to construct and market an Epcon project at a specified location with a specified market area. A franchisee's Market Area Agreement sets out the geographic area within which the franchisee's project may be located. Beginning in April, 2019, franchisees who would like to develop more than one project, must sign a new Franchise Agreement and Market Area Agreement for each project.

Col. 1 State*	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened ⁶	Col. 5 Term- inations	Col. 6 ⁷ Non- Renewals	Col. 7 Re- acquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at end of the Year
Indiana	2020	4	0	1	0	0	0	3
	2021	3	1	0	1	0	0	3
	2022	3	0	0	1	0	0	2
Iowa	2020	2	2	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	3	0	0	0	1	6
Kansas	2020	3	1	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	2	0	0	0	0	7
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	1	1	0	0	1
Minnesota	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	1	0	0	2
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
New York	2020	4	0	0	1	0	0	3
	2021	3	0	0	1	0	0	2
	2022	2	0	0	0	0	0	2
North Carolina	2020	7	4	0	0	0	0	11
	2021	11	2	0	2	0	0	11
	2022	11	1	0	1	0	2	9
North Dakota	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	10	2	0	2	0	0	10
	2021	10	2	0	3	0	0	9
	2022	9	1	0	2	0	1	7
Penn.	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	4	0	0	0	0	11
South Carolina	2020	2	1	0	0	0	0	3
	2021	3	2	0	0	0	0	5
	2022	5	1	0	0	0	1	5
South Dakota	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Col. 1 State*	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened ⁶	Col. 5 Terminations	Col. 6 ⁷ Non-Renewals	Col. 7 Re-acquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at end of the Year
Tenn.	2020	2	2	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	2	0	0	2
Texas	2020	4	2	0	0	0	0	6
	2021	6	0	0	1	0	0	5
	2022	5	3	1	1	0	0	6
Utah	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
Wis.	2020	1	0	0	1	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	60	17	2	5	0	0	70
	2021	70	13	0	11	0	0	72
	2022	72	19	3	13	0	5	70

* For purposes of Item 20 and Exhibit M, franchisees are assigned to a state in accordance with the locations of their project(s), not in accordance with the states in which the principal business offices of the franchisees themselves are located.

We do not operate any company-owned outlets and do not develop projects. Our affiliates, Epcon, Epcon Carolinas and Epcon Indiana develop projects similar to those to be developed by you. Following is information on Epcon, Epcon Carolinas and Epcon Indiana's developments as of the end of their 2020, 2021 and 2022 fiscal years:

**ITEM 20 TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR FISCAL YEARS 2020/2021/2022**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Re-acquired from Franchisees	Col. 6 Outlets Closed*	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at end of the Year
Indiana	2020	0	1	0	0	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
Ohio	2020	1	9	0	0	0	10
	2021	10	2	0	3	0	9
	2022	9	0	0	3	0	6
North Carolina	2020	4	9	0	1	0	12
	2021	12	4	0	7	0	9
	2022	9	0	0	4	0	5
South Carolina	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Re-acquired from Franchisees	Col. 6 Outlets Closed*	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at end of the Year
Total	2020	5	19	0	1	0	23
	2021	23	7	0	10	0	20
	2022	20	0	0	7	0	13

* Outlets “closed” includes those development projects that have been completed during the fiscal year and are no longer “open.” With limited exceptions in connection with Franchise Agreements signed prior to April 2019, a project ceases operation when the sale of the last Unit in the project has closed. However, some marketing, sales and construction punch-out items may remain to be completed.

Following is information on our projections for the sale of franchises during our 2023 fiscal year (January 1, 2023 through December 31, 2023):

**ITEM 20 TABLE NO. 5
PROJECTED OPENINGS AS OF THE ORIGINAL ISSUANCE DATE
OF THIS DISCLOSURE DOCUMENT (APRIL 16, 2023)**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year*
Arizona	1	0	0
Arkansas	0	1	0
Colorado	1	0	0
Florida	6	2	0
Georgia	2	0	2
Idaho	1	1	0
Indiana	2	1	0
Iowa	3	3	0
Kansas	2	3	0
Kentucky	1	0	0
Maryland	2	0	0
Michigan	1	1	0
Nebraska	0	1	0
North Carolina	0	4	0
Ohio	4	3	0
Oklahoma	1	0	0
Pennsylvania	1	2	0
South Carolina	0	1	0
Tennessee	0	2	1
Texas	8	4	0
Utah	1	0	0
Virginia	2	0	0
Wisconsin	1	1	0
Total	40	30	3

* We do not operate any company-owned locations. The information disclosed in this column relates to projected new projects of our affiliates, Epcon, Epcon Carolinas, Epcon Indiana and Epcon Tennessee. As disclosed in Item 1, during 2023, we anticipate an affiliate, Epcon Georgia, will develop projects in

Georgia. As such, the estimated number of affiliate projects to be developed in Georgia is included in the table above.

Following is a list of the names, cities, states and current business telephone numbers (or, if unknown, the last known telephone numbers of all franchisees who had an Epcon Communities franchise terminated, canceled or not renewed, who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks before the original issuance date of this disclosure document:

Franchisee	Project Location	Reason for Leaving System
GEORGIA		
Traton, LLC 720 Kennesaw Avenue Marietta, GA 30060 770-427-9064	Christopher J. Poston William C. Poston, Jr. William C. Poston	Non-Renewal Completed Last Project
The Meadows Group, Inc. 3 Gresham Landing Stockbridge, GA 30281 770-474-1337	Darren E Hutcheson	Non-Renewal Completed Last Project
Thomas Homes & Communities 132 Waverly Drive Alpharetta, GA 30004 678-898-3000	Roger Thomas	Termination
ILLINOIS		
Wilcox Development Group 101 Burr Ridge Parkway, Ste. 306 Burr Ridge, IL 60527 815-782-7235	James C. Wilcox James R. Wilcox Jonathan Wilcox	Non-Renewal Completed Last Project
INDIANA		
Neer Development Company, Inc. PO Box 579 Zionsville, IN 46077 317-831-8094	Larry D. Neer Terry G. Neer	Non-Renewal Completed Last Project
MICHIGAN		
Covenant Developments 3510 Waterwalk Dr. Wyoming, MI 49418 616-450-4718	Peter S. Engles LeAnn M. Engles	Non-Renewal Completed Last Project
Stanford Vaughn Development 8106 East Fulton Ada, MI 49301 616-291-2668	Steven D. Hanson	Termination
MISSOURI		
Wilcox Development Group 101 Burr Ridge Parkway, Ste. 306 Burr Ridge, IL 60527 815-782-7235	James C. Wilcox James R. Wilcox Jonathan Wilcox	Non-Renewal Completed Last Project
NORTH CAROLINA		
Robinson Oaks, LLC 3735 Beam Rd. Suite B Charlotte, NC 28217 704-496-7160	William Allen	Non-Renewal Belmont, NC

Franchisee	Project Location	Reason for Leaving System
GML Development, Inc. 109 Hay Street, Ste. 301 Fayetteville, NC 28301 910-475-7100	Pat McKee	Ceased Operations Wilmington, NC
GML Development, Inc. 109 Hay Street, Ste. 301 Fayetteville, NC 28301 910-475-7100	Pat McKee	Ceased Operations Winnabow, NC
OHIO		
Stone Works Development, LLC 1050 Harris Ave Newark, OH 43055 740-920-4099	Eriech Horvath	Non-Renewal Completed Last Project
Joshua Development Group, 1180 Lexington Ave, Mansfield, OH 44907 419-756-8383	Peter Haring	Non-Renewal Completed Last Project
Sunshine Estate Builders 1871 NE Catawba Rd. Suite A1 Port Clinton, OH 43452 419-797-7000	Gerald A . Corona Steven A. May	Ceased Operations
TEXAS		
Gracemark Builders, Inc. 30 Waters Edge Street Montgomery, Texas 77356 936-703-5445	Adrian Jacob	Termination
Wood Falls Development Group 12675 Longmire Way Conroe Texas 77304 832-381-4670	Adrian Jacob Diane Jacob	Non Renewal Completed last project
VIRGINIA		
Cornerstone Homes 6912 Three Chopt Rd. Suite C Richmond, VA 23226 804-270-7701	Roger A. Glover Douglas O. Tice	Non Renewal Completed last project

Following is a list of the names, cities and states and current business telephone numbers (or, if unknown, the last known telephone numbers of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement from the date of our most recently completed fiscal year end until the original issuance date of this disclosure document: None.

Two franchisees who had not previously opened were terminated in our prior fiscal year. Because these franchisees had not opened, they were not included in Table 3 of Item 20 of the franchise disclosure document issued during the three prior fiscal years. These franchisees include:

Franchisee	Project Location	Reason for Leaving System
MARYLAND		
M.A. + Associates 8655 Cherry Lane Laurel, MD 20707 571-221-0491	Michael Withers	Termination

Franchisee	Project Location	Reason for Leaving System
OHIO		
Draw Homes, LLC 29060 Addison Court Pepper Pike, OH 44124 216-224-9140	Nicole Ward Denzel Ward Paul Ward, Jr.	Termination

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

We have sold franchises to business entities owned by members of the immediate families of the principals of ECFL and Epcon. A member of the immediate family of a principal has four Franchise Agreements: a Franchise Agreement for a project in Cramerton, North Carolina, a Franchise Agreement (dated June 12, 2019) for a project in Tega Cay, South Carolina, a Franchise Agreement (dated July 30, 2020) for a project in Greer, South Carolina, and a Franchise Agreement (dated June 10, 2021) for a project in Fort Mill, South Carolina.

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

As of the date of this disclosure document, we are not aware of any trademark-specific franchisee organization associated with the Epcon Communities franchise system.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2020, December 31, 2021 and December 31, 2022 and for the years then ended are attached to this disclosure document as Exhibit A.

ITEM 22. CONTRACTS

Attached to this disclosure document are copies of the following documents relating to the offering of the Epcon Communities franchise:

Exhibit A.	Financial Statements
Exhibit B.	Franchise Agreement
Exhibit C	Initial Market Area Agreement
Exhibit D	Market Area Agreement
Exhibit E	Personal Covenants and Agreement of Principal, Officer, Director, Owner, Investor or Partner of Franchisee
Exhibit F	Personal Covenants and Agreement of One Provided Detailed Knowledge of the Development System
Exhibit G	Market Hold Agreement
Exhibit H	Sublicense Agreement
Exhibit I	Lender Assignment Agreement
Exhibit J	Mortgage
Exhibit K	Non-Disclosure and On-Line Information Access Agreements
Exhibit L	Copyright Assignment & Agreement
Exhibit M	Security Agreement
Exhibit N	Termination and Release Agreement
Exhibit O	List of State Administrators
Exhibit P	List of Agents for Service of Process
Exhibit Q	List of Copyrights
Exhibit R	Termination and Release agreement
Exhibit S	Technology Royalty Addendum to Franchise Agreement

Exhibit T State Addenda to the Franchise Disclosure Document and Agreements
Exhibit U Receipt Pages

ITEM 23. RECEIPTS

The last pages of this disclosure document are a detachable document acknowledging your receipt of the disclosure document. If these pages or any other pages or exhibits are missing from your copy, please contact Epcon Communities Franchising, LLC at this address or phone number:

Epcon Communities Franchising, LLC
500 Stonehenge Parkway
Dublin, Ohio 43017
Attention: Director of Operations
(614) 761-1010
www.epconfranchising.com
www.EpconOpportunity.com

EXHIBIT A

**EPCON COMMUNITIES FRANCHISING, LLC
FINANCIAL STATEMENTS**



To the Board of Directors and Stockholders
Epcon Communities Franchising, LLC and Subsidiary
Dublin, Ohio

Independent Auditor's Report

Opinion

We have audited the accompanying consolidated financial statements of Epcon Communities Franchising, LLC and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income and changes in member's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are issued or available to be issued.

To the Board of Directors and Stockholders
Epcon Communities Franchising, LLC. and Subsidiary
Dublin, Ohio
Page 2

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

GBQ Partners LLC

Columbus, Ohio
April 17, 2023

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

**Consolidated Balance Sheets
December 31, 2022 and 2021**

	2022	2021
ASSETS		
Current Assets		
Cash	\$ 2,187,741	\$ 2,930,452
Restricted cash	119,069	147,801
Accounts receivable	300,704	294,608
Deferred costs, net	395,010	335,357
Prepaid expenses	122,411	83,798
Total current assets	3,124,935	3,792,016
Property and Equipment, net	212,195	170,745
Operating Lease Right-of-Use Asset, net	218,130	-
Deferred Costs, net of current portion	547,132	645,540
Due from Related Party	5,462	268
TOTAL ASSETS		
	\$ 4,107,854	\$ 4,608,569
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 253,034	\$ 374,935
Accrued expenses	195,148	61,473
Operating lease	53,457	-
Due to related parties	171,972	101,483
Deferred revenue	1,189,978	949,435
Total current liabilities	1,863,589	1,487,326
Operating Lease, net of current portion	164,673	-
Deferred Revenue, net of current portion	1,203,640	1,258,142
Total liabilities	3,231,902	2,745,468
Member's Equity	875,952	1,863,101
TOTAL LIABILITIES AND MEMBER'S EQUITY		
	\$ 4,107,854	\$ 4,608,569

The accompanying notes are an integral part of the consolidated financial statements.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Consolidated Statements of Income and Changes in Member's Equity For the Years Ended December 31, 2022 and 2021

	2022	2021
Franchising Revenue		
Franchise fees and royalties	\$ 6,710,985	\$ 5,658,226
Advertising fees	388,428	434,110
Conference fees	485,908	270,670
Total franchising revenue	7,585,321	6,363,006
Operating Expenses		
Advertising expense	652,561	710,850
Administrative expense	4,587,351	3,476,656
Other operating expense	310,828	208,904
Depreciation expense	63,076	30,784
Total operating expenses	5,613,816	4,427,194
Income from Operations	1,971,505	1,935,812
Other Income (Expense)		
Interest income	11,249	9,446
Miscellaneous income	33,298	1,000
Other tax expense	(2,201)	(1,954)
Total other income	42,346	8,492
Net Income	\$ 2,013,851	\$ 1,944,304
Member's Equity - Beginning of Year	\$ 1,863,101	\$ 1,129,797
Net income	2,013,851	1,944,304
Distributions	(3,001,000)	(1,211,000)
Member's Equity - End of Year	\$ 875,952	\$ 1,863,101

The accompanying notes are an integral part of the consolidated financial statements.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Consolidated Statements of Cash Flows For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net income	\$ 2,013,851	\$ 1,944,304
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	63,076	30,784
Changes in operating assets and liabilities:		
Accounts receivable	(6,096)	61,577
Prepaid expenses	(38,613)	(20,324)
Deferred costs, net	38,755	(412,900)
Accounts payable	(121,901)	102,597
Accrued expenses	133,675	39,663
Due to related parties, net	65,295	131,548
Deferred revenue	186,041	613,581
Total adjustments	320,232	546,526
Net cash provided by operating activities	2,334,083	2,490,830
Cash Flows from Investing Activities		
Purchases of property and equipment	(104,526)	(152,709)
Proceeds from related parties for transfer of property and equipment	-	30,909
Net cash used in investing activities	(104,526)	(121,800)
Cash Flows from Financing Activities		
Distributions to member	(3,001,000)	(1,211,000)
Net (decrease) increase in cash and restricted cash	(771,443)	1,158,030
Cash and Restricted Cash - Beginning of Year	3,078,253	1,920,223
Cash and Restricted Cash - End of Year	\$ 2,306,810	\$ 3,078,253
Classification of Cash and Restricted Cash		
Cash	\$ 2,187,741	\$ 2,930,452
Restricted cash	119,069	147,801
Cash and Restricted Cash	\$ 2,306,810	\$ 3,078,253

The accompanying notes are an integral part of the consolidated financial statements.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Nature and Scope of Business

Epcon Communities Franchising, LLC (Franchising) was incorporated on April 26, 1995. Franchising currently franchises the right to develop, construct and market its single-story ranch-style unit design to developers throughout the continental United States. During 2022 and 2021, Franchising sold rights to 14 and 22 new developers, respectively. In addition, there were 13 terminations in 2022 and one termination in 2021 resulting in a total of 81 and 80 franchisees at December 31, 2022 and 2021, respectively.

Epcon Communities Marketing Program, Inc. (Marketing), a wholly-owned subsidiary of Franchising, collects and administers funds for common and collective advertising. The purpose of Marketing is to promote the sale of condominium and fee simple homes for franchise owners and EC New Vision Ohio, LLC, EC New Vision Carolinas, LLC and EC New Vision Indiana, LLC (collectively referred to as 'Epcon') related parties. Franchising and Epcon do not financially benefit from the activities of Marketing.

Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the financial statements of Franchising and Marketing (collectively referred to as the Company). All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when a performance obligation has been satisfied by transferring control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Contracts can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company has concluded that licensing of intellectual property (comprised by franchise fees and royalties) and advertising services are separate performance obligations. Advertising services are performed primarily through Marketing. For such arrangements, the contract transaction price is allocated to the separate performance obligations on a relative standalone selling price (SSP) basis. The Company determines the SSP based on an observable standalone selling price when it is available, as well as other factors, including, market conditions, entity-specific factors, and information about their target customers.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Depending on the franchisee, the Company may charge an initial franchise fee at the commencement of the arrangement and/or a monthly franchise fee. Licensing of intellectual property through franchise fees are recognized over time based on the expected life of the franchise agreement, which approximates four years. Accordingly, deferred revenue in the accompanying consolidated balance sheets is primarily comprised by initial franchise fees received, which are amortized on a straight-line basis over the term of the franchise agreement. Royalty income is recognized at a point in time when earned by the Company, which occurs when the franchisee sale of the home has closed.

Advertising services are recognized over time as services are delivered based on costs incurred as an input method. Advertising fees received prior to costs incurred are presented within deferred revenue in the accompanying consolidated balance sheets.

Conference fees in the accompanying consolidated statements of income and changes in member's equity represents amounts charged for an annual conference held for current and prospective franchisees. Revenue is recognized at a point in time when the conference is held.

Vendor Rebates

The Company provides a rebate program to its franchisees, which provides discounted pricing with approved or designated suppliers. Under the program, rebates are earned based on purchase volumes with participating suppliers. Because purchasing activity is controlled by individual franchisees, the Company is acting as an agent under the program, and, therefore, rebate activity is recorded on a net basis within the accompanying consolidated financial statements. Rebates received and not remitted to franchisees totaled \$189,507 and \$336,145 as of December 31, 2022 and 2021, respectively, and is presented within accounts payable within the accompanying consolidated balance sheets.

Accounts Receivable

Accounts receivable are franchisee obligations due under normal trade terms requiring payment on or before the date specified in the franchising agreement. Accounts receivable are collateralized by the franchise rights.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected. Management individually reviews all accounts receivable balances that exceed 30 days from the billing dates specified in the franchising agreement, and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. Management estimates that all accounts receivable balances are collectible and has determined that an allowance is not required as of December 31, 2022 and 2021.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation computed using the straight-line method over the estimated useful life of the particular asset. Major additions are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Property and equipment are depreciated over their estimated useful lives ranging from 3 to 5 years.

Impairment of Assets

The carrying value of long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. There were no such impairment adjustments during 2022 and 2021.

Costs to Obtain a Contract with a Customer

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if the expected benefit of those costs is longer than one year. The Company has determined that certain sales incentive programs, primarily commissions, meet the requirements to be capitalized. Total capitalized costs to obtain a contract are included in deferred costs within the accompanying consolidated balance sheets and are amortized over a four-year period, which approximates the expected life of the franchise agreement.

Income Taxes

The Company is not subject to federal and certain state income taxes. Accordingly, no provision has been made for federal or state income tax for the Company, as any liability for such taxes would be that of the member of the Company, rather than the Company. As a result, the consolidated financial statements include only state and local income taxes payable by the Company, on behalf of the member where required by jurisdictions. Marketing is an Ohio, non-profit organization that is exempt from state income taxation.

Uncertainty in income taxes is accounted for under GAAP, which requires the evaluation of tax positions taken or expected to be taken in a tax return. The degree of uncertainty of a tax position prevailing under examination by a taxing authority warrants the recognition of a liability. GAAP also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting. Management determined there were no material uncertain positions taken by the Company in its tax returns.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Summary of Significant Accounting Policies (continued)

Leases

Pursuant to GAAP, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Leases with an initial term of 12 months or less are not recorded within the accompanying consolidated balance sheets.

Operating leases are included in operating lease right-of-use (ROU) assets, net and operating leases (lease liabilities) within the Company's accompanying consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. If the Company's leases do not provide an implicit rate, the Company elected the practical expedient to utilize the risk-free rate to determine the present value of lease payments. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option.

The Company has lease agreements with lease and non-lease components, however the Company has elected the practical expedient to account for the lease and non-lease components as a single lease.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense of Franchising was \$391,474 and \$368,869 for the years ended December 31, 2021 and 2020, respectively. Advertising expense of Marketing was \$261,087 and \$341,981 for the years ended December 31, 2022 and 2021, respectively.

New Accounting Pronouncements

Effective January 1, 2022, the Company adopted the provisions and disclosure requirements described in Accounting Standards Codification Topic 842, *Leases* (ASC 842). ASC 842 requires the recognition of lease assets and lease liabilities by lessees for most leases, unless the lease has a term of 12 months or less. ASC 842 also changed certain guidance of lessee accounting, lessor accounting, leveraged leases, sale and leaseback transactions and required disclosures.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

The Company adopted the standard using the modified retrospective method. Accordingly, the results reporting periods beginning on January 1, 2022 are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect during those periods.

In connection with the adoption of ASC 842, the Company elected transition-related practical expedients as accounting policies which allowed it to not reassess, as of the adoption date, (1) whether any expired or existing contracts are or contain leases, (2) the classification of any expired or existing leases, and (3) if previously capitalized initial direct costs qualify for capitalization under ASC 842.

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard sets forth a current expected credit loss (CECL) model, which requires the Company to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related reserves. The new standard is effective for annual periods beginning after December 15, 2022. Management is currently evaluating the potential impact of the new pronouncement on the Company's financial statements.

Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

Revenue

Revenue within the accompanying consolidated statements of income and changes in member's equity consist of the following for the years ended December 31:

	2022	2021
Licensing of intellectual property		
Franchise fees	\$ 1,070,669	\$ 914,689
Royalty income	5,640,316	4,743,537
Advertising fees	388,428	434,110
Conference fees	485,908	270,670
	<hr/>	<hr/>
Total franchising revenue	\$ 7,585,321	\$ 6,363,006

During 2022 and 2021, the Company recognized revenue totaling \$915,169 and \$675,689, respectively, for the amortization of initial franchise fees.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Revenue (continued)

Pursuant to disclosure requirements of ASC 606, the following balances are included in the accompanying consolidated balance sheets for the years ended December 31 (unless stated otherwise):

	2022	2021	January 1, 2021
Accounts receivable	\$ 300,704	\$ 294,608	\$ 356,185
Due from related party	5,462	268	35,609
Deferred costs	942,142	980,897	567,997
Deferred revenue	2,393,618	2,207,577	1,478,481

Deferred Revenue

Deferred revenue in the accompanying consolidated balance sheets as of December 31 consists of the following:

	2022	2021
Deferred revenue - beginning of year	\$ 2,207,577	\$ 1,593,996
New initial franchise fees	970,000	1,295,000
Less: franchise fees recognized	(915,169)	(675,689)
Net change in conference fees	134,258	(26,621)
Net change in Marketing deferred revenue	(3,048)	20,891
Deferred revenue - end of year	<u>\$ 2,393,618</u>	<u>\$ 2,207,577</u>

The following is a schedule of the future amortization of deferred revenue as of December 31, 2022:

2023	\$ 1,189,978
2024	699,582
2025	394,372
2026	<u>109,686</u>
Total	<u>\$ 2,393,618</u>

Cash

Cash is maintained at two financial institutions and, at times, balances may exceed federally insured limits. Substantially, all cash on deposit with one financial institution is automatically swept into separate accounts at the end of each day to participating financial institutions at or under current federally insured limits.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Restricted Cash

Restricted cash is held by Marketing for collective advertising efforts of the franchisees. In the event that Marketing is terminated, any unexpended funds are returned pro rata to each contributor.

Deferred Costs

Deferred costs in the accompanying consolidated balance sheets as of December 31 were as follows:

	2022	2021
Deferred commissions	\$ 1,759,410	\$ 1,285,160
Other deferred costs	69,418	178,418
Accumulated amortization	<u>(886,686)</u>	<u>(482,681)</u>
Total deferred costs, net	<u>\$ 942,142</u>	<u>\$ 980,897</u>

Total deferred costs expensed were \$404,005 and \$280,430 for the years ended December 31, 2022 and 2021, respectively. The following is a schedule of the future amortization of deferred costs as of December 31, 2022:

2023	\$	395,010
2024		333,291
2025		174,242
2026		<u>39,599</u>
Total	\$	<u>942,142</u>

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Property and Equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Leasehold improvements	\$ 24,653	\$ 19,899
Furniture and equipment	51,453	48,914
Computer equipment	207,484	153,884
Prototype	68,633	-
Assets in progress	-	39,450
Total property and equipment	<u>352,223</u>	<u>262,147</u>
Less: accumulated depreciation	<u>(140,028)</u>	<u>(91,402)</u>
Total property and equipment, net	<u>\$ 212,195</u>	<u>\$ 170,745</u>

Depreciation expense is recorded using the straight-line method for the years ended December 31, 2022 and 2021 totaling \$63,076 and \$30,784, respectively.

Paycheck Protection Program

In connection with the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in April 2020, Epcon was approved for a term note which allowed for available funds of \$2,750,000. Under the terms of the PPP, up to 100% of the loan (and related interest expense) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met.

For the year ended December 31, 2020, Epcon allocated the Company \$208,321, which represents its portion of the PPP loan applied for and received by Epcon at the group level. Allocations from Epcon are recorded within due from or due to related parties in the accompanying consolidated balance sheets. Epcon applied for forgiveness of the PPP loan in December 2020, and the entire principal balance and interest were forgiven in June 2021. Epcon and the Company recognized proceeds received under the PPP as grant income during 2020.

The U.S. Small Business Administration (SBA) may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan, however, loans in excess of \$2 million are subject to a mandatory audit. The audit will include the loan forgiveness application, as well as whether the Company met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Profit Sharing Plan

The Company's employees may participate in the salary deferral plan of Epcon (the Plan). The Plan, covering substantially all full-time employees, allows participants to contribute certain amounts on a pre-tax basis and provides for certain discretionary matching contributions by Epcon (and by the Company for its employees) as specified in the Plan agreement. The Company made safe harbor contributions in 2022 and 2021 of \$46,678 and \$23,144, respectively.

Operating Leases

The Company previously leased a portion of its office space from Ualeo, LLC, a related party under common ownership. In 2015, the operating lease agreement was extended through April 2024. During October 2021, the lease was terminated. The Company was responsible for utilities, condominium assessments, insurance and other general operating expenses associated with the leased space. Total rent expense in connection with this lease was \$0 and \$17,435 for the years ended December 31, 2022 and 2021, respectively. The amount of rent expense was based on Epcon management's best estimate as to the usage of the space.

Epcon, and previously the Company, were the sole sources of income for Ualeo, LLC. Ualeo, LLC is financed through a mortgage payable to a bank, which amounted to \$149,836 and \$230,271 at December 31, 2022 and 2021, respectively. While the Company does not explicitly guarantee the mortgage payable, it may make funds available to its common owner in the event such debt is called on.

The Company leases additional office space under a non-cancellable operating lease. While the office space lease agreement provides for minimum lease payments, additional rental amounts are contingent upon utilities usage and proportionate taxes, insurance and similar costs.

The maturities of lease liabilities as of December 31, 2022 are as follows:

	2023	\$	53,457
	2024		54,818
	2025		56,303
	2026		56,427
	2027		4,702
	Total undiscounted cash flows		225,707
	Less: present value discount		(7,577)
	Total operating lease	\$	218,130

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Operating Leases (continued)

The following summarizes the components of lease expense for the years ended December 31:

	2022	2021
Operating lease expense	\$ 49,002	\$ 17,435
Office equipment lease expense	<u>3,747</u>	<u>949</u>
Total lease expense	<u>\$ 52,749</u>	<u>\$ 18,384</u>

The following summarizes additional information related to leases for the year ended December 31, 2022.

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 49,002
ROU assets obtained in exchange for existing operating lease liabilities	263,502
Weighted-average remaining lease term in years for operating leases	4
Weighted-average discount rate for operating leases	1.63%

Related Party Transactions

The Company is charged certain administrative expenses by Epcon under an operating agreement. The administrative charges for the years ended December 31, 2022 and 2021 was \$773,292 and \$664,484, respectively, and are included in administrative expense in the accompanying consolidated statements of income and changes in member's equity. Due from related parties in the accompanying consolidated balance sheets includes advances to Epcon, net of administrative expenses charged, and are non-interest bearing with no stated maturity.

For the years ended December 31, 2022 and 2021, the Company paid office rent to a related party Ualeo, LLC in the amounts of \$0 and \$17,435, respectively.

For the years ended December 31, 2022 and 2021, the Company had sublicensing fees for using intellectual property amounting to \$96,500 and \$86,300, respectively, from a related party under common ownership, IP86, LLC. Due to related parties in the accompanying consolidated balance sheets includes licensing costs owed to IP86, LLC.

The Company charged Epcon \$96,300 and \$63,800 for the years ended December 31, 2022 and 2021, respectively, for sponsoring Epcon employees to attend a national conference.

For the years ended December 31, 2022 and 2021, Marketing charged Epcon \$70,920 and \$95,040, respectively, for marketing and advertising services and materials.

For the years ended December 31, 2022 and 2021, the Company passed through rebates to Epcon totaling \$824,129 and \$771,005, respectively.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2022 and 2021



Commitments and Contingencies

The Company is involved in various litigation cases arising in the ordinary course of business. In the opinion of management, the resolution of such litigation does not have a material effect on the Company's consolidated financial statements. Actual outcomes may vary from management's opinion.

During 2020, the Company and its affiliated entity, Epcon Communities, LLC (Epcon Communities) entered into a settlement agreement in the form of a Consent Decree with the United States Department of Justice. The Consent Decree has been approved by the Court and was effective as of March 25, 2020. The matter dealt with claimed accessibility issues at units in four-plex buildings at communities that were begun in the early to mid-2000s. These are home plans that have not been built by Epcon Communities in over 10 years. Over time this inquiry and eventual complaint grew to include a number of franchise and sites in Ohio.

The Consent Decree includes limited retrofits at some homes and communities in Epcon Communities and franchised developments with four-plex buildings, as well as certain payments to be made over a twelve-month period. None of the settlement provisions affect or relate to the now- exclusive focus of single-family detached homes and duplexes.

Management denies any allegations of wrong doing and continues to believe that its homes were and continue to be built in a compliant manner. As of December 31, 2019, Epcon Communities recorded a settlement reserve of \$2,442,000, net of insurance proceeds, which reflects the total settlement under the Consent Decree. Because settlement will be managed and is the responsibility of Epcon Communities, no allocations have been made to affiliate entities.

The Company's franchise agreements include personal and corporate indemnifications which provides the basis for allowing the Company to pursue recovery from the franchisees. Management is pursuing collection from the franchisees whose communities were part of the complaint, as well as architects, civil engineers, insurers, and other trade vendors involved in the development and construction of these franchise and Epcon Communities' sites. The collectability of this amount is undetermined at this time. Therefore, any recoveries will be recognized as income in the year of collection.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the consolidated financial statements were available to be issued.



Partners

To the Board of Directors and Stockholders
Epcn Communities Franchising, LLC and Subsidiary
Dublin, Ohio

Independent Auditor's Report

Opinion

We have audited the accompanying consolidated financial statements of Epcn Communities Franchising, LLC and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income and changes in member's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are issued or available to be issued.

To the Board of Directors and Stockholders
Epcon Communities Franchising, LLC. and Subsidiary
Dublin, Ohio
Page 2

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

GBQ Partners LLC

Columbus, Ohio
March 29, 2022

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

**Consolidated Balance Sheets
December 31, 2021 and 2020**

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,930,452	\$ 1,828,422
Restricted cash	147,801	91,801
Accounts receivable	294,608	356,185
Deferred costs, net	335,357	177,404
Prepaid expenses	83,798	63,474
Total current assets	3,792,016	2,517,286
Property and Equipment , net of accumulated depreciation	170,745	79,729
Deferred Costs , net of current portion	645,540	390,593
Due from Related Parties	268	35,609
TOTAL ASSETS	\$ 4,608,569	\$ 3,023,217
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 374,935	\$ 272,338
Accrued expenses	150,367	137,325
Due to related party	101,483	5,276
Deferred revenue	860,541	567,359
Total current liabilities	1,487,326	982,298
Deferred Revenue , net of current portion	1,258,142	911,122
Total liabilities	2,745,468	1,893,420
Member's Equity	1,863,101	1,129,797
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 4,608,569	\$ 3,023,217

The accompanying notes are an integral part of the consolidated financial statements.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Consolidated Statements of Income and Changes in Member's Equity For the Years Ended December 31, 2021 and 2020

	2021	2020
Franchising Revenue		
Franchise fees and royalties	\$ 5,658,226	\$ 4,712,510
Advertising fees	434,110	450,445
Conference fees	270,670	48,614
Total franchising revenue	6,363,006	5,211,569
Operating Expenses		
Advertising expense	710,850	698,306
Administrative expense	3,476,656	2,696,176
Other operating expenses	208,904	188,802
Depreciation expense	30,784	10,347
Total operating expenses	4,427,194	3,593,631
Income from Operations	1,935,812	1,617,938
Other Income		
Interest income	9,446	6,481
Miscellaneous income	1,000	11,859
Grant income – PPP loan	-	208,321
Total other income	10,446	226,661
Net Income before Provision for Income Taxes	1,946,258	1,844,599
Provision for Income Taxes	1,954	719
Net Income	\$ 1,944,304	\$ 1,843,880
Member's Equity - Beginning of Year	\$ 1,129,797	\$ 444,250
Net income	1,944,304	1,843,880
Distributions	(1,211,000)	(1,158,333)
Member's Equity - End of Year	\$ 1,863,101	\$ 1,129,797

The accompanying notes are an integral part of the consolidated financial statements.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Consolidated Statements of Cash Flows For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Net income	\$ 1,944,304	\$ 1,843,880
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	30,784	10,347
Changes in operating assets and liabilities:		
Accounts receivable	61,577	(214,959)
Prepaid expenses	(20,324)	(28,946)
Deferred commissions	(412,900)	(453,613)
Accounts payable	102,597	(10,693)
Accrued expenses	13,042	91,652
Due to related parties, net	131,548	634,932
Deferred revenue	640,202	895,478
Total adjustments	546,526	924,198
Net cash provided by operating activities	2,490,830	2,768,078
Cash Flows from Investing Activities		
Purchases of property and equipment	(152,709)	(42,875)
Proceeds from related parties for transfer of property and equipment	30,909	-
Net cash used in investing activities	(121,800)	(42,875)
Cash Flows from Financing Activities		
Distributions to member	(1,211,000)	(1,158,333)
Net increase in cash, cash equivalents and restricted cash	1,158,030	1,566,870
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	1,920,223	353,353
Cash, Cash Equivalents and Restricted Cash - End of Year	\$ 3,078,253	\$ 1,920,223
Classification of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 2,930,452	\$ 1,828,422
Restricted cash	147,801	91,801
Cash, Cash Equivalents and Restricted Cash	\$ 3,078,253	\$ 1,920,223
Supplemental Disclosure of Cash Flow Information		
Income tax payments	\$ 1,954	\$ 719

The accompanying notes are an integral part of the consolidated financial statements.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Nature and Scope of Business

Epcon Communities Franchising, LLC (Franchising) was incorporated on April 26, 1995. Franchising currently franchises the right to develop, construct and market its single-story ranch-style unit design to developers throughout the continental United States. During 2021 and 2020, Franchising sold rights to 22 and 23 new developers, respectively. In addition, there was one termination and three completed projects in 2021 and seven terminations in 2020, resulting in a total of 80 and 62 franchisees at December 31, 2021 and 2020, respectively.

Epcon Communities Marketing Program, Inc. (Marketing), a wholly-owned subsidiary of Franchising, collects and administers funds for common and collective advertising. The purpose of Marketing is to promote the sale of condominium and fee simple homes for franchise owners and EC New Vision Ohio, LLC, EC New Vision Carolinas, LLC and EC New Vision Indiana, LLC (collectively referred to as 'Epcon') related parties. Franchising and Epcon do not financially benefit from the activities of Marketing.

Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the financial statements of Franchising and Marketing (collectively referred to as the Company). All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when a performance obligation has been satisfied by transferring control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Contracts can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company has concluded that licensing of intellectual property (comprised by franchise fees and royalties) and advertising services are separate performance obligations. Advertising services are performed primarily through Marketing. For such arrangements, the contract transaction price is allocated to the separate performance obligations on a relative standalone selling price (SSP) basis. The Company determines the SSP based on an observable standalone selling price when it is available, as well as other factors, including, market conditions, entity-specific factors, and information about their target customers.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Depending on the franchisee, the Company may charge an initial franchise fee at the commencement of the arrangement and/or a monthly franchise fee. Licensing of intellectual property through franchise fees are recognized over time based on the expected life of the franchise agreement, which approximates four years. Accordingly, deferred revenue in the accompanying consolidated balance sheets is primarily comprised by initial franchise fees received, which are amortized on a straight-line basis over the term of the franchise agreement. Royalty income is recognized at a point in time when earned by the Company, which occurs when the franchisee sale of the home has closed.

Advertising services are recognized over time as services are delivered based on costs incurred as an input method. Advertising fees received prior to costs incurred are presented within deferred revenue in the accompanying consolidated balance sheets.

Conference fees in the accompanying consolidated statements of income represents amounts charged for an annual conference held for current and prospective franchisees. Revenue is recognized at a point in time when the conference is held.

Vendor Rebates

The Company provides a rebate program to its franchisees, which provides discounted pricing with approved or designated suppliers. Under the program, rebates are earned based on purchase volumes with participating suppliers. Because purchasing activity is controlled by individual franchisees, the Company is acting as an agent under the program, and, therefore, rebate activity is recorded on a net basis within the accompanying consolidated financial statements. Rebates received and not remitted to franchisees totaled \$336,145 and \$248,074 as of December 31, 2021 and 2020, respectively, and is presented within accounts payable within the accompanying consolidated balance sheets.

Accounts Receivable

Accounts receivable are franchisee obligations due under normal trade terms requiring payment on or before the date specified in the franchising agreement. Accounts receivable are collateralized by the franchise rights.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected. Management individually reviews all accounts receivable balances that exceed 30 days from the billing dates specified in the franchising agreement, and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. Management estimates that all accounts receivable balances are collectible and has determined that an allowance is not required as of December 31, 2021 and 2020.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation computed using the straight-line method over the estimated useful life of the particular asset. Major additions are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Property and equipment are depreciated over their estimated useful lives ranging from 3 to 39 years.

Impairment of Assets

The carrying value of long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. There were no such impairment adjustments during 2021 and 2020.

Costs to Obtain a Contract with a Customer

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if the expected benefit of those costs is longer than one year. The Company has determined that certain sales incentive programs, primarily commissions, meet the requirements to be capitalized. Total capitalized costs to obtain a contract are included in deferred costs within the accompanying consolidated balance sheets and are amortized over a four-year period, which approximates the expected life of the franchise agreement.

Paycheck Protection Program

Currently, there is no authoritative guidance under U.S. GAAP that addresses accounting and reporting by a for-profit business entity that receives forgivable debt from a government entity. Accordingly, management has elected to analogize to International Accounting Standards 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which states that a forgivable loan from the government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. Accordingly, the Company presents its allocable portion from Epcon of income from forgivable loans from government entities within other income in the accompanying consolidated statements of income when all performance obligations have been satisfied and forgiveness is reasonably assured.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Summary of Significant Accounting Policies (continued)

Income Taxes

The Company is not subject to federal and certain state income taxes. Accordingly, no provision has been made for federal or state income tax for the Company, as any liability for such taxes would be that of the member of the Company, rather than the Company. As a result, the consolidated financial statements include only state and local income taxes payable by the Company, on behalf of the member where required by jurisdictions. Marketing is an Ohio, non-profit organization that is exempt from state income taxation.

Uncertainty in income taxes is accounted for under GAAP, which requires the evaluation of tax positions taken or expected to be taken in a tax return. The degree of uncertainty of a tax position prevailing under examination by a taxing authority warrants the recognition of a liability. GAAP also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting. Management determined there were no material uncertain positions taken by the Company in its tax returns.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense of Franchising was \$368,869 and \$323,723 for the years ended December 31, 2021 and 2020, respectively. Advertising expense of Marketing was \$341,981 and \$374,583 for the years ended December 31, 2021 and 2020, respectively.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to current year presentation.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, a new standard for both lessees and lessors. Under its core principle, a lessee will recognize lease assets and liabilities on the balance sheet for nearly all lease arrangements. The new standard is effective for the Company for annual periods beginning after December 15, 2021. Management is in the process of determining the effect of this change on its accounting and disclosure of lease activity.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Revenues

Revenues within the accompanying consolidated statements of income consist of the following for the years ended December 31:

	2021	2020
Licensing of intellectual property		
Franchise fees	\$ 914,689	\$ 824,667
Royalty income	4,743,537	3,887,843
Advertising fees	434,110	450,445
Conference fees	270,670	48,614
Total franchising revenue	\$ 6,363,006	\$ 5,211,569

During 2021 and 2020, the Company recognized revenue totaling \$675,689 and \$300,209, respectively, for the amortization of initial franchise fees.

Deferred Revenues

Deferred revenues in the accompanying consolidated balance sheet as of December 31 consisted of the following:

	2021	2020
Beginning year balance	\$ 1,478,481	\$ 533,003
New initial franchise fees	1,295,000	1,150,000
Less: revenue recognized	(675,689)	(300,209)
Net change in Marketing deferred revenue	20,891	95,687
Ending year balance	\$ 2,118,683	\$ 1,478,481

The following is a schedule of the future amortization of deferred revenue as of December 31, 2021:

2022	\$ 860,541
2023	639,814
2024	466,456
2025	151,872
Total	\$ 2,118,683

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Cash and Cash Equivalents

Cash and cash equivalents are maintained at three financial institution and, at times, balances may exceed federally insured limits.

Restricted Cash

Restricted cash is held by Marketing for collective advertising efforts of the franchisees. In the event that Marketing is terminated, any unexpended funds are returned pro rata to each contributor.

Deferred Costs

Deferred costs in the accompanying consolidated balance sheet as of December 31 were as follows:

	2021	2020
Deferred commissions	\$ 1,285,160	\$ 660,160
Other deferred costs	178,418	110,089
Accumulated amortization	<u>(482,681)</u>	<u>(202,252)</u>
Deferred costs, net	<u>\$ 980,897</u>	<u>\$ 567,997</u>

Total deferred costs expensed were \$280,430 and \$114,076 for the years ended December 31, 2021 and 2020, respectively. The following is a schedule of the future amortization of deferred costs as of December 31, 2021:

2022	\$	335,357
2023		315,605
2024		246,693
2025		<u>83,242</u>
Total	\$	<u>980,897</u>

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Property and Equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Leasehold improvements	\$ 19,899	\$ 65,118
Furniture and equipment	48,914	288,975
Computer equipment	153,884	94,988
Assets in progress	39,450	14,450
	<u>262,147</u>	<u>463,531</u>
Less: accumulated depreciation	(91,402)	(383,802)
Total property and equipment, net	\$ 170,745	\$ 79,729

Paycheck Protection Program

In connection with the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in April 2020, Epcon was approved for a term note which allowed for available funds of \$2,750,000. The term note charges interest at a fixed rate of 1%. The original repayment terms included principal and interest payments of \$11,760 beginning in October 2020 through October 2022. In June of 2020, the PPP Flexibility Act of 2020 was signed into law, which revised the deferral period for PPP loans, allowing Epcon to defer payments until ten months after the end of the loan forgiveness covered period or when forgiveness is received. Under the terms of the PPP, up to 100% of the loan (and related interest expense) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The portion of the loan proceeds that is not forgiven, if any, is converted to an unsecured term note payable in equal installments, including interest at 1%, through October 2022.

For the year ended December 31, 2020, Epcon allocated the Company \$208,321, which represents its portion of the PPP loan applied for and received by Epcon at the group level. Allocations from Epcon are recorded within due from or due to related parties in the accompanying consolidated balance sheets.

As of December 31, 2020, management concluded Epcon and the Company had met the eligibility and certain other criteria related to use of the funds, and there was reasonable assurance that full forgiveness would be granted. Accordingly, Epcon and the Company recognized proceeds received under the PPP as grant income during fiscal year 2020, which is presented within other income in the accompanying consolidated statements of income. During 2021, Epcon received full forgiveness of the loan and accrued interest.

The U.S. Small Business Administration (SBA) may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan, however, loans in excess of \$2 million are subject to a mandatory audit. The audit will include the loan forgiveness application, as well as whether the Company met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Profit Sharing Plan

The Company's employees may participate in the salary deferral plan of Epcon (the Plan). The Plan, covering substantially all full-time employees, allows participants to contribute certain amounts on a pre-tax basis and provides for certain discretionary matching contributions by Epcon (and by the Company for its employees) as specified in the Plan agreement. The Company made safe harbor contributions in 2021 and 2020 of \$23,144 and \$11,953, respectively.

Operating Leases

The Company previously leased a portion of its office space from Ualeo, LLC, a related party under common ownership. In 2015, the operating lease agreement was extended through April 2024. During October 2021, the lease was terminated. The Company was responsible for utilities, condominium assessments, insurance and other general operating expenses associated with the leased space. Total rent expense in connection with this lease was \$17,435 and \$20,922 for the years ended December 31, 2021 and 2020, respectively. The amount of rent expense was based on Epcon's management's best estimate as to the usage of the space.

Epcon, and previously the Company, were the sole sources of income for Ualeo, LLC. Ualeo, LLC is financed through a mortgage payable to a bank, which amounted to \$230,271 and \$307,252 at December 31, 2021 and 2020, respectively. While the Company does not explicitly guarantee the mortgage payable, it may make funds available to its common owner in the event such debt is called on.

The Company leases additional office space under a non-cancellable operating lease. While the office space lease agreement provides for minimum lease payments, additional rental amounts are contingent upon utilities usage and proportionate taxes, insurance and similar costs.

The following is a schedule of future minimum lease payments as of December 31, 2021:

2022	\$	28,586
2023		31,185
2024		32,546
2025		34,031
2026		34,155
		<hr/>
Total	\$	160,503

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Related Party Transactions

The Company is charged certain administrative expenses by Epcon under an operating agreement. The administrative charges for the years ended December 31, 2021 and 2020 was \$664,484 and \$558,485, respectively, and are included in administrative expense in the accompanying consolidated statements of income. Due from related party in the accompanying consolidated balance sheets represents advances to Epcon, net of administrative expenses charged, and are non-interest bearing with no stated maturity. Additionally, due from related party is net of \$208,321 income allocated from Epcon as of December 31, 2020, which represents the portion of the PPP loan allocated to the Company as described further in the *Paycheck Protection Program* footnote.

For the years ended December 31, 2021 and 2020, the Company paid office rent to a related party Ualeo, LLC in the amounts of \$17,435 and \$20,922, respectively.

For the years ended December 31, 2021 and 2020, the Company had sublicensing fees for using intellectual property amounting to \$86,300 and \$61,700, respectively, from a related party under common ownership, IP86, LLC. Due to related party in the accompanying consolidated balance sheets represents licensing costs owed to IP86, LLC.

The Company charged Epcon \$63,800 and \$24,850 for the years ended December 31, 2021 and 2020, respectively, for sponsoring Epcon and Carolinas employees to attend a national conference.

For the years ended December 31, 2021 and 2020, Marketing charged Epcon \$95,040 and \$85,900, respectively, for marketing and advertising services and materials.

For the years ended December 31, 2021 and 2020, the Company passed through rebates to Epcon totaling \$771,005 and \$367,970, respectively.

Commitments and Contingencies

The Company is involved in various litigation cases arising in the ordinary course of business. In the opinion of management, the resolution of such litigation does not have a material effect on the Company's consolidated financial statements. Actual outcomes may vary from management's opinion.

During 2020, the Company and its affiliated entity, Epcon Communities, LLC (Epcon Communities) entered into a settlement agreement in the form of a Consent Decree with the United States Department of Justice. The Consent Decree has been approved by the Court and was effective as of March 25, 2020. The matter dealt with claimed accessibility issues at units in four-plex buildings at communities that were begun in the early to mid-2000s. These are home plans that have not been built by Epcon Communities nor the Company's franchisees in approximately 10 years. Over time this inquiry and eventual complaint grew to include a number of franchise and sites in Ohio.

EPCON COMMUNITIES FRANCHISING, LLC AND SUBSIDIARY

Notes to Consolidated Financial Statements December 31, 2021 and 2020



Commitments and Contingencies (continued)

The Consent Decree includes limited retrofits at some homes and communities in Epcon Communities and franchised developments with four-plex buildings, as well as certain payments to be made over a twelve-month period. None of the settlement provisions affect or relate to the now- exclusive focus of single-family detached homes and duplexes.

Management denies any allegations of wrong doing and continues to believe that its homes were and continue to be built in a compliant manner. As of December 31, 2019, Epcon Communities recorded a settlement reserve of \$2,442,000, net of insurance proceeds, which reflects the total settlement under the Consent Decree. Because settlement will be managed and is the responsibility of Epcon Communities, no allocations have been made to affiliate entities.

The Company's franchise agreements include personal and corporate indemnifications which provides the basis for allowing the Company to pursue recovery from the franchisees. Management is pursuing collection from the franchisees whose communities were part of the complaint, as well as architects, civil engineers, insurers, and other trade vendors involved in the development and construction of these franchise and Epcon Communities' sites. The collectability of this amount is undetermined at this time. Therefore, any recoveries will be recognized as income in the year of collection.

Risks and Uncertainties

In March of 2020, the World Health Organization declared the global novel coronavirus disease (COVID-19) outbreak a pandemic. The spread of COVID-19 has severely impacted global economic activity and caused significant volatility and negative pressure on the financial markets. To date, the Company has not experienced any significant or long lasting negative impacts as a result of the outbreak.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the consolidated financial statements were available to be issued.

EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT

**EPCON COMMUNITIES FRANCHISING, LLC
Franchise Agreement**

FRANCHISOR: EPCON COMMUNITIES FRANCHISING, LLC

FRANCHISEE: _____

COMMUNITY: _____

EFFECTIVE DATE: _____

EPCON COMMUNITIES FRANCHISING, LLC

Franchise Agreement

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FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made by and between Epcon Communities Franchising, LLC, an Ohio limited liability company having its principal business offices at 500 Stonehenge Parkway, Dublin, Ohio 43017 (hereinafter referred to as "Franchisor"), and _____, a(n) _____ having its principal business offices at _____ (hereinafter referred to as "Franchisee"), to be effective as of the date executed by Franchisor.

For and in consideration of the covenants and promises herein contained, Franchisor and Franchisee make the following agreement, intending to be legally bound thereby:

Article 1 The Development System and Franchisee's Acknowledgments

1.1 Franchisor, as a result of the expenditure of substantial time, effort, and money, has created a unique Development System (as hereinafter defined) for the purpose of providing guidance for development of detached and attached homes. As a part of the franchise and license granted in Article 3 hereof, Franchisor shall provide the materials and services described in Article 4 hereof to enable Franchisee to implement the Development System at the location and within the area as set forth in the Initial Market Area Agreement (the "Initial Market Area Agreement") substantially in the form attached hereto as Exhibit "1" or the Market Area Agreement ("Market Area Agreement") substantially in the form attached hereto as Exhibit "2".

1.2 Franchisee, being cognizant of the distinctive significance and value thereof, desires to make use of and to enjoy the benefits of Franchisor's Development System. The success of its use of the Development System depends upon its strict adherence to Franchisor's uniform standards, procedures, and plans, as well as Franchisee's business abilities and other variables. Franchisee agrees to preserve in every way possible the integrity of Franchisor's materials, reputation, and goodwill. Franchisee acknowledges that execution of either an Initial Market Area Agreement or a Market Area Agreement is required at the same time as the execution of this Agreement.

Article 2 Definitions of Certain Terms

2.1 Each term set forth in this Section 2.1 shall have the meaning specified herein:

2.1.1 "Commencement of Construction Activity" shall mean Franchisee's commencement of any activity on the Project site that is a precursor to or involves grubbing or clearing land, land development or building construction.

2.1.2 "Development System" shall mean Franchisor's method, pattern, documents, materials, know-how, knowledge, process, and procedure used for development, construction, and marketing of detached and attached homes using original architectural designs, as well as other proprietary and confidential information, including copyrighted and patented material, and material for which the patent is pending, including, without limitation, all architectural plans and specifications for detached and attached homes, architectural plans and specifications for the clubhouse or other similar community amenities, site plan samples, production management guidelines, financial planning guidelines, marketing materials and guidelines, and sample condominium and homeowners association materials provided by Franchisor and other specifications developed by Franchisor from time to time for use with the Development System. The Development System also includes the "Epcon Communities Works" as defined in Section 2.1.12 below. The Development System shall be deemed to include any method, pattern, process, specification, or procedure used by Franchisee during the term of this Agreement, along with any modifications or changes thereto.

2.1.3 "Franchisor" shall mean Epcon Communities Franchising, LLC, an Ohio limited liability company, and any assignee of, or successor in interest to, Epcon Communities Franchising, LLC.

2.1.4 "Franchisee" shall mean the party so defined in the preamble hereto and any successor in interest to, or permitted assignee or sublicensee of, Franchisee.

2.1.5 "Gross Sales Price" shall mean the gross purchase price (including, without limitation, all upgrades and additions to the base purchase price less any discounts and/or rebates given by Franchisee) for a Unit as stated in the applicable HUD-1 Settlement Statement or the total of the "Sale Price of the Property" and the "Sale Price of any personal property included in sale" in the Settlement Disclosure Form (or their equivalent) for such Unit.

2.1.6 "Marks" shall mean all distinguishing characteristics of the Development System, including, without limitation, the name and mark "Epcon Communities", together with such other trade names, service marks, trademarks, and trade symbols, emblems, signs, slogans, insignia and copyrights as Franchisor has adopted and designated for use in connection with its Development System and as Franchisor may hereafter acquire or develop and designate for use in connection with the Development System.

2.1.7 "Multi Unit" shall mean a residential dwelling located within a building containing two or more dwellings sharing one or more common walls.

2.1.8 "Project" shall mean all of the development of buildings or appurtenant structures and improvements on common contiguous grounds by Franchisee, or any successor in interest to, or permitted assignee or sublicensee of, Franchisee, using the Development System. Such development shall be defined as a Project without consideration of the elapsed time required for development of the Project or of the development, marketing, or legal "phase" thereof.

2.1.9 "SFD Unit" shall mean a residential dwelling that constitutes the sole dwelling located within a single dwelling building. Combining two or more SFD Units into one building shall not change the designation of such Units from SFD Units to Multi Units.

2.1.10 "Unit" shall mean either a Multi Unit or a SFD Unit. Combining two or more SFD Units into one building shall not change the designation of such Units from SFD Units to Multi Units.

2.1.11 "Units" shall mean a group of two or more Units which may include only Multi Units, only SFD Units, or a group including at least one representative of each type of Unit.

2.1.12 "Epcon Communities Works" shall mean Franchisor's designs for any building as embodied in any tangible medium of expression, including illustrations, renderings, plans, blueprints, sketches, drawings, models, or constructed buildings. It also includes all other materials in which Franchisor owns or licenses a copyright that are associated with the Development System.

Article 3 Grant of Franchise

3.1 Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a franchise and license to utilize the Development System subject to the terms, restrictions, and conditions of this Agreement and to the terms, restrictions, and conditions of the Initial Market Area Agreement, if any, and the Market Area Agreement. Compliance with all the terms and conditions of this Agreement, including but not limited to the timely payment of all sums due Franchisor hereunder, is a strict condition precedent to this license. The grant of such franchise to Franchisee shall be on a non-exclusive basis, except to the extent that certain rights may be granted to Franchisee under certain conditions within a particular area pursuant to the terms of the Initial Market Area Agreement, if any, and the Market Area Agreement. The term of this Agreement and the franchise it grants shall commence as of the date of execution (the "Effective Date") of this Agreement by Franchisor and shall continue until termination of this Agreement and the franchise as specified in Article 13 hereof.

3.2 Franchisor further grants to Franchisee, subject to the terms and conditions herein contained, a nonexclusive license to use the Marks as provided in Section 5.9 and Article 6 hereof in connection with Franchisee's use of the Development System and to use the Epcon Communities Works under the conditions provided in Section 10.5 hereof.

3.3 As provided in Section 1.1 hereof, Franchisee and Franchisor shall execute either an Initial Market Area Agreement or a Market Area Agreement at the same time this Agreement is executed. The Initial Market Area Agreement shall specify an Initial Market Area (as defined in the Initial Market Area Agreement) within which Franchisee may search for a location for Franchisee's Project. The Market Area Agreement shall specify a Market Area (as defined in the Market Area Agreement) for Franchisee's Project. The Project location, when identified, must be approved by Franchisor. Franchisee's rights to use the Development System at a Project may be restricted or even terminated as provided in the Initial Market Area Agreement and/or Market Area Agreement.

3.4 In the event that Franchisee desires to obtain a reservation or "hold" on a new Market Area or Areas, Franchisee shall provide to Franchisor a written request with respect thereto. Franchisor shall, within thirty (30) days, provide notice to Franchisee of its decision respecting Franchisee's request, such decision to be within the sole discretion of Franchisor. If Franchisor grants approval to Franchisee for such reservations or "holds" on certain Market Area(s), such approval shall be effective as of the execution by Franchisee of a Market Hold Agreement or Agreements (the "Market Hold Agreement(s)"), using Franchisor's then current form of such agreement, the current form of which is attached hereto as Exhibit "4", and the payment by Franchisee of the applicable fee(s) as provided in the Market Hold Agreement(s). Franchisee may request or possess no more than one active Market Hold Agreement for each active Initial Market Area Agreement and/or Market Area Agreement that has a Project currently under development.

3.5 Notwithstanding any other provisions of this Agreement to the contrary, Franchisor retains the right, in its sole discretion, itself or through subsidiaries or affiliated or related business entities, to use the Development System to construct Project(s) outside of Franchisee's Initial Market Area(s) and Franchisee's Market Area(s) and to franchise or license others to do so.

Article 4 Franchisor's Obligations

4.1 Franchisor agrees to provide, based upon Franchisor's most recently updated project plans, the documents described in subsections 4.1.1, 4.1.2, 4.1.3, 4.1.4, and 4.1.5 in electronic form or in such other format determined by Franchisor.

- 4.1.1 Unstamped and unsealed architectural plans and specifications for buildings consisting of either SFD Units or Multi Units:
 - 4.1.1.1 foundation plan
 - 4.1.1.2 floor plan
 - 4.1.1.3 roof plan
 - 4.1.1.4 wall sections
 - 4.1.1.5 exterior elevations

- 4.1.2 Unstamped and unsealed architectural plans and specifications for clubhouses and pavilions
 - 4.1.2.1 foundation plan
 - 4.1.2.2 floor plan
 - 4.1.2.3 roof plan
 - 4.1.2.4 wall sections
 - 4.1.2.5 exterior elevations
 - 4.1.2.6 drawings or schedules for cabinets and floor coverings
 - 4.1.2.7 plumbing plan
 - 4.1.2.8 electrical plan
 - 4.1.2.9 HVAC plan

- 4.1.3 Sample site and landscape plans from one recent project

- 4.1.4 Sample Construction Scopes of Work

- 4.1.5 Operations Manual

- 4.1.6 Consulting services
 - 4.1.6.1 In addition to the initial training sessions referenced in Section 5.12, Franchisor will provide fifty (50) hours of consulting services to Franchisee, if Franchisee so requests for Franchisee's Projects. Consulting services are not intended to exercise, and does not constitute, Franchisor's control over Franchisee's day-to-day operation of its business or the Project. By providing consulting services, Franchisor does not assume any responsibility for Franchisee's obligations under this Agreement. Consulting services are limited to Franchisor providing recommendations to Franchisee. Consulting services may include, but not be limited to, recommendations on the areas of planning, financing, construction, and marketing.

- 4.1.6.2 Consulting services will be provided to Franchisee either, at Franchisor's discretion, at the corporate offices of Franchisor, by telephone, or at Franchisee's place(s) of business.
- 4.1.6.3 In addition to the fifty (50) hours of consulting services referenced in Section 4. 1.10.1, Franchisor, without charge to Franchisee, will provide a reasonable amount of consulting services to Franchisee, if Franchisee so requests for Franchisee's Project. Upon thirty (30) days prior written notice, Franchisor shall have the right to charge Franchisee a fee in the amount of \$200.00 per hour for consulting services requested by Franchisee in excess of those considered reasonable by Franchisor for a particular Project.
- 4.1.6.4 Franchisee is responsible for all travel, lodging, meal and incidental expenses of any consultant of Epcon providing consulting services to Franchisee.

4.2 Franchisor does not warrant or represent herein, and hereby disclaims any such warranty and/or representation, express or implied, that the architectural plans and other materials referenced above in Sections 4.1.1, 4.1.2, 4.1.3 and 4.1.4 will comply with any applicable building code requirements or any other applicable federal, state or local laws, or will be adequate for Franchisee's use in any way including, but not limited to, assisting Franchisee in obtaining permits and approval for Franchisee's Project(s). Franchisee (a) recognizes that the provisions of this limitation are a material factor in Franchisor's grant of the franchise and license for the amounts of the fee(s) provided hereunder, and (b) agrees that any accommodation to Franchisee by Franchisor shall not be taken to establish any liability of Franchisor or any contract term inconsistent herewith. (Franchisee should refer to Article 8 hereof regarding its obligations concerning modifications to the Development System.)

4.3 In order to protect the reputation and goodwill of the Marks, the integrity of the Epcon Communities Works and to maintain uniform standards of development under the Marks, Franchisee shall conduct its operations hereunder in accordance with the Operations Manual and the Sales and Marketing Manual. Franchisee acknowledges that it will have access to each of the above listed manuals in electronic form on Franchisor's intranet, or in such other format determined by Franchisor in its sole discretion, subsequent to execution hereof and that the manuals are on loan from Franchisor for the term of this Agreement. These Manuals shall at all times remain solely the property of Franchisor. Franchisee shall treat the Manuals, any other materials created for or approved for its use by Franchisor, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce the Manuals, in whole or in part, nor otherwise make the same available to any unauthorized person. Franchisor shall have the right to add to or otherwise modify the Manuals from time to time to reflect changes in authorized products and services, specifications, standards or product quality, and operations of Franchisor Projects. In the event of a dispute as to the contents of the Manuals, the master copy of each Manual maintained by Franchisor at its principal place of business shall be controlling.

Article 5 Franchisee's Obligations

5.1 Franchisee shall pay to Franchisor an initial franchise fee (the "Initial Franchise Fee") in the amount of Seventy-Five Thousand Dollars (\$75,000). The Initial Franchise Fee shall be fully earned, due and payable upon execution of this Agreement by Franchisor and is not refundable.

In the event the undersigned Franchisee, if an individual, or 50% or more of the ownership of the undersigned Franchisee, if a corporation, partnership, limited liability company, or similar entity, in Franchisor's sole and absolute discretion, enters into another franchise agreement for the development of an additional Project, the Initial Franchise Fee shall be in the amount of Five Thousand Dollars (\$5,000), provided (a) the location of the additional Project is within 100 miles of a Project of Franchisee that is under development in accordance with a then-existing Franchise Agreement with us, and (b) if applicable, is in a state in which Franchisor has an effective registration of its Franchise Disclosure Document or has an effective franchise registration exemption.

5.2 In addition to the Initial Franchise Fee, Franchisee agrees to pay to Franchisor each of the following non-refundable fees:

(a) Minimum Monthly Royalty: For each month during the term of this Agreement for which a Project is Under Development (as defined below), and for which Franchisee did not close on the sale of a Unit in the preceding month, Franchisee shall pay Franchisor a minimum monthly royalty (the "Minimum Monthly Royalty") on or before the fifteenth (15th) day of the month in the amount of Two Thousand Dollars (\$2,000.00). Franchisee's obligation to pay the

Minimum Monthly Royalty shall begin on the earlier of (i) the fifteenth day of the month for the month that is the thirty-seventh (37th) from the Effective Date of this Agreement, or (ii) the fifteenth (15th) day of the month immediately following the month in which there is the first closing of a sale of a Unit in the Project.

For purposes of this Agreement, a Project is deemed to be "Under Development" during the period commencing when the Minimum Monthly Royalty is required to be paid by Franchisee, and continuing until the first to occur of (i) the Project is completed as provided in Section 11.1 of this Agreement, or (ii) Franchisee's license to use the Development System pursuant to the Market Area Agreement or an Initial Market Area Agreement, as applicable, for the Project is terminated.

Franchisor shall have the right to withdraw the Minimum Monthly Royalty (and other fees due to Franchisor) from Franchisee's designated bank account each month by electronic funds transfer ("EFT"). Upon execution of this Agreement and at any time thereafter at Franchisor's request, Franchisee shall execute and deliver such documents and forms as Franchisor deems necessary to pre-authorize and process EFTs from Franchisee's designated bank account for payment of the Minimum Monthly Royalty. Franchisee shall, at all times, maintain in the designated bank account funds sufficient to pay all Minimum Monthly Royalty payments when due. Should Franchisee's bank for any reason not honor any EFT, Franchisee shall be responsible for the payment of the Minimum Monthly Royalty, plus any service charges applied by Franchisor and/or the bank, if any. Franchisor shall have the right, in Franchisor's sole discretion, to require Franchisee to pay the Minimum Monthly Royalty directly to Franchisor in a manner other than by EFT.

(b) Intentionally left blank.

(c) Mortgage: A mortgage against the real property upon which the Project is to be located securing the obligations of Franchisee to Franchisor under the Franchise Agreement in a minimum amount of \$200,000 shall be executed, delivered and recorded within 15 calendar days after the real property is purchased by Franchisee. Such mortgage will be in substantially the form attached hereto as Exhibit "7". In the event the real property upon which the Project is to be located is owned by Franchisee at the time the Agreement is signed, the mortgage shall be executed, delivered and recorded within 30 calendar days after Franchisor executes the Agreement. Franchisee shall sign with Franchisor a security agreement granting Franchisor a security interest in all of the personal property of Franchisee, if any, located within the Project. The mortgage and/or the security agreement shall be subject to and junior only to the mortgage and personal property lien(s), if any, granted to the lender or lenders providing land acquisition and construction financing. Upon any such lender's request, Franchisor will enter into a subordination and/or intercreditor agreement, in form and content acceptable to Franchisor. Franchisor may, in its sole discretion, accept a deed of trust, letter of credit, or other security instrument in lieu of a mortgage on the real property upon which the Project is located. Franchisee also agrees to notify the escrow agent, attorney, or any other person conducting closings for Units in the Project of Franchisee's obligation to pay Point of Royalty Closing payments to Franchisor. In the event Franchisee increases the number of Units in its Project after Franchisee's delivery of the mortgage, Franchisor may require an increase in the amount of the mortgage or other security and/or require other additional security. Upon the closing of its financing with its lender or within fifteen (15) days of Franchisor's submittal of an invoice to Franchisee, Franchisee shall reimburse Franchisor for all costs, expenses and fees (including, without limitation, legal fees and filing and recording fees) incurred in obtaining Franchisor's mortgage, security agreement or other security.

(d) Point of Closing Royalty Payments: Franchisee shall pay to Franchisor the following payments, under this Franchise Agreement:

(i) Point of Closing Royalty Payments: Contemporaneously with the closing of the sale of each Unit in the Project, Franchisee shall remit (or have the escrow agent, attorney, or any other person conducting closings remit) a payment to Franchisor in an amount equal to the percentage determined from consulting the Point of Closing Royalty Percentage Table below (the "Applicable Percentage") multiplied by the Gross Sales Price of such Unit as provided in the applicable HUD-1 Settlement Statement or the total of the "Sale Price of the Property" and the "Sale Price of any personal property included in sale" in the Settlement Disclosure Form, or such lower amount, if applicable as provided in Section 5.2(d)(ii) (the "Point of Closing Royalty Payment"). However, in no event shall the Point of Closing Royalty Payment be less than Three Thousand Dollars (\$3,000.00), including instances in which there is a Volume-Based Reduction to Point of Closing Royalty Payments or Cap on Calculation of Point of Closing Royalty Payments, as described in subsection (ii) and (iii) below. No later than two days prior to a Unit's closing, a HUD-1 Settlement Statement or Settlement Disclosure Form, reflecting the applicable Point of Closing Royalty Payment for such Unit, shall be provided to Franchisor. Upon Franchisor's receipt of each Point of Closing Royalty Payment, Franchisor will, at Franchisee's request and expense, promptly deliver a

partial mortgage release and/or partial security interest release releasing Franchisor's lien as against the applicable Unit.

Point of Closing Royalty Percentage Table	
Unit Closings in any of Franchisee's Projects in a Calendar Year	Percentage Applicable to Unit Closings for that Calendar Year
1-6	2.00
7-12	1.75
13-24	1.50
25-50	1.25
51 and more	1.00

(ii) Volume-Based Reduction to Point of Closing Royalty Payments: At the beginning of each calendar year, Franchisor may, in its sole discretion, rank all franchisees on the basis of the total amount of Point of Closing Royalty Payments paid Franchisor over the course of the previous three calendar years. The top Fifteen percent (15%) of franchisees in that ranking may receive for that calendar year a reduction in the Point of Closing Royalty Percentage, provided that in the three (3) previous calendar years, collectively, (i) they have closed at least 100 Units and (ii) they have paid more than \$500,000 in total Point of Closing Royalty Payments to Franchisor from all of the franchisee's Projects ("Qualifying Franchisees").

(a) Qualifying Franchisees that closed from 50 Units through 99 Units in the previous calendar year will pay Franchisor Point of Closing Royalty Payments on the first 12 Units closed in the current calendar year using 1.50 as the Applicable Percentage;

(b) Qualifying Franchisees that closed 100 or more Units in the previous calendar year will pay Franchisor Point of Closing Royalty Payments on the first 24 Units closed in the current calendar year using 1.25 as the Applicable Percentage.

(iii) Cap on Calculation of Point of Closing Royalty Payments: Franchisee sets the price at which a Unit in Franchisee's Project is sold and the sale price of any personal property that is included in the sale of a Unit. Solely for the purpose of calculating the amount of Point of Closing Royalty Payments to be paid by Franchisee, Franchisor may, in its sole discretion, from time-to-time, for a calendar year or a portion thereof, limit the Gross Sales Price of any Unit as provided in the applicable HUD-1 Settlement Statement or the "Sale Price of the Property" and the "Sale Price of any personal property included in sale" in the Settlement Disclosure Form (the "Cap").

(iv) Limit on Annual Total Point of Closing Royalty Payments: Franchisor may, in its sole discretion, from time-to-time, limit the total amount of Point of Closing Royalty Payments made by a Franchisee in a calendar year.

Notwithstanding anything in Section 5.2(d)(i) to the contrary, the foregoing calculations of the number of Units closing to determine the applicable Point of Closing Royalty Percentages shall apply only if: (1) a Project in which a Unit is closed is governed by a Franchise Agreement with a Point of Closing Royalty Payment, and (2) the undersigned Franchisee, if an individual, is the franchisee under the applicable Franchise Agreement for the Project in which the Unit is closed, or the ownership of the undersigned Franchisee, if a corporation, partnership, limited liability company, or similar entity, is, in Franchisor's sole and absolute discretion, identical to or substantially similar to the ownership of the franchisee under the applicable Franchise Agreement for the Project in which the Unit is closed.

(e) Annual Reconciliation. At the end of each calendar year during the term of this Agreement, Franchisor shall review the Minimum Monthly Royalty payments and Point of Closing Royalty Payments made by Franchisee in that calendar year. Provided that Franchisee is not in default of this Agreement, in the event that Franchisee has paid Franchisor more than Twenty-Four Thousand Dollars (\$24,000) in Point of Closing Royalty

Payments in the calendar year, Franchisor shall refund to Franchisee, within Ninety (90) days, any Minimum Monthly Royalty payments paid by Franchisee in that calendar year.

5.2.1. In the event that (i) Franchisee desires to relocate its Initial Market Area (as defined in the Initial Market Area Agreement) prior to execution of a Market Area Agreement, or, if after signing a Market Area Agreement, Franchisee desires to relocate its Project to a new Market Area prior to the commencement of construction, (ii) Franchisor consents to such relocation, and (iii) Franchisee is not in default under the terms of this Agreement or the Initial Market Area Agreement and/or Market Area Agreement, if any, for such Project, Franchisee may apply the fees, if any, it has paid to Franchisor respecting such Project under this Agreement, the Initial Market Area Agreement and/or the Market Area Agreement towards Franchisee's payment obligations to Franchisor under the new Market Area Agreement for such Project.

5.3 At any reasonable time during the term of this Agreement, Franchisor's representative(s,) may without prior notice, enter upon the premises of any Project of Franchisee to observe the Project and the progress towards completion thereof and to assure the nature and quality of all Projects associated with the Marks and the Epcon Communities Works (as defined in Section 2.12 hereof). Upon such entry by Franchisor's representative(s), Franchisee shall cooperate in every way with such review and observation. Upon ten (10) days' written notice, Franchisor's representatives may enter upon the premises of any office of Franchisee wherever located (including after termination of this Agreement) and review Franchisee's records relevant to the Projects. Franchisee shall cooperate with the audit process by providing a work area where the records are maintained, permit the copying of such records and shall make a knowledgeable representative of Franchisee available to explain the books and records and answer questions from Franchisor's representative(s). Any evaluation or inspection is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of its business or the Project. Any evaluation or inspection is also not intended to be, and does not constitute, an analysis of Franchisee's compliance with applicable federal, state, and local laws, regulations, ordinances, and codes. Any evaluation or inspection is to protect Franchisor's interests in the Development System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee.

5.4 If Franchisee fails to remit to Franchisor when due any payment required under the terms of this Agreement, Franchisee agrees to pay to Franchisor all of Franchisor's costs of collection of the amount(s) of such outstanding payments, including reasonable attorney's fees and disbursements, and interest on the unpaid amounts at the lesser of eighteen percent (18%) per annum or the highest rate statutorily permissible, for the period commencing on the date such amount(s) were due to be paid to Franchisor and ending on the date such amount(s) are received by Franchisor in finally collectible funds.

5.5 Franchisee shall provide to Franchisor at the time of execution of this Agreement copies of Exhibit "3" attached to this Agreement (the "Personal Covenants Document") executed by each of the principals, officers, owners and directors of Franchisee or any sublicensee and any other individuals or entities with any ownership or control interest whatsoever (including any investors) in Franchisee or any sublicensee, and, during the term of this Agreement, if a change occurs in the principals, officers, owners, investor and/or directors of Franchisee or any sublicensee or in the other individuals or entities with an ownership or control interest in Franchisee or any sublicensee, Franchisee agrees that it will promptly deliver to Franchisor copies of the Personal Covenants Document executed by each of the new principals, officers, owners, or directors of Franchisee or other individuals or entities with an ownership or control interest (including any investors) in Franchisee or any sublicensee.

5.6 Additionally, Franchisee shall provide to Franchisor copies of the document included as Exhibit "3A" attached to this Agreement executed by each person who may be provided, either by Franchisee, Franchisor, or any sublicensee with more detailed information about the Development System than has been or will be disclosed to the general public, but whom is not otherwise subject to the requirements respecting the Personal Covenants Document set forth in Section 5.5 or to the provisions of the Personal Covenants Document. A copy of the document included as Exhibit "3A" shall be individually executed before any such person is provided access to all or any portion of the Development System. Franchisee's obligation to provide such executed copies of the document included as Exhibit "3A" to Franchisor shall be ongoing throughout the term of this Agreement.

5.7 If Franchisee is a corporation or other business entity, it shall have the following legend conspicuously printed on the face of each of its stock certificates or other certificates evidencing ownership:

The transfer of this [stock] certificate is subject to the terms and conditions of a certain Franchise Agreement with Epcon Communities Franchising, LLC. Reference is made to the provisions of such Agreement and to the governing documents of this [corporation].

5.8 Franchisee shall not employ or seek to employ any person who is employed by Franchisor, its agents or representatives, or by any other Epcon Communities franchisee, or otherwise directly or indirectly induce any such person to leave his or her employment without the specific written consent of Franchisor. Additionally, Franchisee shall not employ or seek to employ former employees of any of Franchisor, Franchisor's agents or representatives, or any other Epcon Communities franchisees during the period of one year commencing upon the date that such employee's employment ended.

5.9 In order to further protect the Development System, the Epcon Communities Works, the Marks and the goodwill associated therewith, Franchisee shall:

(a) Except where prohibited by state law to the contrary, identify its Project(s) in its advertising as prescribed in Franchisor's Manuals, advertise under the Marks designated by Franchisor for use for that purpose and use such Marks without prefix or suffix, except where such use may conflict with a prior registration or use or may be required by applicable state law or regulation, in which event Franchisee shall operate and advertise under such other names as Franchisor has previously approved in writing. Franchisor shall have the right to restrict the use by Franchisee of Franchisee's business entity name or trade name in its advertising and promotional materials.

(b) Feature and use the Marks solely in the manner prescribed by Franchisor.

(c) Observe such reasonable requirements with respect to service mark, trade name, trademark and fictitious name registrations and copyright and patent ownership notices as Franchisor may, from time to time, direct in writing.

(d) Comply with the provisions of Article 6, Section 7.3, and Section 10.5 hereof.

5.10 Franchisee shall, during the term of this Agreement, purchase, install, maintain, and use in its operations under this Agreement a personal computer system having at least the minimum specifications and capabilities, and including at least the software, as specified by Franchisor in writing from time to time to its Epcon Communities franchisees. Franchisee understands that compliance with its obligations in this Section 5.10 may require it to purchase new hardware and software or upgrades to existing hardware and software, as specified by Franchisor in writing from time to time to its Epcon Communities franchisees. As to any malfunctioning of the any computer system or any website as further described in this Agreement, neither Franchisor nor any affiliate will be liable to Franchisee for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business.

Franchisee shall obtain and maintain any and all equipment and services necessary to connect to the website referenced in Section 7.5 and to receive electronic communications from Franchisor. Franchisee is responsible for notifying Franchisor of its desired e-mail address for delivery of communications and online sales leads and must advise Franchisor of any subsequent changes immediately.

5.11 Franchisee's covenants and obligations contained in this Agreement shall be construed as severable and independent and shall be interpreted and applied consistently with the requirements of reasonableness and equity. If all or any portion of any covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction, Franchisee expressly agrees to be bound by any lesser covenant included within the terms of such greater covenant that imposes the maximum duty permitted by law, as if the lesser included covenant were separately stated in and made a part of this Agreement.

5.12 On a schedule, at a location and in a medium to be determined within its sole discretion, Franchisor will hold a series of initial franchisee training sessions for the benefit of Franchisee at a location and/or medium selected by Franchisor in its sole discretion. Franchisee or at least one owner of the franchise business is required to attend and/or participate each of the portions of the first such training session held by Franchisor after execution of this Agreement. Including the required attendee described above, up to three (3) additional non-owner individuals may attend the initial training. Franchisor has the right to require that Franchisee's construction supervisor attend the construction training sessions provided by Franchisor as part of the initial training sessions. Initial training shall be provided free of charge; provided that the Franchisee shall be responsible for all travel, lodging, meal and other incidental costs and expenses.

Franchisor may provide training in addition to initial training and shall have the right to require Franchisee and certain of Franchisee's employees attend such training. Franchisee shall be responsible for the travel, lodging, meal and other incidental costs and expenses of any attendee of such training. Franchisor shall have the right to charge a fee for such training.

5.13 In the event that Franchisor holds an annual meeting or conference of the Epcon Communities franchisees, Franchisee, or a representative of Franchisee's management satisfactory to Franchisor in its sole discretion, shall attend all sessions of such meeting or conference, unless such attendance is excused by Franchisor in writing. Attendance at such meeting or conference shall be at Franchisee's sole cost and expense.

5.14 Franchisee may be required, in Franchisor's discretion, to participate in a rebate tracking service designated by Franchisor. Franchisor may charge a percentage of the rebates received from the rebate tracking service as an administrative fee for Franchisor's administration of the rebate tracking service. Franchisor may remit the amount of the rebate tracking service fee to the service provider on Franchisee's behalf. Any rebates received as a result of Franchisee's participation in such rebate tracking service will be paid to Franchisee (after deduction of any administrative fees to Franchisor and any applicable program fees paid to the service provider).

5.15 Franchisee may be required, in Franchisor's discretion, to participate in a home survey service designated by Franchisor to track buyer satisfaction. If required, Franchisee shall pay such fees due and payable from time to time for participation in such service. Franchisee shall also purchase from suppliers designated by Franchisor certain presentation galleries, site maps for presentation galleries, and web site and marketing materials, as required by Franchisor from time to time.

5.16 On or before the fifth (5th) day of each month, Franchisee shall report to Franchisor for the previous month (a) the number of Units closed and the sale price of each Unit (b) the applicable HUD-1 Settlement Statement or the total of the "Sale Price of the Property" and the "Sale Price of any personal property included in sale" in the Settlement Disclosure Form (or their equivalent) for each such Unit closed, (c) a list of each of the upgrades to or optional features selected by the buyer of such Unit, as well as the cost paid by the buyer for each such upgrade or optional feature, and (d) any other additional information relating to the sale of the Units requested by Franchisor.

5.17 Franchisee shall fully participate in the QualityMark inspection program, or any successor program instituted by Franchisor (the "QualityMark Program"), and Franchisee shall employ or contract for an inspector to provide such inspections as required by the QualityMark Program, as the same may be prescribed in writing by Franchisor from time to time. The QualityMark Program is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of its business or the Project. The QualityMark Program is also not intended to be, and does not constitute, an analysis of Franchisee's compliance with applicable federal, state, and local laws, regulations, ordinances, and codes. The QualityMark Program is to protect Franchisor's interests in the Development System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee.

5.18 Franchisee shall provide to Franchisor true and accurate copies of all executed loan or other documents evidencing the arrangement by which Franchisee is financing acquisition, development, and construction of each Project. Franchisee's obligation to provide such documents to Franchisor shall continue throughout the term of this Agreement.

5.19 Franchisee must, at all times, operate its business and develop the Project under this Agreement and any and all Initial Market Area Agreements and/or Market Area Agreements in full compliance with all applicable federal, state and local laws, regulations, codes and ordinances. Franchisee also must secure and maintain in force all required licenses, permits and certificates relating to its business and the Project. Any liability or expense that Franchisor or its affiliates incur due to Franchisee's failure to comply with the requirements of this Section 5.19 shall be subject to Franchisee's indemnification obligations under Section 16.1. Franchisee acknowledges that it is an independent business and responsible for control and management of its business and the Project. Franchisee's requirement to comply with all applicable laws includes that, unless otherwise prohibited by law, Franchisee shall review any document(s) and provide any information that a federal, state, or local government authority may require regarding Franchisee's Project(s) and/or regarding the applicability of a federal, state, or local law to such Project(s).

5.20 Franchisee represents that it has or will prior to the commencement of construction, consult with its own legal counsel regarding compliance with all applicable laws, including applicable zoning and building codes, permit requirements, or any other federal, state or local laws, including, without limitation, licensing requirements for contractors, property managers and real estate salespersons, the formation and management of condominium associations, occupational health and safety on the construction site, housing finance, equal housing laws, the Fair Housing Act, the Americans with Disabilities Act, as well as the Accessibility Guidelines promulgated under each of those acts and employment and labor laws.

5.21 If required by Franchisor, in its sole and absolute discretion, and upon ninety (90) days prior written notice to Franchisee, the Project must, at all times, be under the direct supervision of such person who has been approved in

writing by Franchisor (referred to herein as the "Director of Operations") who must devote his or her full time and energy to the development of the Project.

5.22 If required by Franchisor, in its sole and absolute discretion, and upon ninety (90) days prior written notice to Franchisee, Franchisee must, at all times, employ a full-time in-house sales consultant responsible for selling Units within the Project.

5.23 If required by Franchisor, in its sole and absolute discretion, and upon ninety (90) days prior written notice to Franchisee, Franchisee must purchase on behalf of each of the Unit buyers in Franchisee's Project, a home warranty plan, which must comply in all respects with Franchisor's then-current requirements regarding such home warranty plans. In addition to the cost of the policy, Franchisee may incur enrollment fees, underwriting fees, and/or other fees related to the procurement of the home warranty plan on behalf of the Unit buyer and the issuance of the home warranty plan to the Unit buyer.

5.24 Franchisee is required to include conspicuous wording within the purchase and sale agreement used by Franchisee to sell Units in Franchisee's Project to Unit buyers which clearly states that the buyer is purchasing the Unit directly from Franchisee and that neither Franchisor nor any of its affiliates have any involvement in the purchase and sale of the Unit by Franchisee to the Unit buyer.

Article 6 Proprietary Marks

6.1 Franchisee's rights to use the Marks as granted in Section 3.2 hereof is limited to their use in connection with the development of the Project(s) as described herein, as set forth in the Manuals and as is prescribed in writing by Franchisor from time to time.

6.2 Franchisee acknowledges Franchisor's exclusive right and interest to use and license others to use the Marks (and all registrations granted therefor), along with the identification schemes, standards, specifications, operating procedures, and other concepts embodied in the Development System. Except as expressly provided by this Agreement, Franchisee shall acquire no right, title or interest therein or thereto (or to any confusingly similar variation thereof), and any and all goodwill associated with Development System and the Marks shall inure exclusively to Franchisor's benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Development System or the Marks.

6.3 Franchisee acknowledges that the use of the Marks outside of the scope of this Agreement without Franchisor's prior written consent is an infringement of Franchisor's rights and interest in and to the Marks. Franchisee expressly covenants that, during the term of this Agreement and after the expiration or termination hereof, Franchisee shall not, directly or indirectly, commit any act of infringement or contest, or aid in contesting, the validity or ownership of the Marks, or of confusingly similar trademarks or trade names, or take any other action in derogation thereof.

6.4 Franchisee shall promptly notify Franchisor of any use of the Marks or any colorable variation thereof by any person, persons, partnership, association, corporation, or other entity ("Person") other than Franchisor or any of its representatives and agents or other franchisees, or any other mark in which Franchisor has or claims a proprietary interest. Franchisee further agrees to notify Franchisor promptly of any litigation instituted by any Person against Franchisor or Franchisee involving the Marks. In the event that Franchisor, in its sole discretion, undertakes the defense, prosecution, or settlement of any litigation relating to the Marks, Franchisee agrees to execute any and all documents (including any registered user agreements and any documents required by governmental authorities to show the relationship between Franchisee and Franchisor) and to render such assistance as may, in the opinion of Franchisor, be reasonably necessary to preserve and extend the service mark rights relating to the Marks and to carry out such defense, prosecution, or settlement.

6.5 Franchisee shall not, without Franchisor's prior written consent, use the Marks as part of Franchisee's corporate or other legal name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as could reasonably result in making Franchisor liable therefore. Franchisee agrees not to seek registration or to claim ownership of any Marks, or of confusingly similar service marks or trade names.

6.6 Franchisee expressly acknowledges and agrees that this license to use the Marks is nonexclusive and that Franchisor has and retains the rights, among others:

(a) To grant other franchises and licenses for the use of the Marks, in addition to those already granted to existing Epcon Communities franchisees and to Franchisee;

(b) To develop and establish other systems and programs utilizing the same or similar Marks, or any other proprietary Marks, and to grant franchises and/or licenses therein without providing Franchisee any rights therein.

6.7 Franchisee shall not permit any third-party to imprint the Marks on any products, materials, documents and supplies utilized by Franchisee in connection with the operation of its Project(s) without first obtaining the consent of Franchisor and causing such third party to execute a license agreement with Franchisor. Subject to the foregoing requirement, Franchisee shall affix the Marks in the manner prescribed by Franchisor to all advertising and promotional materials used in connection with each of Franchisee's Projects developed hereunder.

6.8 Franchisor or its licensor is responsible for maintaining all registrations covering the Marks and renewing the registrations as required.

6.9 Franchisor retains the sole right to create a website using the Marks, "EpconCommunities.com," and variations thereof, and to register or use other domain names related or similar to any of the Marks. Franchisee shall not own or operate a separate website for the promotion of the Project or Franchisee's Epcon Communities business. Franchisee shall disclose the existence to Franchisor of all websites which are owned, registered to or operated by Franchisee and related in any way to residential construction or real estate sales.

Article 7 Advertising and Promotion

7.1 Franchisor reserves the right, exercisable at any time, to require Franchisee to purchase and use prescribed sales brochures and other documents designed for prospective buyers.

7.2 Franchisee shall cooperate with Franchisor in any and all advertising, promotional and marketing plans and campaigns established by Franchisor in its sole discretion.

7.3 All advertising, promotions and marketing carried out by Franchisee in any media shall be conducted in a dignified manner and shall conform to the standards and requirements prescribed by Franchisor and to the highest ethical standards of advertising. At least thirty (30) days prior to publication, Franchisee shall submit to Franchisor, for its prior written approval (except with regard to prices to be charged), samples of all advertising and promotional plans and materials that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. Such approval shall not be unreasonably withheld. Any materials submitted to Franchisor and not disapproved within thirty (30) days shall be deemed approved. Franchisor may upon thirty (30) days' notice revoke its approval of any advertising and promotion previously approved.

7.4 Franchisee shall pay to Franchisor or to an entity designated by Franchisor that has been formed for the purpose of operating a franchise system level marketing program, an initial marketing program membership fee (the "Initial Marketing Program Membership Fee") in the amount of Five Thousand Dollars (\$5,000). The Initial Marketing Program Membership Fee shall be fully earned, due and payable upon execution of this Agreement by Franchisor and is not refundable.

Upon (a) execution of this Agreement by Franchisor, (b) Franchisee's payment of the Initial Franchise Fee and the Initial Marketing Program Membership Fee in their entirety, and (c) the delivery to Franchisor of Franchisor's then-applicable agreement concerning franchisees' on-line access to Franchisor's intranet, fully completed and executed by all such persons required by Franchisor to execute such agreement, Franchisee shall have access to Franchisor's web-based resources related to the Development System and marketing assets that have been created for shared use across the Epcon Communities franchise system through a web site maintained by Franchisor or its designated provider, which may include a parent, subsidiary or affiliate of Franchisor.

Franchisee shall not be required to pay the Initial Marketing Program Membership Fee if Franchisee or a business entity having identical or substantially identical common ownership with Franchisee (i) has previously entered into a franchise agreement with Franchisor, which agreement is separate and apart from this Agreement (the "Prior Franchise Agreement"), and paid an Initial Marketing Program Membership Fee pursuant to the terms of the Prior Franchise Agreement; or (ii) had a valid and existing Prior Franchise Agreement with Franchisor as of May 1, 2023. Notwithstanding the foregoing, if the Franchisee (or a permitted assignee) under the Prior Franchise Agreement is in

default of the Prior Franchise Agreement as of the Effective Date of this Agreement, Franchisor may elect to require Franchisee to pay the Initial Marketing Program Membership Fee, in accordance with this Section 7.4.

In addition, Franchisee shall pay to Franchisor, or to an entity designated by Franchisor that has been formed for the purpose of operating a franchise system level marketing program, a marketing program fee ("Marketing Program Fee") in the amount of Six Hundred Twenty-Five Dollars (\$625) per month for each of Franchisee's Projects. The first Marketing Program Fee payment shall be due on the earlier of (i) the fifteenth day of the month for the month that is the nineteenth (19th) month from the Effective Date of this Agreement, or (ii) the fifteenth day of the month immediately following the month in which Franchisee requests to include its Epcon community on the Epcon Communities website (i.e., www.epconcommunities.com), or (iii) the fifteenth day of the month immediately following the month in which the Franchisee has its first closing on the sale of a Unit within the Project and shall continue on the same day of each month thereafter until the Project is completed pursuant to Section 11.1.

Franchisor or Epcon Communities Marketing Program, Inc. shall have the right, in its sole discretion, during each subsequent calendar year, to increase the monthly Marketing Program Fee to an amount that is less than or equal to one hundred twenty percent (120%) of the amount of the monthly Marketing Program Fee applicable during the immediately preceding calendar year. The provisions of Section 5.4 of this Agreement are applicable to Initial Marketing Program Membership Fee payments and Marketing Program Fee payments. Franchisor shall have the right to spend Initial Marketing Program Membership Fees and Marketing Program Fees paid by Franchisee to the franchise system level marketing program, including advertising, to promote the projects of its affiliates, including Epcon Communities, LLC and its affiliates, and of Epcon Communities franchisees at any geographic level, including without limitation, local, regional and/or national, and in any communication medium (including, without limitation, the Internet), that Franchisor deems, in its sole discretion, to be advantageous to the projects of Epcon Communities franchisees, or Epcon Communities, LLC, and its affiliates, in any combination thereof. Such disbursements of Initial Marketing Program Membership Fees and/or Marketing Program Fees shall not be used to market the Epcon Communities franchise concept in a manner intended to solicit prospective franchisees. Franchisor shall have the right to withdraw the Marketing Program Fee, and all other fees owed to Franchisor, from Franchisee's designated bank account each month by EFT.

7.5 (i) Franchisor intends to maintain or cause to be maintained a website to promote the development Projects of its franchisees and Epcon Communities and its affiliates. Once Franchisee has identified a Project and requests inclusion of the Project on the website, Franchisor shall provide a web page on its website for each of Franchisee's Projects. The content, including but not limited to, text, size (including number of pages or the size of pages), address and appearance of Franchisee's web page(s), is within the sole discretion of Franchisor. Prior to the commencement of marketing and/or selling activities for any of Franchisee's Projects, Franchisee shall provide the information specified by Franchisor so that web page(s) can be created for Franchisee's Project. Franchisee shall designate an officer, director, owner or employee of Franchisee to serve as Franchisee's web site administrator to provide content updates for its web page(s). Franchisor may, in its sole discretion and for the convenience of Franchisor, elect to update, modify, change or terminate all or any part of the website or the functionality available through the website at any time in the future,

(ii) All of the contents, marks, trade names, and logos of the website owned by Franchisor are understood to be the exclusive property of the Franchisor. All content on the website including, but not limited to, text, software, music, sound, photographs, video, graphics or other material or other information presented through the website are protected from copying under U.S. and international copyright laws and treaties. Franchisee may not use the Content except as expressly authorized by Franchisor in writing. Any unauthorized copying, use, alteration, distribution, transmission, performance, display, or other use this material is prohibited.

(iii) Neither Franchisee nor Franchisee's employees may do any of the following: (a) modify the website; (b) attempt to "hack" the website; (c) access any restricted areas of the website; (d) interfere with the general use or enjoyment of the website; (e) prepare derivative works of the website; (f) impersonate a Franchisor officer or misrepresent the existing relationship between Franchisee and Franchisor; (g) upload damaging files or viruses; (h) post offensive, unlawful, harassing, libelous, abusive, threatening, harmful, vulgar, obscene, hateful, racially, ethnically or otherwise objectionable material of any kind or nature; or (i) post material in violation of license agreement, copyright law or other applicable local, state, national or international law or regulation. Franchisor reserves the right to remove Franchisee from its website if, in its sole discretion, it feels Franchisee is not using the website in a legitimate good-faith manner that serves the purposes of this Agreement.

Article 8 Uniformity of, and Modifications to, the Development System

8.1 The Development System is a complete and unified system for the construction, marketing and management of the Project(s) and that every detail of the Development System is important to the use thereof by Franchisee in order to maintain high and uniform standards, as well as to maximize the opportunity for the success of the Project(s). **By accepting the franchise and license granted hereby, Franchisee is agreeing to utilize the entire Development System without modification thereto, except as set forth in Section 8.2.**

8.2 Any changes or modifications to the Development System require prior written approval of Franchisor in each instance. All Franchisee requests for modifications must be accompanied by complete drawings that show a copyright identifying Franchisor as the owner of the work, describe and identify the modifications that have been made, and a statement that summarizes the need and rationale behind them. Franchisor agrees to respond to such requests within thirty days. All modifications, or any parts thereof may be used by Franchisor for its benefit or for the benefit of any of its other franchisees, licensees or agents, and such changes or modifications shall become the property of Franchisor. However, nothing contained herein shall be construed to impose upon Franchisor an obligation to so adopt or use any such changes or modifications nor shall Franchisor be responsible for any payment to Franchisee therefore. Any review or approval by Franchisor is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of its business or the Project. Any review or approval by Franchisor relates to protecting Franchisor's interests in the Development System and the Marks, and does not in any way alter Franchisee having the sole responsibility for compliance with all applicable zoning and building codes, permit requirements, or any other federal, state or local laws.

8.3 Deviation from and/or modification to the Development System does not abrogate Franchisee's responsibility to comply with all terms of this Agreement, including but not limited to payment of amounts due to Franchisor as specified in Article 5 hereof. Franchisee's deviation from and/or modification to the Development System without the prior written approval of Franchisor, shall, however, terminate Franchisor's obligation to comply with the Initial Market Area Agreement, if executed by Franchisee, and/or the Market Area Agreement, pursuant to which Franchisor, under certain conditions, agrees to refrain from itself constructing, and from granting to other licensees the right to construct, Projects within Franchisee's Initial Market Area (as defined in Franchisee's Initial Market Area Agreement, if any) and/or Market Area (as defined in Franchisee's Market Area Agreement).

8.4 Franchisee shall use a civil engineer or land planner for the conceptual site plan layout for the Project. The conceptual site plan layout shall include building setbacks and local storm water retention requirements and will be based upon a site-utilization analysis and density study. The conceptual site plan layout is not required to include utility plans, grading plans, or preliminary or final engineering. Franchisee may use a different civil engineer or land planner for additional work following completion of the conceptual site plan.

Article 9 Development System Compliance

9.1 Franchisor's affiliates have used the Development System to assist them in obtaining permits and other governmental approvals under varying circumstances. Notwithstanding this, Franchisor does not warrant or represent herein, and hereby disclaims any such warranty and/or representation, express or implied, that the Development System will comply with any applicable building code requirements or any other applicable federal, state or local laws, or will be adequate for Franchisee's use in any way including, but not limited to, assisting Franchisee in obtaining permits and approval for Franchisee's Project(s). Franchisee (a) recognizes that the provisions of this limitation are a material factor in Franchisor's grant of the franchise and license for the amounts of the fee(s) provided hereunder, and (b) agrees that any accommodation to Franchisee by Franchisor shall not be taken to establish any liability of Franchisor or any contract term inconsistent herewith.

9.2 Due to the continual evolution of the plans, and the other materials referenced above, and the volume of detailed information and data contained therein, there are likely to be some inaccuracies and/or items subject to specific local or other requirements which will require correction, at Franchisee's expense, by Franchisee's architects, engineers, contractors, counsel and/or other professionals as work progresses. **Franchisee possesses sole responsibility hereunder to, and agrees that it shall, at its sole cost and expense, make any changes or modifications to the unstamped and unsealed plans, specifications, any site plans, or any other part of the Development System used or proposed for use for or at its Project(s) which changes or modifications are required by the appropriate governmental authority, necessitated by any applicable zoning and building codes, permit requirements, or any other federal, state or local laws, including, without limitation, licensing requirements for contractors, property managers and real estate salespersons, the formation and management**

of condominium or homeowners associations, occupational health and safety on the construction site, housing finance, equal housing laws, the Fair Housing Act and the Americans with Disabilities Act, as well as the Accessibility Guidelines promulgated under each of these acts. Franchisee is solely responsible hereunder to comply with all applicable laws in the marketing of Units in its projects, including, without limitation, the Fair Housing Act. Franchisee is solely responsible hereunder to, and agrees that it shall, if required by the appropriate governmental authority, at its sole cost and expense, have the seal or stamp of a registered architect or engineer affixed to said plans. No changes, however extensive, shall operate to relieve Franchisee of its obligations to make payments due to Franchisor pursuant to the terms of this Agreement. Franchisee will require any architect(s), engineer(s) or designer(s) that make modifications to the plans, specifications or any other part of the Development System to enter into with Franchisee a Copyright Assignment in a form and content satisfactory to Franchisor.

9.3 Throughout the term hereof, Franchisor agrees to provide to Franchisee, upon Franchisee's request, modifications or improvements made by Franchisor to the architectural plans and specifications. Modifications and improvements to other areas of the Development System shall be provided to Franchisee at Franchisor's sole and absolute discretion. All such modifications and improvements to be provided to Franchisee shall be provided by Franchisor at no additional cost to Franchisee and shall be distributed not more often than once annually. Modifications and improvements so provided to Franchisee shall be for the standard Development System and will not be subject to further modification by Franchisee for any changes made by Franchisee pursuant to Section 8.2 above. Notwithstanding any provision hereof to the contrary, Franchisor reserves the right, within its sole discretion, to discontinue providing updated information to Franchisee respecting modifications and improvements to the Development System if Franchisee has substantially completed construction of all Projects hereunder and is not actively pursuing development of another Project.

9.4 The Development System contains both required standards and recommended standards. Any required standards exist to protect Franchisor's interests in the Development System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to the Franchisee. The Development System may also include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the required standards. In order to protect Franchisor's interests in the Development System and the Marks, Franchisor reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

Article 10 Confidentiality; Non-Disclosure; Proprietary Information; Architectural Works

10.1 Franchisor and Franchisee agree that the Development System constitutes a "trade secret" as defined in Ohio Revised Code Section 1333.61, and, as such, is entitled to all rights and protection as are afforded to trade secrets under Ohio, and any other applicable, law.

10.2 Neither Franchisee nor any of Franchisee's affiliates, owners, agents, or employees shall communicate or otherwise divulge to, or use for the benefit of, any other person or entity, any information or knowledge, no matter how derived, concerning the Development System. Franchisee is granted the specific and limited right to divulge information respecting the Development System to those individuals who must have access thereto in order to develop any Projects which are the subject hereof. All information and knowledge provided by Franchisor to Franchisee, including by way of illustration but not of limitation, drawings, specifications, techniques, and written material, shall be deemed confidential for the purposes of this Agreement.

10.3 The Development System, including any modifications or derivations of the Development System or any of its parts, remains the exclusive property of Franchisor, even after its use by Franchisee. Franchisee agrees that it shall not use the Development System, or any portion thereof, at any time, except in strict accordance with the terms of this Agreement and, after the termination of this Agreement it shall not use in any manner the Development System or any of its parts, or any system, plans, materials, or designs resembling in any way the Development System.

10.4 Franchisee shall include in all advertising, sales and other published literature relating to the buildings depicted in the Epcon Communities Works (the "Buildings") such notices of ownership of patent, copyright and trademark rights as Franchisor, in its sole discretion, directs and requires.

10.5 The Epcon Communities Works and the design of the Buildings are protected under the Architectural Works Copyright Act of 1990. Franchisee shall not build, license, transfer, reproduce or duplicate in any way the Epcon

Communities Works or any derivative thereof except as expressly provided for in this Agreement. In the event that any documentation provided to Franchisee by Franchisor bears a copyright notice or other copyright management information, Franchisee shall not remove such notice from said documentation, and such notice shall be retained or reproduced in its exact form on all authorized copies and versions of such documentation, both in machine and human readable language. Franchisee shall not distribute Franchisor's copyrighted documentation or the Epcon Communities Works to a third party, except as provided for in the Agreement or otherwise with specific written authorization from Franchisor. **Franchisee agrees that its strict compliance with these provisions is a condition precedent to its license to utilize the Epcon Communities Works, and as such any use of such works in violation of any of these provisions is unauthorized and will be acts of copyright infringement.**

10.6 Franchisee shall not, during the term of this Agreement, without the prior written consent of Franchisor, directly or indirectly, either as a principal, agent, employee, officer, director or member of any corporation or other business entity, as a partner or sole proprietor, or in any other way, own, develop, construct or have any interest in any real estate development project that is age-restricted or for which the targeted buyers are the 55+ home buyer, and includes, without limitation, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in Franchisor's Development System; provided however, this provision shall not apply to the involvement by Franchisee in the development of other Epcon Communities Projects by other franchisee business entities, or to any ownership by Franchisee of less than three percent (3%) of the outstanding stock of any publicly held corporation. For purposes of this Section 10.6, the term "Franchisee" shall include any officer, director, shareholder, member or holder of an ownership interest in Franchisee, if Franchisee is a corporation, limited liability company or other business entity, and any partner of Franchisee, if Franchisee is a partnership. Franchisor and Franchisee agree that the foregoing restrictions in this Section 10.6 shall be construed as independent of any other covenant or provision of this Agreement. To the extent any person or entity successfully contests the validity or enforceability of any part of this Section 10.6 in its present form, the covenant or provision shall not be deemed invalid or unenforceable, but shall instead be deemed modified, so as to be valid and enforceable, to provide coverage for the maximum scope that any court of competent jurisdiction or arbitrator will deem reasonable and necessary to protect Franchisor's legitimate interests. Franchisee specifically agrees that a breach or threatened breach of any of Franchisee's obligations under this Section 10.6 would cause Franchisor irreparable harm. Therefore, upon any such breach or threatened breach by Franchisee of this Section 10.6, in addition to any other rights or remedies that may be available to Franchisor at law, equity or otherwise, Franchisor shall be entitled to equitable relief, including without limitation, an injunction, restraining order or specific performance, without any requirement to prove irreparable harm or without any requirement to issue a bond as security, and Franchisee waives any right to request any such bond.

10.7 Notwithstanding anything to the contrary herein, Franchisor shall have the right to communicate with any lender(s) of Franchisee regarding the status and details of Franchisor's relationship with Franchisee.

Article 11 Completion of Project(s)

11.1 A Project shall be determined to be completed when the sale of the last Unit in the Project has closed.

11.2 Upon completion of the Project, Franchisee shall do the following:

11.2.1 Promptly notify Franchisor in writing that the Project is complete as defined in Section 11.1 above.

11.2.2 Promptly pay to Franchisor all sums owing or accrued. The sums shall include interest, any damages, costs, and expenses, including reasonable attorneys' fees and disbursements, incurred by Franchisor by reason of a default by Franchisee under the terms of this Agreement or any other agreement by and between Franchisor and Franchisee.

11.2.3 Notwithstanding anything contained herein, Franchisee's lender shall have the right to complete any Project which is the subject hereof, so long as (a) all fees and other amounts due Franchisor under this Agreement are timely paid in full; (b) such lender complies with the terms of this Agreement as such terms apply to and obligate Franchisee; and (c) such lender executes a Lender Assignment Agreement included as Exhibit "6", attached to this Agreement. Franchisee shall provide an executed Lender Assignment Agreement to Franchisor within 30 days after closing on Franchisee's construction loan.

11.3 Franchisee agrees to use its best efforts to complete, within a reasonable time, each Unit begun in connection with any Project so that no Unit remains incomplete for more than two hundred seventy (270) days after commencement of construction.

11.4 In the event Franchisee's license to use the Development System at a Project is terminated prior to completion of construction of all Units in the Project, such that Franchisee is prohibited from using the Development System or any part thereof for any reason, Franchisee may, at Franchisor's sole discretion, be granted a limited license by Franchisor to complete construction of any Units then under construction if and only if (i) construction of such Unit(s) has commenced prior to the effective date of termination or alternatively such Unit(s) are the subject of a non-contingent sale-purchase contract between Franchisee and a third-party, and (ii) Franchisee pays Franchisor a Point of Closing Royalty Payment for such Unit(s) pursuant to the terms and conditions herein. In all events, Franchisee's right to complete construction of such Unit(s) shall expire two (2) years after the effective date of termination.

Article 12

Transfer by Franchisee

12.1 Franchisee understands and agrees that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor has granted this Epcon Communities franchise in reliance on Franchisee's business skills, professional reputation and financial capability. Accordingly, neither Franchisee nor any shareholder, partner, member, (including shareholders, partners or members of entities that have an ownership interest in Franchisee), or any immediate or remote successor to any part of Franchisee's interest in this Epcon Communities franchise shall, directly or indirectly, sell, assign, transfer, pledge or encumber, by operation of law or otherwise, this Agreement or the franchise or licensed rights granted hereunder or any ownership interest in Franchisee or any ownership interest in any entity owning an interest in Franchisee' without the prior written consent of Franchisor. Such transfer, sale, assignment, pledge or encumbrance not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate this Agreement. Franchisor's consent shall not be required for any Unit sold to third parties in the ordinary course of Franchisee's business. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee or in this Epcon Communities franchise, provided, however, that prior to the time of transfer, Franchisor may, in its sole discretion, require that:

(a) All of Franchisee's accrued monetary obligations to Franchisor and all other outstanding obligations related to the business franchised hereunder shall have been satisfied, or will be satisfied through the transfer;

(b) The transferor's right to receive compensation, pursuant to any agreement or agreements for the purchase of any interest in Franchisee or in the business franchised hereunder, shall be subordinate and secondary to Franchisor's rights to receive any outstanding monetary obligation or other outstanding obligations due from transferor or Franchisee pursuant to this Agreement, and whether arising before or after the transfer;

(c) Franchisee shall have executed a general release in a form satisfactory to Franchisor, effective as of the date of transfer, of any and all claims against Franchisor and its officers, directors, shareholders, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

(d) The transferee franchisee shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement prior to and after the date of the assumption;

(e) The transferee franchisee shall demonstrate to Franchisor's satisfaction that he or she, if an individual, its general partners, if it is a partnership, its members, if it is a limited liability company, and its officers, directors and principal shareholders, if it is a corporation, meet(s) educational and managerial standards; possess(es) good moral character, reputation, and credit rating; has the aptitude and ability to conduct the business franchised hereunder (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business franchised hereunder;

(f) The transferee franchisee shall execute the then-current standard form of Epcon Communities Franchise Agreement and other ancillary agreements as Franchisor may require for the business franchised hereunder for a term ending as provided in Section 3.1 of this Agreement; and

(g) At transferee franchisee's expense, and upon such other terms and conditions as Franchisor may reasonably require, the transferee franchisee shall complete each of the initial training sessions then in effect for new franchisees.

12.2 If Franchisee is a corporation, partnership, limited liability company, or similar entity, the terms of Section 12.1 shall apply to any sale, resale, pledge, assignment, transfer or encumbrance of any voting stock of, or other ownership interest in, Franchisee.

12.3 In connection with any transfer for which Franchisor grants its consent as described in Section 12.1 hereof, Franchisee shall pay to Franchisor a transfer fee to cover Franchisor's actual costs, and due diligence, administrative, legal and other expenses respecting the transfer.

12.4 In the event that Franchisee proposes to transfer all of its interest in the Epcon Communities franchise granted pursuant hereto to a corporation, partnership, or limited liability company solely for the convenience of ownership, the provisions of Sections 12.1, 12.2, and 12.3 hereof shall not apply; provided that Franchisor's consent to such transfer may, in its sole discretion, be conditioned upon the following requirements:

(a) The transferee entity shall be newly organized and its Articles of Incorporation and Bylaws (or comparable governing documents for entities other than corporations) shall provide that its activities are confined exclusively to operate the business franchised hereunder and activities related thereto;

(b) Franchisee shall identify to Franchisor all of the stockholders, directors, officers, partners and/or members of the transferee entity;

(c) Franchisee shall enter into an agreement, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of the transferee entity's obligations to Franchisor;

(d) Each stock (or other ownership interest) certificate of the transferee entity shall have conspicuously endorsed upon its face the following legend:

"The transfer of this [type of certificate] certificate is subject to the terms and conditions of a certain Franchise Agreement executed with Epcon Communities Franchising, LLC. Reference is made to the provisions of such Agreement and to the governing documents of this [type of transferee entity]."

(e) Copies of the transferee entity's governing documents, including any resolutions authorizing entry into this Agreement, shall be furnished to Franchisor for its approval prior to the transfer; and

(f) The name of the transferee business entity shall not, without Franchisor's prior written approval, consist of or contain any of Franchisor's Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

12.5 In the event that Franchisee desires to form a business entity having identical or substantially identical common ownership with Franchisee and to sublicense its rights and obligations hereunder to the new entity (the "Sublicensee") in order that the Sublicensee might develop a Project and, after receiving Franchisee's request in writing to do so and such information about the proposed sublicensing arrangement and the entities involved as Franchisor requests, Franchisor, in its sole discretion, consents to same, Franchisee may execute with the Sublicensee a Sublicense Agreement in the form attached hereto as Exhibit "5". Any such sublicense arrangement not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate this Agreement. Franchisor reserves the right hereunder not to consent to any sublicense arrangement proposed by Franchisee involving an entity not having identical or substantially identical common ownership with Franchisee. Franchisor may, in its sole discretion, require that, prior to the effective date of the Sublicense Agreement, (a) all of Franchisee's accrued monetary obligations to Franchisor shall have been satisfied, and (b) the Sublicensee entity possesses a good credit rating and has adequate financial resources and capital to develop a Project. The Sublicensee shall be required to execute with Franchisor a Initial Market Area Agreement, if Franchisee signed an Initial Market Area Agreement but has not, as of the time of the sublicense, signed a Market Area Agreement with Franchisor. Alternatively, the Sublicensee shall be required to execute with Franchisor a Market Area Agreement, if at the time of the sublicense, Franchisee has executed a Market Area Agreement with Franchisor. The Market Area Agreement shall be substantially in the form attached hereto as Exhibit "2".

12.6 All materials required by federal or state law for any direct or indirect offer or sale of securities of Franchisee shall be submitted to Franchisor for review and consent, prior to their being filed with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review and consent prior to their use. No such materials shall imply (by use of the Marks or otherwise) that Franchisor is participating as an underwriter, issuer, or offeror of Franchisee's or Franchisor's securities. Any review by Franchisor of the offering materials or the information included therein will be conducted solely for the benefit of Franchisor to determine conformance with Franchisor's internal policies, and not to benefit or protect any other person. No investor should interpret such review by Franchisor as an approval, endorsement, acceptance, or adoption of any representation, warranty, covenant, or projection contained in the materials reviewed; and the offering documents shall include such legends and statements as Franchisor may specify, including, but not limited to, legends and statements which disclaim Franchisor's liability for, or involvement in, the transaction described in the offering documents. Franchisee and the other participants in the offering must agree in writing to fully indemnify Franchisor in connection with the offering in the form prescribed by Franchisor. For each proposed offering, Franchisee shall reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees and disbursements. Franchisee shall give Franchisor written notice at least sixty (60) days prior to the date of commencement of any offering covered by this Section 12.6. Any such offering shall comply with Franchisor's written policies adopted and announced by Franchisor from time to time. Franchisor hereby reserves its right in its sole discretion not to grant consent to Franchisee for such an offering, and, if such consent is withheld, Franchisee shall be prohibited hereunder from issuing such an offering. In the event of Franchisor's grant of consent respecting an offering described under this Section 12.6, the provisions of Section 5.7 of this Agreement shall not apply.

12.7 At least thirty (30) days prior to the proposed effective date of any sale or transfer involving the franchise or licensed rights granted hereunder, or any ownership interest in Franchisee or any ownership interest in any entity owning an interest in Franchisee, or the real property upon which all or a part of Franchisee's Project is located or is intended to be located, Franchisee shall provide written notice to Franchisor that includes information reasonably detailed to enable Franchisor to evaluate the terms and conditions of the proposed sale or transfer, which at a minimum includes a written offer from the proposed transferee. Franchisee grants to Franchisor a thirty (30) day right of first refusal to purchase such rights, interest, property or assets on the same terms and conditions as are contained in the written notice set forth herein, provided, however, the following additional terms and conditions apply: (a) the right of first refusal will be effective for each proposed transfer, and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer for which Franchisor shall have a new thirty (30) day right of first refusal; (b) the thirty (30) day right of first refusal period will run concurrently with the period in which Franchisor has to approve or disapprove the proposed transferee; (c) if the consideration or manner of payment offered by a proposed transferee is such that Franchisor cannot reasonably be expected to furnish the same, then Franchisor may purchase the interest proposed to be sold for the reasonable cash equivalent; if the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by Franchisor, whose determination will be binding upon the parties; all expenses of the appraiser shall be paid equally by Franchisor and Franchisee; and, despite subsection (b) of this Section 12.7, Franchisor will have an additional fifteen (15) days after determination of the cash consideration to exercise its right of first refusal; and (d) if Franchisor chooses not to exercise its right of first refusal, Franchisee shall be free to complete the transfer subject to its compliance with any requirements set forth herein. Franchisor has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described herein. The right of first refusal described herein does not apply to any Unit sold to third parties in the ordinary course of Franchisee's business.

12.8 Franchisee agrees that, in the event of a violation of this Article 12, Franchisor may: (a) in addition to, and not in lieu of, any other right or remedy that may be available to it, immediately terminate this Franchise Agreement and be entitled to the remedies provided in Article 14 (Remedies); or (b) increase (i) the amount of the Minimum Monthly Royalty payable in Section 5.2(a) to \$5,000.00 per month per Project beginning in the month following said breach (regardless of when it is discovered) and (ii) the percentage in the Point of Closing Royalty Percentage Table of the Applicable Percentage used to calculate the Point of Closing Royalty Payments provided for in Section 5.2 (d) for all closings to 3.5% beginning in the month following said breach (regardless of when it is discovered). These increases in fees shall continue for the term of the Franchise Agreement. If Franchisee is in violation of Article 12, Franchisee shall not be eligible for any of the following in this Agreement: the annual reconciliation of Minimum Monthly Royalty payments or any refunds thereof as set forth in Section 5.2 (e); the volume based reduction to Point of Closing Royalty Payments as set forth in Section 5.2 (d)(ii); the cap on the calculation of Point of Closing Royalty Payments as set forth in Section 5.2 (d)(iii); and, the limit on annual total Point of Closing Royalty Payments as set forth in Section 5.2 (d)(iv).

Article 13

Default; Termination

13.1 If Franchisee becomes insolvent or makes an assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Franchisee, or such a petition is filed against Franchisee and either is consented to by Franchisee or is not dismissed within thirty (30) days, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and either is consented to by Franchisee or is not dismissed within thirty (30) days, or a receiver or other custodian of Franchisee's property or any part thereof is appointed by a court of competent authority, or if proceedings for composition with creditors under any state or federal law should be instituted by or against Franchisee or if the real or personal property of Franchisee or a Sublicensee shall be sold after levy thereupon by any sheriff, marshal, or constable, then upon the occurrence of any of such events, Franchisee shall be deemed to be in default under this Agreement and all rights granted by Franchisor hereunder (including but not limited to any licenses to utilize the Development System, the Epcon Communities Works and the Marks) shall thereupon terminate without any need for notice to Franchisee, and this Agreement shall thereupon be terminated.

13.2 Franchisee shall also be in default under this Agreement upon the occurrence of any of the following:

- 13.2.1 Franchisee fails, refuses, or neglects to pay when due to Franchisor any monies owed to Franchisor, including any amounts due under any promissory notes;
- 13.2.2 Franchisee fails to satisfactorily complete the initial training program to the satisfaction of Franchisor as set forth in Section 5.12 and fails to arrange for its representative to attend and complete such initial training program to the satisfaction of Franchisor;
- 13.2.3 Franchisee fails to furnish to Franchisor any report or information required under this Agreement;
- 13.2.4 Franchisee fails to develop its Projects and to operate hereunder in compliance with the terms of this Agreement, the applicable Initial Market Area Agreement, if any, and/or the Market Area Agreement, the Manuals, the Development System and any quality or operations standards and guidelines issued in writing by Franchisor;
- 13.2.5 Franchisee fails, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the development business franchised hereunder;
- 13.2.6 Any attempted transfer in violation of Article 12;
- 13.2.7 Any material misrepresentation by Franchisee relating to the acquisition of the franchise granted hereunder or any conduct by Franchisee that reflects materially and unfavorably upon the operation and reputation of Franchisee's development business franchised hereunder or upon Franchisor;
- 13.2.8 The conviction of Franchisee or its principals or officers of a felony or any other crime involving moral turpitude;
- 13.2.9 Franchisor makes a reasonable determination that the continued operation of the development business franchised hereunder or any Project developed hereunder by Franchisee will result in immediate danger to public health or safety and such default is not cured within three (3) days after notice from Franchisor to Franchisee;
- 13.2.10 Franchisor gives Franchisee a notice of default under this Section 13.2 after two previous defaults which have been cured after notice of default within the preceding twelve (12) month period;
- 13.2.11 The death of Franchisee, if Franchisee is an individual, or the death of Franchisee's sole or majority member or shareholder if Franchisee is a business entity;
- 13.2.12 Franchisee fails to comply with any of the obligations imposed upon Franchisee by this Agreement;
- 13.2.13 Franchisee communicates or divulges any information or knowledge concerning the Development System in violation of Article 10 hereof;

- 13.2.14 Franchisee fails to complete a Project within forty-eight (48) months of the date of full execution of the Market Area Agreement or as required under the terms of this Agreement;
- 13.2.15 Franchisee's failure to deliver the mortgage, security agreement, or other required security, in accordance with Section 5.2 of this Agreement; or
- 13.2.16 Franchisee breaches any other agreement with Franchisor, including any franchise agreement, mortgage, security agreement or other security instrument securing Franchisee's obligations to Franchisor.
- 13.2.17 Franchisee fails to make Minimum Monthly Royalty payments and without notice to and acceptance of such notice by Franchisor, abandons the Project for a period of greater than sixty (60) consecutive days as evidenced by lack of either construction, marketing, or sales activity by Franchisee at the Project.
- 13.2.18 Franchisee fails to comply with the obligations set forth in Section 5.21, 5.22, or 5.23.
- 13.2.19 Franchisor receives two or more written complaints from purchasers or prospective purchasers of a Unit(s) in Franchisee's Project(s) within a ninety (90) day period.

13.3 Upon the occurrence of any of the events set forth in Section 13.2, Franchisor may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such longer period of notice as may be required by applicable state law) is given by Franchisor to Franchisee of any of the events set forth in Subsections 13.2.1, 13.2.3, 13.2.4, 13.2.5, 13.2.6, 13.2.12, , 13.2.15, 13.2.16 or 13.2.18 of Section 13.2 if such defaults are not cured within the thirty (30) day period. Such termination shall be effective immediately upon written notice upon the occurrence of the events set forth in Subsections 13.2.2, 13.2.7, 13.2.9, 13.2.10, 13.2.13, 13.2.14, 13.2.17 or 13.2.19 of Section 13.2. Such termination shall be effective immediately without notice upon the occurrence of the events set forth in Subsections 13.2.8 or 13.2.11 of Section 13.2. Notwithstanding anything in this Agreement to the contrary, upon Franchisee's default under this Agreement, Franchisee shall no longer have any rights to use the Marks and the Development System. To the extent Franchisee's default is an event of default for which Franchisee has a right to cure under Subsections 13.2.1, 13.2.3, 13.2.4, 13.2.5, 13.2.6, 13.2.12, 13.2.14, 13.2.15, 13.2.16 or 13.2.18, and Franchisee cures said default within the applicable cure period, Franchisee's right and license to use the Marks and the Development System shall be automatically restored and reinstated.

13.4 This Agreement shall continue and automatically terminate on the date that is thirty (30) days after the date of completion of Franchisee's Project developed under this Agreement as provided in Section 11.1 of this Agreement.

13.4.1 Franchisor and Franchisee agree that if there has not been the Commencement of Construction Activity on a Project within Thirty-Six (36) months of the Effective Date of this Agreement, Franchisee may terminate this Agreement at the end of the Thirty-Sixth (36th) month following the Effective Date of this Agreement by giving Franchisor thirty (30) days prior written notice of its intent to terminate this Agreement and pay to Franchisor the sum of \$10,000 with said notice. In the event of the termination of this Agreement Franchisor and Franchisee shall release each other of any future obligations under this Agreement and any Initial Market Area Agreement and/or Market Area Agreement, whether monetary or otherwise, except for those obligations that specifically survive termination.

13.4.2 Franchisor and Franchisee agree that, beginning with the thirty-seventh (37th) month after the Effective Date of this Agreement and continuing thereafter, in the event there has not been the Commencement of Construction Activity on a Project, Franchisor may terminate this Agreement by giving Franchisee thirty (30) days prior written notice of its intent to terminate this Agreement. In the event of the termination of this Agreement, Franchisor and Franchisee shall release each other of any future obligations under the Franchise Agreement and any Initial Market Area Agreement and/or Market Area Agreement, whether monetary or otherwise, except for those provisions that specifically survive termination.

13.5 Termination hereof shall not affect the obligations of Franchisee to pay all amounts due hereunder to Franchisor. Upon the termination or expiration of this Agreement, in the event that Franchisee has not yet paid to Franchisor any or all payments as described under Article 5 of this Agreement applicable to the then-effective Initial Market Area Agreement and/or Market Area Agreement, then all such amounts shall become immediately due and payable upon the effective date of such termination or expiration of this Agreement. Further, the obligations of

Franchisee provided in Article 10 hereof, the remedies provided to Franchisor in Article 14 hereof, and the provisions of Sections 6.3, 20.2 and 20.3 hereof shall survive the termination of this Agreement.

13.6 Upon termination or expiration of this Agreement, Franchisee shall immediately terminate its use of the Marks, the Epcn Communities Works and the Development System and promptly return to Franchisor all materials provided to it by Franchisor. Franchisor may, without prior notice, enter upon the premises of any Project of Franchisee and remove or obliterate any Marks at Franchisee's expense. Franchisee shall indemnify and hold Franchisor harmless from and against any claims that Franchisor damaged property in the process of removing or obliterating such Marks.

13.7 For a period of two (2) years following the effective date of termination or expiration of this Agreement, whether by lapse of time, sale and/or assignment of the Epcn Communities franchise granted hereunder, or other cause, Franchisee shall not, directly or indirectly, either as a principal, agent, employee, officer, director or member of any corporation or other business entity, as a partner or sole proprietor, or in any other way engage in the ownership, development or construction of any real estate development project that is age restricted or for which the targeted buyers are the 55+ home buyer and includes, but is not limited to, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in Franchisor's Development System, within (a) ten (10) miles of the geographic border of any "Initial Market Area" granted to any franchisee pursuant to any Initial Market Area Agreement, or any other agreement that is effective between such franchisee and Franchisor, (b) ten (10) miles of the geographic border of any "Market Area" granted to any franchisee pursuant to any Market Area Agreement, or any other agreement that is effective between such franchisee and Franchisor, (c) ten (10) miles of the geographic border of any "Reserved Market Area" reserved for any franchisee or prospective franchisee under any Market Hold Agreement or other agreement that is in effect between such party and Franchisor, or, (d) ten (10) miles of any real estate development project of Epcn Communities, LLC or of any business entity affiliated with Epcn Communities, LLC. For purposes of this Section 13.7, the term "Franchisee" shall include any officer, director, shareholder, member or holder of an ownership interest in Franchisee, if Franchisee is a corporation, limited liability company or other business entity, and any partner of Franchisee, if Franchisee is a partnership. The determination of whether this Section 13.7, or Sections 10.2, 10.3, 10.4, 10.5, 10.6 or 10.7 have been breached by Franchisee, and the amount of damages payable to Franchisor as a result of such breach, shall be submitted to arbitration in Columbus, Ohio or another location agreed to by the parties. The arbitration shall be heard before a retired judge or attorney mutually acceptable to the parties. In the event the parties fail to agree upon an arbitrator after reasonable efforts, the arbitration shall be commenced by filing a demand for arbitration with the American Arbitration Association. The arbitration shall be binding on the parties and their successors with no right of appeal. The dispute resolution provisions contained in this Section 13.7 shall constitute the sole and exclusive method for resolving any disputes between the parties arising under this Section 13.7 and/or under Sections 10.2, 10.3, 10.4, 10.5, 10.6 and/or 10.7, except that Franchisor shall have the option to file a civil suit in cases in which it is seeking temporary, preliminary and/or permanent injunctive relief or other relief set forth in Section 14.4 below, in which case Franchisee agrees to venue and jurisdiction as set forth in Section 20.3. The costs of the arbitration, including the arbitrator's fees, shall be borne equally by the parties to the arbitration, unless the arbitrator orders otherwise. Franchisor and Franchisee agree that the foregoing shall be construed as independent of any other covenant or provision of this Agreement.

To the extent any person or entity successfully contests the validity or enforceability of any part of this Section 13.7 in its present form, the covenant or provision in this Section 13.7 shall not be deemed invalid or unenforceable, but shall instead be deemed modified, so as to be valid and enforceable, to provide coverage for the maximum scope that any court of competent jurisdiction or arbitrator will deem reasonable and necessary to protect Franchisor's legitimate interests. Franchisee specifically agrees that a breach or threatened breach of any of Franchisee's obligations under this Section 13.7 would cause Franchisor irreparable harm. Therefore, upon any such breach or threatened breach by Franchisee of this Section 13.7, in addition to any other rights or remedies that may be available to Franchisor at law, equity or otherwise, Franchisor shall be entitled to equitable relief, including without limitation, an injunction, restraining order or specific performance, without any requirement to prove irreparable harm or without any requirement to issue a bond as security, and Franchisee waives any right to request any such bond.

Article 14 Remedies

14.1 Franchisor shall be entitled to any remedies available at law or in equity for any breach by Franchisee of any of Franchisee's covenants or obligations provided herein or provided in the Initial Market Area Agreement and/or Market Area Agreement. Unauthorized use of the Epcn Communities Works beyond the scope of the licenses granted, or without satisfying the conditions precedent to such uses, will be acts of copyright infringement.

14.2 Franchisee agrees that the existence of any claims of Franchisee against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the provisions of Article 5 hereof and/or the exercise by Franchisor of its rights under Article 13 hereof respecting Franchisee's noncompliance with the provisions of Article 5 hereof.

14.3 In the event that Franchisee breaches its covenants and obligations as provided in Section 10.3 hereof (including without limitation the use by Franchisee of all or any portion of the Development System to develop a Project (or project) either not in compliance with this Agreement during its term or in any manner after the termination of this Agreement), Franchisee shall be obligated to pay to Franchisor liquidated damages in the amount of the actual completion value of such project multiplied by 3.0%, such fees to be separately applicable to each project developed by Franchisee in breach of Section 10.3 hereof.

14.4 Franchisor shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance (a) enforcing the provisions of this Agreement relating to (i) Franchisee's use of the Development System, the Epcon Communities Works and/or the Marks; (ii) any obligations of Franchisee surviving termination of this Agreement; or (iii) an assignment of this Agreement or the franchise and license granted hereunder or any ownership interest therein; (b) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance or regulation, or which is dishonest or misleading to Franchisor or the general public; or (c) to prevent the continued or future infringement of Franchisor's copyrights, trademarks, or patents.

14.5 In the event a dispute arises under this Agreement, the prevailing party shall be entitled to receive its expenses, including attorneys' fees and disbursements and accounting fees and disbursements, in addition to any other relief to which it is found entitled.

Article 15 Independent Contractor

15.1 It is understood and agreed that Franchisee is an independent contractor and nothing in this Agreement shall create a partnership, employment or agency relationship between Franchisor and Franchisee or authorize Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in any of its operations hereunder or any claim or judgment arising therefrom against Franchisor. Franchisee further agrees that Franchisor owes no fiduciary duty whatsoever to Franchisee. Any required standards in the Development System exist to protect Franchisor's interests in the Development System and the Epcon Communities Works and/or the Marks and not for the purpose of establishing any control or duty to take control over Franchisee's decisions or day-to-day operations of Franchisee's business or those matters that are reserved to Franchisee.

15.2 Neither Franchisor nor its affiliates are the employer or joint employer of Franchisee's employees. Franchisee is solely responsible for managing and operating the business franchised under this Agreement and supervising the Franchisee's employees. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, personnel, and others as the business owner, operator, and manager under a franchise Franchisor has granted to Franchisee. Any training Franchisor provides to any of Franchisee's employees will be limited to training or guidance regarding the Development System. Franchisee is, and will remain, the sole employer of Franchisee's employees at all times, including during all training programs, and Franchisee is solely responsible for all employment decisions and actions related to Franchisee's employees, and Franchisee has the sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of Franchisee's employees and all other employment and employee related matters. Franchisee is solely responsible for ensuring that its workers receive adequate training. If Franchisor or its affiliates incur any cost, loss, or damage as a result of any actions or omissions of Franchisee or Franchisee's employees, including any that relate to any party making a finding of any joint employer status, Franchisee will fully indemnify Franchisor or its affiliates for any such loss.

Article 16 Indemnification and Insurance

16.1 Franchisee shall indemnify and hold harmless, to the fullest extent permitted by law, Franchisor, its directors, officers, employees and agents, entities affiliated with Franchisor through common ownership, and directors, officers, employees and agents of such affiliated entities, from and against any and all claims, debts, liabilities, losses, expenses or obligations including without limitation compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorney's fees, court costs, settlement amounts, and judgments, incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof, arising directly or indirectly from, as a result of, or in connection with, Franchisee's ownership or operation of its business hereunder and/or its use or utilization of the Development System, including, without limitation, the use of any architectural plans and designs provided by Franchisor. Franchisee shall also indemnify Franchisor from any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof brought against Franchisor by any of Franchisee's principals, officers, directors, owners, investors or partners. In the event that any action, suit, proceeding, investigation or inquiry is instituted, or any claim or demand is asserted against or involving Franchisor, Franchisee shall resist and defend such action, suit, proceeding, investigation, inquiry, claim or demand at Franchisee's sole cost and expense or shall cause it to be resisted or defended by an insurer. Franchisee shall also make every reasonable effort to seek to have Franchisor dismissed or released from liability in the event of such action, suit, proceeding, investigation, inquiry, claim or demand. Franchisor shall have the right to resist and defend itself in and/or against any such action, suit, proceeding, investigation, inquiry, claim or demand, and, upon receipt of written notice from Franchisor of the amount expended by Franchisor in such defense, Franchisee shall, within ten business days of such receipt, reimburse Franchisor in full for the total amount of such expenses.

16.2 Franchisee shall at all times during the term of this Agreement, and at its own expense, keep in force by advance payment of premium general liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence and in the amount of not less than Two Million Dollars (\$2,000,000.00) per Project annual aggregate, arising out of a single accident, and with a deductible or self-insured retention on any such policy of not greater than One Thousand Dollars (\$1,000.00), or such other amounts of coverage and self-insurance as Franchisor may specify from time to time, insuring Franchisee against any liability that may accrue by reason of the development by Franchisee of Project(s). Such policy shall include coverage for liability arising from premises-operations, independent contractors and products-completed operations. The policy shall not contain any restrictive endorsements or policy language which excludes coverage for residential construction, work performed by subcontractors on your behalf, or liability assumed under construction contracts. The policy shall name Epcon Communities Franchising, LLC as an additional insured, using ISO Additional Insured Endorsement CG2029 (04-13 or 12-19) or its equivalent which provides premises and completed operations coverage. Franchisee shall carry workers compensation insurance including an employer's liability limit of \$500,000, and commercial auto liability (primary) providing limits of at least \$1,000,000.00 each occurrence, combined single limits or in such other amounts and terms of coverage as Franchisor may specify from time to time. Franchisee shall also carry Umbrella/Excess Liability Insurance written on an "occurrence," not a "claims-made" basis, providing coverage excess of the underlying employer's liability, commercial general liability, and commercial automobile liability insurance, on terms at least as broad as the underlying coverage, with limits of not less than \$5,000,000 per occurrence and in the annual aggregate. Franchisee shall also carry such other types of coverages, under such terms of coverage, as Franchisor may specify from time to time.

16.3 All policies of insurance to be maintained by Franchisee shall name the Franchisee and all Project entities as named insureds and contain a separate endorsement naming Franchisor as an additional insured. All insurance shall be placed with an insurance carrier or carriers with an A.M. Best's rating of "A-" and an A.M. Best's Class rating of "xiv" or better, duly licensed in the state in which the Project is located, or be otherwise approved in writing by Franchisor. All policies of insurance and the certificates evidencing the coverages thereunder shall expressly provide that they shall not be subject to cancellation, material alteration or non-renewal except upon thirty (30) days written notice to Franchisor. At least thirty (30) days prior to the expiration of any policy required hereunder, Franchisee shall deliver to Franchisor, certificates of insurance evidencing the continuation of proper coverage. All policies of insurance, or certifications for insurance with a copy of the original policy attached, showing full compliance with the requirements of this covenant, shall at all times be kept on deposit with Franchisor. Prior to the commencement of construction of Franchisee's Project or the installation of "Epcon Communities" signage, and on an annual basis, Franchisee shall provide to Franchisor evidence in the form of a certificate of insurance and a copy of the actual policy that such insurance remains in full force and effect.

16.4 Franchisee's obligation to obtain and maintain the foregoing policies in the amounts specified shall be through primary insurance coverage and shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions of this Agreement.

16.5 All public liability policies may be required by Franchisor to contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servant, agents or employees.

**Article 17
Waiver**

17.1 No failure of Franchisor to exercise any power or right reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation, covenant, or condition herein, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand strict compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of the payments due to it hereunder shall not be deemed a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, conditions, or obligations of this Agreement.

**Article 18
Notices**

18.1 Except as provided in Section 18.2 of this Agreement, all notices, payments, or other communications required or permitted to be given or made under this Agreement to Franchisor or to Franchisee shall be given in writing and shall be deemed to have been given if delivered by hand or by certified mail, postage prepaid, return receipt requested or transmitted by electronic mail (with a hard copy to be sent within forty-eight (48) hours following such electronic transmissions), or by any commercially reasonable overnight courier service providing a receipt of delivery, effective upon receipt thereof at the addresses set forth below:

if to Franchisor, to:
Epcon Communities Franchising, LLC
500 Stonehenge Parkway
Dublin, Ohio 43017-5067
Attn.: Joseph R. Karpowicz

if to Franchisee, to:

18.2 Either of Franchisor and Franchisee may, by notice given to the other from time to time and at any time, designate a different entity, individual, or address for making payments required to be made or for the giving of notices or other communications. Such notices may be sent by Franchisee to Franchisor via e-mail, and such notices will be effective upon Franchisor's acknowledgment of the receipt of such e-mail.

**Article 19
Complete Agreement**

19.1 This Agreement, and the documents referred to herein, including the Initial Market Area Agreement, the Market Area Agreement and the Market Hold Agreement by and between Franchisor and Franchisee, shall be the entire, full, and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and thereof. This Agreement supersedes all prior franchise agreements, no other representation having induced Franchisee to execute this Agreement; provided however, that nothing herein, or in any related agreement, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee. There are no representations, inducements, promises, or Agreements, oral or otherwise, between the parties not embodied herein which are of any force or effect with reference to this Agreement and the subject matter hereof. There are no implied licenses created by this Agreement. No amendment, change or variance from this Agreement shall be binding on either party hereto unless executed in writing by each. Franchisor and Franchisee agree that if there is any conflict, ambiguity, or inconsistency, in Franchisor's judgment, between the terms of this Agreement or any of the other agreements between the parties, including any New Franchise Agreement, then the applicable terms and provisions,

in Franchisor's judgment, providing Franchisor with greater rights, remedies, powers, privileges, or benefits, shall control.

Article 20 Miscellaneous Provisions

20.1 **Severability.** Each article, section, provision, and term of this Agreement shall be considered severable, and if, for any reason, any article, section, provision, or term herein is determined to be invalid and contrary to or in conflict with any existing or future law or regulation, such shall not impair the operation thereof nor affect the remaining portion of this Agreement. This Agreement will continue to be given full force and effect and bind the parties hereto. Any invalid article, section, provision, or term shall be deemed not to be a part of this Agreement.

20.2 **Choice of Law.** Except to the extent governed by the federal copyright and trademark law, this Agreement shall be deemed to have been entered into under, and for all purposes shall be interpreted, construed, and governed by, the local laws of the State of Ohio, without application of its conflicts of laws principles.

20.3 **Venue.** Except to the extent prohibited by applicable state law to the contrary, and except to the extent of the arbitration provision of Section 13.7 hereof, Franchisor and Franchisee agree that any litigation or legal action to enforce or relating to this Agreement and the relationship of the parties hereunder shall be filed in the United States District Court for the Southern District in Columbus, Ohio, or the Common Pleas Court of Franklin County, Ohio, and each of Franchisor and Franchisee hereby consents to the jurisdiction of such courts.

20.4 **Benefit.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective and legal representatives, successors and permitted assigns and/or sublicensees.

20.5 **Joint and Several Obligations.** If Franchisee consists of more than one person, their liability hereunder shall be deemed to be joint and several.

20.6 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

20.7 **Pronouns.** The number and gender of each pronoun used in this Agreement shall be construed to be such number and gender as context, circumstances, or its antecedent may require.

20.8 **Captions.** The articles and section headings and other captions contained in this Agreement are contained only for convenience of reference and do not define, limit, explain, or modify this Agreement or its interpretation, construction, or meaning, and are not to be construed as part of this Agreement.

20.9 **Limitation of Liability.** Under no circumstances will Franchisor be liable to the Franchisee, and/or its affiliates, officers, directors, owners and employees, for any amount claimed against Franchisor which exceeds the amount actually paid to Franchisor for the Initial Franchise Fee. ALL CLAIMS AGAINST FRANCHISOR AND/OR ITS AFFILIATES, OFFICERS, SHAREHOLDERS, DIRECTORS AND EMPLOYEES FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER BASED UPON THEORIES OF CONTRACT, TORT, OR OTHERWISE, ARE HEREBY WAIVED BY FRANCHISEE.

20.10 **Our Rights.** Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the Development System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of any express limitations set forth in this Agreement.

20.11 **Franchisor's Reasonable Business Judgment.** Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises "Reasonable Business Judgment" (as defined below) in making its decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of "Reasonable Business Judgment," even if other reasonable or even arguably preferable alternatives are available, if its decision or action is intended, in whole or significant part, to promote or benefit the Development System generally even if the decision or action also promotes its financial or other individual interest. Examples of items that will promote or benefit the Development System include, without limitation, enhancing the value of the Marks or the Epcon Communities Works, improving customer service and

satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the Development System.

Article 21
Acknowledgments by Franchisee

21.1 By its signature set forth below, Franchisee acknowledges that:

(a) It has conducted an independent investigation and financial assessment of the business contemplated by this Agreement and the Market Area in which the Project is to be located and recognizes that it involves business risks making the success of the venture largely dependent upon the business abilities of Franchisee as well as other variables. Franchisor has not made, nor has Franchisee received or relied upon, any representations, warranties or guarantees, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

(b) It has no knowledge of any representations by Franchisor, or its officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein, and further represents to Franchisor, as an inducement to its entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

(c) It has received, read and understood this Agreement and the attachments hereto, if any, Franchisor has had fully and adequately explained the provisions of each to its satisfaction; and Franchisor has afforded it ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

(d) It has received Franchisor's Franchise Disclosure Document for the state in which the franchise is to be located at least fourteen (14) calendar days prior to the execution of any agreements or the payment of any consideration to Franchisor.

(e) It is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor's obligations and rights in respect to its various franchisees may differ materially in certain circumstances.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement.

Franchisee: [NAME]

By: _____ Date: _____
[Name, Title]

By: _____ Date: _____
[Name, Title]

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Date: _____

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "1" TO FRANCHISE AGREEMENT

INITIAL MARKET AREA AGREEMENT

(For use with franchisees located in the States of California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Wisconsin.)

This Initial Market Area Agreement (hereinafter the "Initial Market Area Agreement") is made by and between Epcon Communities Franchising, LLC, an Ohio limited liability company having its principal business offices at 500 Stonehenge Parkway, Dublin, Ohio 43017 (hereinafter referred to as "Franchisor"), and _____, a(n) _____ having its principal business offices at _____ (hereinafter referred to as "Franchisee"), to be effective as of the date executed by Franchisor (the "Effective Date").

Pursuant to the terms of the Franchise Agreement, of even date herewith, made by and between the parties hereto and any amendments or addendums thereto (collectively the "Franchise Agreement"), Franchisor and Franchisee make the following agreement, intending to be legally bound thereby:

1. Each term set forth herein having initial capital letters shall have the meaning as set forth herein or, if not defined herein, as specified in the Franchise Agreement.
2. For purposes of this Initial Market Area Agreement, the term "Initial Market Area" includes an area generally larger than the typical Market Area as described below. Within eighteen (18) months of the Effective Date Franchisee and Franchisor shall agree on the location for a Project within the Initial Market Area. Upon Franchisee's and Franchisor's agreement upon the location of a Project, Franchisee and Franchisor shall execute a Market Area Agreement in the form of that attached hereto as Exhibit "B" and execute the Note and Mortgage required by the Franchise Agreement. The "Market Area" in said Market Area Agreement will typically be a smaller geographic area than the Initial Market Area. The "Market Area" is intended to define a specific geographic area that will generate sufficient buyer support for a development. The area included within the Market Area typically takes into consideration existing natural and man-made boundaries and socioeconomic conditions. In the event the parties hereto cannot mutually agree on a Market Area within eighteen (18) months of the Effective Date, then this Initial Market Area and the Franchise Agreement shall automatically terminate and Franchisor and Franchisee shall release each other of any future obligations under this Initial Market Area Agreement and the Franchise Agreement, whether monetary or otherwise, except for those provisions that specifically survive termination.

The Initial Market Area for this Initial Market Area Agreement shall be as depicted on the map attached hereto as Exhibit "A" and incorporated herein for all purposes.

3. Franchisor, having granted to Franchisee a license to use the Development System pursuant to the terms and conditions of the Franchise Agreement, desires to further protect its materials, reputation, and goodwill and to geographically limit use by Franchisee of the Development System in an ordered and controlled manner. Franchisee agrees that such restrictions are essential to the success of the Project and the projects of other franchisees and licensees of Franchisor.
4. Franchisee agrees to fully implement the Development System only within the Initial Market Area depicted on Exhibit "A". Franchisee agrees that Franchisor's review and expressed opinion about any Project location proposed by Franchisee is only Franchisor's opinion respecting how the site meets Franchisor's criteria for locations for Epcon Communities Projects and is based upon Franchisor's limited information about Franchisee's Initial Market Area. It does not constitute a representation, warranty, or an acknowledgment by Franchisor or any employee or agent of Franchisor that an Epcon Communities Project at the proposed location will be successful.
5. Franchisee shall make all payments specified in the Franchise Agreement to Franchisor.
6. Franchisee shall not use or allow to be used the Development System anywhere except at the agreed location within the Initial Market Area specified in this Initial Market Area Agreement executed by and between Franchisor and Franchisee. Franchisee agrees that any unauthorized and unacknowledged use would be in violation of the terms of this Initial Market Area Agreement and of the Franchise Agreement and further agrees that any such breach shall afford to Franchisor each of the rights and remedies set forth in the Franchise Agreement.
7. Except as otherwise provided for in this Initial Market Area Agreement, during the term of the Franchise Agreement, Franchisee shall have certain limited exclusivity rights (the "Limited Rights") to the Initial Market Area depicted on Exhibit

"A" pursuant to the terms and conditions set forth below in this Section 7. While such Limited Rights are in effect, Franchisor agrees to grant to no other licensee or franchisee the right to commence construction (nor to itself commence construction) of a Project utilizing the Development System within the Initial Market Area depicted on Exhibit "A". The parties agree that this grant of certain limited exclusivity rights is contractual only, and is neither intended nor shall be interpreted to transfer any of Franchisor's exclusive rights under United States copyright law to anyone, including Franchisee.

The Limited Rights respecting the Initial Market Area depicted on Exhibit "A" shall immediately terminate upon the earliest to occur of any of the following:

- a) Franchisee at any time is not in full compliance with the provisions of the Franchise Agreement and this Initial Market Area Agreement.
- b) That date that is the earlier of (i) the date Franchisee and Franchisor execute a Market Area Agreement for a Market Area or (ii) the date that is eighteen (18) months from the Effective Date of this Initial Market Area Agreement.
- c) Any assertion by Franchisee, or anyone claiming to be an assignee or beneficiary of Franchisee's rights, that the Limited Rights affected any transfer of any portion of Franchisor's copyrights in any copyrighted work. In the event of any such assertion, Franchisee agrees that it automatically assigns to Franchisor any and all putative rights (including in any and all causes of action for infringement) in all such copyrighted works.

Upon the termination of the Limited Rights, Franchisor shall have the right to grant to any entity the license to use, or may itself use (or may permit its business entity affiliate to use), the Development System to develop a project or projects within the Initial Market Area set forth in Exhibit "A".

- 8. This Agreement shall automatically terminate on the execution of a Market Area Agreement, the date that is eighteen (18) months from the Effective Date of this Agreement, or the effective date of any termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Initial Market Area Agreement.

Franchisee:

By:

By: _____ Date: _____

By: _____ Date: _____

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Date: _____

EXHIBIT A"
(to Initial Market Area Agreement)

Initial Market Area

EXHIBIT "B"

(to Initial Market Area Agreement – Market Area Agreement)

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT CONT'D

EXHIBIT "1" TO FRANCHISE AGREEMENT

INITIAL MARKET AREA AGREEMENT

(For use with franchisees located in states other than the States of California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Wisconsin.)

This Initial Market Area Agreement (hereinafter the "Initial Market Area Agreement") is made by and between Epcon Communities Franchising, LLC, an Ohio limited liability company having its principal business offices at 500 Stonehenge Parkway, Dublin, Ohio 43017 (hereinafter referred to as "Franchisor"), and _____, a(n) _____ having its principal business offices at _____ (hereinafter referred to as "Franchisee"), to be effective as of the date executed by Franchisor (the "Effective Date").

Pursuant to the terms of the Franchise Agreement, of even date herewith, made by and between the parties hereto and any amendments or addendums thereto (collectively the "Franchise Agreement"), Franchisor and Franchisee make the following agreement, intending to be legally bound thereby:

1. Each term set forth herein having initial capital letters shall have the meaning as set forth herein or, if not defined herein, as specified in the Franchise Agreement.
2. For purposes of this Initial Market Area Agreement, the term "Initial Market Area" includes an area generally larger than the typical Market Area as described below. Within eighteen (18) months of the Effective Date Franchisee and Franchisor shall agree on the location for a Project within the Initial Market Area. Upon Franchisee's and Franchisor's agreement upon the location of a Project, Franchisee and Franchisor shall execute a Market Area Agreement in the form of that attached hereto as Exhibit "B" and execute the Note and Mortgage required by the Franchise Agreement. The "Market Area" in said Market Area Agreement will typically be a smaller geographic area than the Initial Market Area. The "Market Area" is intended to define a specific geographic area that will generate sufficient buyer support for a development. The area included within the Market Area typically takes into consideration existing natural and man-made boundaries and socioeconomic conditions. In the event the parties hereto cannot mutually agree on a Market Area within eighteen (18) months of the Effective Date, then this Initial Market Area and the Franchise Agreement shall automatically terminate and Franchisor and Franchisee shall release each other of any future obligations under this Initial Market Area Agreement and the Franchise Agreement, whether monetary or otherwise, except for those provisions that specifically survive termination.

The Initial Market Area for this Initial Market Area Agreement shall be as depicted on the map attached hereto as Exhibit "A" and incorporated herein for all purposes.

3. Franchisor, having granted to Franchisee a license to use the Development System pursuant to the terms and conditions of the Franchise Agreement, desires to further protect its materials, reputation, and goodwill and to geographically limit use by Franchisee of the Development System in an ordered and controlled manner. Franchisee agrees that such restrictions are essential to the success of the Project and the projects of other franchisees and licensees of Franchisor.
4. Franchisee agrees to fully implement the Development System only within the Initial Market Area depicted on Exhibit "A". Franchisee agrees that Franchisor's review and expressed opinion about any Project location proposed by Franchisee is only Franchisor's opinion respecting how the site meets Franchisor's criteria for locations for Epcon Communities Projects and is based upon Franchisor's limited information about Franchisee's Initial Market Area. It does not constitute a representation, warranty, or an acknowledgment by Franchisor or any employee or agent of Franchisor that an Epcon Communities Project at the proposed location will be successful. The decision of Franchisee to proceed with the development of an Epcon Communities Project at the proposed location shall be at the sole discretion of Franchisee based upon its independent analysis, and Franchisee hereby agrees that it shall not have any claim of any nature against Franchisor and its employees and agents if the Epcon Communities Project does not perform in accordance with the expectations of Franchisee.
5. Franchisee shall make all payments specified in the Franchise Agreement to Franchisor.
6. Franchisee shall not use or allow to be used the Development System anywhere except at the agreed location within the Initial Market Area specified in this Initial Market Area Agreement executed by and between Franchisor and Franchisee. Franchisee agrees that any unauthorized and unacknowledged use would be in violation of the terms of this Initial Market Area Agreement and of the Franchise Agreement and further agrees that any such breach shall afford to Franchisor each of the rights and remedies set forth in the Franchise Agreement.

7. Except as otherwise provided for in this Initial Market Area Agreement, during the term of the Franchise Agreement, Franchisee shall have certain limited exclusivity rights (the "Limited Rights") to the Initial Market Area depicted on Exhibit "A" pursuant to the terms and conditions set forth below in this Section 7. While such Limited Rights are in effect, Franchisor agrees to grant to no other licensee or franchisee the right to commence construction (nor to itself commence construction) of a Project utilizing the Development System within the Initial Market Area depicted on Exhibit "A". The parties agree that this grant of certain limited exclusivity rights is contractual only, and is neither intended nor shall be interpreted to transfer any of Franchisor's exclusive rights under United States copyright law to anyone, including Franchisee.

The Limited Rights respecting the Initial Market Area depicted on Exhibit "A" shall immediately terminate upon the earliest to occur of any of the following:

- a) Franchisee at any time is not in full compliance with the provisions of the Franchise Agreement and this Initial Market Area Agreement.
- b) That date that is the earlier of (i) the date Franchisee and Franchisor execute a Market Area Agreement for a Market Area or (ii) the date that is eighteen (18) months from the Effective Date of this Initial Market Area Agreement.
- c) Any assertion by Franchisee, or anyone claiming to be an assignee or beneficiary of Franchisee's rights, that the Limited Rights affected any transfer of any portion of Franchisor's copyrights in any copyrighted work. In the event of any such assertion, Franchisee agrees that it automatically assigns to Franchisor any and all putative rights (including in any and all causes of action for infringement) in all such copyrighted works.

Upon the termination of the Limited Rights, Franchisor shall have the right to grant to any entity the license to use, or may itself use (or may permit its business entity affiliate to use), the Development System to develop a project or projects within the Initial Market Area set forth in Exhibit "A".

8. This Agreement shall automatically terminate on the execution of a Market Area Agreement, the date that is eighteen (18) months from the Effective Date of this Agreement, or the effective date of any termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Initial Market Area Agreement.

Franchisee:

By:

By: _____ Date: _____

By: _____ Date: _____

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Date: _____

EXHIBIT A"
(to Initial Market Area Agreement)

Initial Market Area

EXHIBIT "B"

(to Initial Market Area Agreement – Market Area Agreement)

EXHIBIT D TO FRANCHISE DISCLOSURE DOCUMENT

(Exhibit "B" to Initial Market Area Agreement and Exhibit "2" to Franchise Agreement)

MARKET AREA AGREEMENT

(For use with franchisees located in the States of California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Wisconsin.)

This Market Area Agreement (this "Market Area Agreement") is made by and between Epcon Communities Franchising, LLC, an Ohio limited liability company having its principal business offices at 500 Stonehenge Parkway, Dublin, Ohio 43017 (hereinafter referred to as "Franchisor"), and _____, a(n) _____ having its principal business offices at _____ (hereinafter referred to as "Franchisee"), to be effective as of the date executed by Franchisor (the "Effective Date").

Pursuant to the terms of the Franchise Agreement, dated _____, made by and between the parties hereto (the "Franchise Agreement"), Franchisor and Franchisee make the following agreement, intending to be legally bound thereby:

1. Each term set forth herein having initial capital letters shall have the meaning as set forth herein or, if not defined herein, as specified in the Franchise Agreement.
2. For purposes of this Market Area Agreement, the term "Market Area" is intended to define a geographic area that will generate sufficient purchaser support for a development. The area included within the Market Area typically takes into consideration existing natural and man-made boundaries and socioeconomic conditions. The Market Area for this Market Area Agreement shall be as depicted on the map attached hereto as Exhibit "A" and incorporated herein for all purposes.
3. Franchisor, having granted to Franchisee a license to use the Development System pursuant to the terms and conditions of the Franchise Agreement, desires to further protect its materials, reputation, and goodwill and to geographically limit use by Franchisee of the Development System in an ordered and controlled manner. Franchisee agrees that such restrictions are essential to the success of the Project and the projects of other franchisees and licensees of Franchisor.
4. Franchisee agrees to fully implement the Development System only within the Market Area depicted on Exhibit "A" and at the location or address hereinafter specified:

Proposed Name of Project: _____

Projected Number of Units in the Project: _____

Franchisee agrees that Franchisor's review and expressed opinion about Franchisee's proposed location is only Franchisor's opinion respecting how the site meets Franchisor's criteria for locations for Epcon Communities Projects and is based upon Franchisor's limited information about Franchisee's Market Area. It does not constitute a representation, warranty, or an acknowledgment by Franchisor or any employee or agent of Franchisor that an Epcon Communities Project at the proposed location will be successful.

5. Franchisee shall make all payments specified in the Franchise Agreement to Franchisor.
6. [Intentionally left blank]
7. Franchisee agrees that it shall not use or allow to be used the Development System anywhere except at the location within the Market Area specified in this Market Area Agreement executed by and between Franchisor and Franchisee. Franchisee further agrees that any unauthorized and unacknowledged use would be in violation of the

terms of this Market Area Agreement and of the Franchise Agreement and agrees that any such breach shall afford to Franchisor each of the rights and remedies set forth in the Franchise Agreement.

8. During the term of the Franchise Agreement, Franchisee shall have certain limited exclusivity rights (the "Limited Rights") to the Market Area depicted on Exhibit "A" pursuant to the terms and conditions set forth below in this Section 8. While such Limited Rights are in effect, Franchisor agrees to grant to no other licensee or franchisee the right to commence construction (nor to itself commence construction) of a Project utilizing the Development System within the Market Area depicted on Exhibit "A". The parties agree that this grant of certain limited exclusivity rights is contractual only, and is neither intended nor shall be interpreted to transfer any of Franchisor's exclusive rights under United States copyright law to anyone, including Franchisee.

The Limited Rights respecting the Market Area depicted on Exhibit "A" shall terminate (i) thirty (30) months following the Effective Date of this Market Area Agreement or (ii) immediately upon the occurrence of any of the following:

- a) Franchisee at any time is not in full compliance with the provisions of the Franchise Agreement or this Market Area Agreement.
- b) The date of completion (as defined by Section 11.1 of the Franchise Agreement) of all buildings in the Project described in Section 4 above.
- c) That date on which the rights to use the Development System are terminated pursuant to the Franchise Agreement or as set forth below in Section 9.
- d) Any assertion by Franchisee, or anyone claiming to be an assignee or beneficiary of Franchisee's rights, that the Limited Rights affected any transfer of any portion of Franchisor's copyrights in any copyrighted work. In the event of any such assertion, Franchisee agrees that it automatically assigns to Franchisor any and all putative rights (including in any and all causes of action for infringement) in all such copyrighted works.

Upon the termination of the Limited Rights, Franchisor shall have the right to grant to any entity the license to use, or may itself use (or may permit its business entity affiliate to use), the Development System to develop a project or projects within the Market Area set forth in Exhibit "A".

9. This Agreement shall automatically terminate on the effective date of any termination or expiration of the Franchise Agreement. Franchisee shall be prohibited from using the Development System or any part thereof for any reason thereafter; provided, however, that if Franchisee is then current on all payments of Minimum Monthly Royalty payments and Point of Closing Royalty payments to Franchisor, Franchisor may grant Franchisee a limited license, which shall exclude the Limited Rights, to complete construction of any Unit(s) in the Project previously identified in this Market Area Agreement, provided Franchisee pays Franchisor a Point of Closing Royalty Payment for such Unit(s), Minimum Monthly Royalty payments and the Marketing Program Fees, pursuant to the terms and conditions set forth in the Franchise Agreement and otherwise remains, during the term of the limited license, in full compliance with the terms and conditions set forth in the Franchise Agreement. Notwithstanding anything to the contrary herein, Franchisee's right to complete construction of such Unit(s) shall expire one (1) year after the effective date of termination.

[signature page follows]

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Market Area Agreement.

Franchisee: [NAME]

By: _____ Date: _____
[Name, Title]

By: _____ Date: _____
[Name, Title]

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Date: _____

EXHIBIT "A"
(to Market Area Agreement)

Market Area

EXHIBIT D TO FRANCHISE DISCLOSURE DOCUMENT CONT'D

(Exhibit "B" to Initial Market Area Agreement and Exhibit "2" to Franchise Agreement)

MARKET AREA AGREEMENT

(For use with franchisees located in states other than the States of California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Wisconsin.)

This Market Area Agreement (this "Market Area Agreement") is made by and between Epcon Communities Franchising, LLC, an Ohio limited liability company having its principal business offices at 500 Stonehenge Parkway, Dublin, Ohio 43017 (hereinafter referred to as "Franchisor"), and _____, a(n) _____ having its principal business offices at _____ (hereinafter referred to as "Franchisee"), to be effective as of the date executed by Franchisor (the "Effective Date").

Pursuant to the terms of the Franchise Agreement, dated _____, made by and between the parties hereto (the "Franchise Agreement"), Franchisor and Franchisee make the following agreement, intending to be legally bound thereby:

1. Each term set forth herein having initial capital letters shall have the meaning as set forth herein or, if not defined herein, as specified in the Franchise Agreement.
2. For purposes of this Market Area Agreement, the term "Market Area" is intended to define a geographic area that will generate sufficient purchaser support for a development. The area included within the Market Area typically takes into consideration existing natural and man-made boundaries and socioeconomic conditions. The Market Area for this Market Area Agreement shall be as depicted on the map attached hereto as Exhibit "A" and incorporated herein for all purposes.
3. Franchisor, having granted to Franchisee a license to use the Development System pursuant to the terms and conditions of the Franchise Agreement, desires to further protect its materials, reputation, and goodwill and to geographically limit use by Franchisee of the Development System in an ordered and controlled manner. Franchisee agrees that such restrictions are essential to the success of the Project and the projects of other franchisees and licensees of Franchisor.
4. Franchisee agrees to fully implement the Development System only within the Market Area depicted on Exhibit "A" and at the location or address hereinafter specified:

Proposed Name of Project: _____

Projected Number of Units in the Project: _____

Franchisee agrees that Franchisor's review and expressed opinion about Franchisee's proposed location is only Franchisor's opinion respecting how the site meets Franchisor's criteria for locations for Epcon Communities Projects and is based upon Franchisor's limited information about Franchisee's Market Area. It does not constitute a representation, warranty, or an acknowledgment by Franchisor or any employee or agent of Franchisor that an Epcon Communities Project at the proposed location will be successful. The decision of Franchisee to proceed with the development of an Epcon Communities Project at the proposed location shall be at the sole discretion of Franchisee based upon its independent analysis, and Franchisee hereby agrees that it shall not have any claim of any nature against Franchisor and its employees and agents if the Epcon Communities Project does not perform in accordance with the expectations of Franchisee.

5. Franchisee shall make all payments specified in the Franchise Agreement to Franchisor.
6. [Intentionally left blank]

7. Franchisee agrees that it shall not use or allow to be used the Development System anywhere except at the location within the Market Area specified in this Market Area Agreement executed by and between Franchisor and Franchisee. Franchisee further agrees that any unauthorized and unacknowledged use would be in violation of the terms of this Market Area Agreement and of the Franchise Agreement and agrees that any such breach shall afford to Franchisor each of the rights and remedies set forth in the Franchise Agreement.
8. During the term of the Franchise Agreement, Franchisee shall have certain limited exclusivity rights (the "Limited Rights") to the Market Area depicted on Exhibit "A" pursuant to the terms and conditions set forth below in this Section 8. While such Limited Rights are in effect, Franchisor agrees to grant to no other licensee or franchisee the right to commence construction (nor to itself commence construction) of a Project utilizing the Development System within the Market Area depicted on Exhibit "A". The parties agree that this grant of certain limited exclusivity rights is contractual only, and is neither intended nor shall be interpreted to transfer any of Franchisor's exclusive rights under United States copyright law to anyone, including Franchisee.

The Limited Rights respecting the Market Area depicted on Exhibit "A" shall terminate (i) thirty (30) months following the Effective Date of this Market Area Agreement or (ii) immediately upon the occurrence of any of the following:

- a) Franchisee at any time is not in full compliance with the provisions of the Franchise Agreement or this Market Area Agreement.
- b) The date of completion (as defined by Section 11.1 of the Franchise Agreement) of all buildings in the Project described in Section 4 above.
- c) That date on which the rights to use the Development System are terminated pursuant to the Franchise Agreement or as set forth below in Section 9.
- d) Any assertion by Franchisee, or anyone claiming to be an assignee or beneficiary of Franchisee's rights, that the Limited Rights affected any transfer of any portion of Franchisor's copyrights in any copyrighted work. In the event of any such assertion, Franchisee agrees that it automatically assigns to Franchisor any and all putative rights (including in any and all causes of action for infringement) in all such copyrighted works.

Upon the termination of the Limited Rights, Franchisor shall have the right to grant to any entity the license to use, or may itself use (or may permit its business entity affiliate to use), the Development System to develop a project or projects within the Market Area set forth in Exhibit "A".

9. This Agreement shall automatically terminate on the effective date of any termination or expiration of the Franchise Agreement. Franchisee shall be prohibited from using the Development System or any part thereof for any reason thereafter; provided, however, that if Franchisee is then current on all payments of Minimum Monthly Royalty payments and Point of Closing Royalty payments to Franchisor, Franchisor may grant Franchisee a limited license, which shall exclude the Limited Rights, to complete construction of any Unit(s) in the Project previously identified in this Market Area Agreement, provided Franchisee pays Franchisor a Point of Closing Royalty Payment for such Unit(s), Minimum Monthly Royalty payments and the Marketing Program Fees, pursuant to the terms and conditions set forth in the Franchise Agreement and otherwise remains, during the term of the limited license, in full compliance with the terms and conditions set forth in the Franchise Agreement. Notwithstanding anything to the contrary herein, Franchisee's right to complete construction of such Unit(s) shall expire one (1) year after the effective date of termination.

[signature page follows]

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Market Area Agreement.

Franchisee: [NAME]

By: _____ Date: _____
[Name, Title]

By: _____ Date: _____
[Name, Title]

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Date: _____

EXHIBIT "A"
(to Market Area Agreement)

Market Area

EXHIBIT E TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "3"

(to Franchise Agreement and Sublicense Agreement)

PERSONAL COVENANTS AND AGREEMENT OF PRINCIPAL, OFFICER, DIRECTOR, OWNER, INVESTOR OR PARTNER OF FRANCHISEE

The undersigned agrees as follows:

1. The undersigned acknowledges that he or she is a principal, an officer, a director or the owner of capital stock or a partnership interest (or another membership or control interest or investor in Franchisee) in one or both of _____ ("Franchisee") and/or _____ ("Sublicensee"). Franchisee has entered into a Franchise Agreement dated _____, _____ by and between Franchisee and Epcon Communities Franchising, LLC (the "Franchise Agreement"). Sublicensee has entered into a Sublicense Agreement dated _____, _____ by and between Franchisee and Sublicensee with the consent of Epcon Communities Franchising, LLC (the "Sublicense Agreement"). The undersigned acknowledges the direct personal benefit accruing to him or her under one or both of the Franchise Agreement and the Sublicense Agreement.

2. As an inducement to Epcon Communities Franchising, LLC to enter into the Franchise Agreement with Franchisee, and/or to consent to the Sublicense Agreement, and in consideration of the direct personal benefit to be derived by the undersigned thereby, the undersigned agrees that he or she shall be personally bound by all of the recitations, obligations and covenants of Franchisee contained in Article 5 ("Franchisee's Obligations"), Article 10 ("Confidentiality; Non-Disclosure; Proprietary Information"), Article 11 ("Completion of Project(s)"), Article 13 ("Default; Termination") and Article 16 ("Indemnification and Insurance") of the Franchise Agreement as if such recitations, obligations and covenants were made and given personally by the undersigned directly to Epcon Communities Franchising, LLC as a party to the Franchise Agreement, including without limitation the following:

The undersigned agrees not to communicate or otherwise divulge to, or use for the benefit of any third Party, any information or knowledge concerning the Epcon Communities Development System (as defined in the Franchise Agreement).

The undersigned acknowledges that the Development System is the exclusive property of Epcon Communities Franchising, LLC, and the undersigned agrees that he or she shall not use the Development System or any of its parts or any system, plans, materials, or designs resembling in any way the Development System except in strict accordance with the terms of the Franchise Agreement and the Sublicense Agreement.

The undersigned agrees that it shall not, during the term of Franchise Agreement, without the prior written consent of Epcon Communities Franchising, LLC, directly or indirectly, either as a principal, agent, employee, officer, director or member of any corporation or other business entity, as a partner or sole proprietor, or in any other way, own, develop, construct or have any interest in any real estate development project that is age-restricted or for which the targeted buyers are the 55+ home buyer, and includes, but is not limited to, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in Epcon Communities Franchising, LLC's Development System; provided however, this provision shall not apply to the involvement by the undersigned in the development of other Epcon Communities Projects by other franchisee business entities, or to any ownership by the undersigned of less than three percent (3%) of the outstanding stock of any publicly held corporation.

For a period of two (2) years following the effective date of termination or expiration of this Agreement, whether by lapse of time or other cause, sale and/or assignment of the Epcon Communities franchise granted under the Franchise Agreement, or other cause, the undersigned shall not, directly or indirectly, either as a principal, agent, employee, officer, director or member of any corporation or other business entity, as a partner or sole proprietor, or in any other way engage in the ownership, development or construction of any real estate development project that is age-restricted or for which the targeted buyers are the 55+ home buyer, and includes, but is not limited to, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in Epcon Communities Franchising, LLC's Development System, within (a) ten (10) miles of the geographic border of any "Initial Market Area" granted to any franchisee pursuant to any Initial Market Area Agreement, or any other agreement that is effective between such franchisee and Epcon Communities Franchising, LLC, (b) ten (10) miles of the geographic border of any "Market Area" granted to any franchisee pursuant to any Market Area Agreement or other agreement that is effective between such franchisee and Epcon Communities Franchising, LLC, (c) ten (10) miles of the geographic border of any "Reserved Market Area" reserved for any franchisee or prospective franchisee under any Market Hold Agreement or other agreement that is in effect between such party and

Epcon Communities Franchising, LLC, or (d) ten (10) miles of any real estate development project of Epcon JV, LLC or of any business entity affiliated with Epcon JV, LLC. The determination of whether Section 2.c. has been breached by the undersigned, and the amount of damages payable to Epcon Communities Franchising, LLC as a result of such breach, shall be submitted to arbitration in Columbus, Ohio or another location agreed to by the parties. The arbitration shall be heard before a retired judge or attorney mutually acceptable to the parties. In the event the parties fail to agree upon an arbitrator after reasonable efforts, the arbitration shall be commenced by filing a demand for arbitration with the American Arbitration Association. The arbitration shall be binding on the parties and their successors with no right of appeal. The dispute resolution provisions contained in this Section shall constitute the sole and exclusive method for resolving any disputes between the parties arising under this Section except that Epcon Communities Franchising, LLC shall have the option to file a civil suit in cases in which it is seeking temporary, preliminary and/or permanent injunctive relief or other relief as set forth in Section 14.4 of the Franchise Agreement, in which case the undersigned agrees to venue and jurisdiction in United States District Court for the Southern District in Columbus, Ohio, or the Common Pleas Court of Franklin County, Ohio. The costs of the arbitration, including the arbitrator's fees, shall be borne equally by the parties to the arbitration, unless the arbitrator orders otherwise.

The undersigned agrees that, in the event he or she breaches any obligation or covenant set forth or referenced herein, Epcon Communities Franchising, LLC or Franchisee shall be entitled to use of the remedies set forth in Article 14 ("Remedies") of the Franchise Agreement against the undersigned. In the event that the undersigned breaches its covenant set forth above, Epcon Communities Franchising, LLC or Franchisee shall have right to seek, and the undersigned agrees to pay, liquidated damages in the amounts set forth in Section 14.3 of the Franchise Agreement for each project developed by the undersigned in breach of such covenant.

The undersigned agrees that such recitations, undertakings and covenants are fair and reasonable and will not deprive the undersigned of his or her respective livelihood. The undersigned has read and understands all of the provisions of the Sublicense Agreement and said Articles and Sections of the Franchise Agreement.

3. The undersigned agrees that if any sentence, clause, paragraph or combination of the same in Articles 5, 10, 11 and 16 of the Franchise Agreement or any other covenant or obligation set forth or referenced herein is held by a court of applicable jurisdiction to be unenforceable as applied to the undersigned, then such unenforceable sentence, clause or paragraph may be modified by such court to the extent necessary to render it enforceable, and it shall be enforceable as so modified, and if it cannot be so modified, it shall be severed and the remainder of said Articles shall remain in full force and effect.

4. The undersigned understands and acknowledges that certain information, documents, drawings, specifications, blueprints and other materials, including, materials and plans, provided to Franchisee by Epcon Communities Franchising, LLC pursuant to the Franchise Agreement (and/or Sublicensee pursuant to the Sublicense Agreement) and often referred to as the "Epcon Communities Development System", include confidential and proprietary trade secret information developed by Epcon Communities Franchising, LLC, after the expenditure of considerable time, effort and expense and which derives independent economic value from not being generally known to other persons or to the general public. The undersigned also understands, acknowledges, and agrees that Epcon Communities Franchising, LLC is the sole owner of the copyrights in all architectural works, technical drawings, and other copyrighted works provided to Franchisee pursuant to the Franchise Agreement (and/or Sublicensee pursuant to the Sublicense Agreement) as well as all "derivative works" (as that term is used in the Copyright Act) that may be created as a result of the Franchise Agreement or Sublicense Agreement. The undersigned also understands, acknowledges, and agrees that neither the Franchise Agreement, the Sublicense Agreement, nor this Personal Covenants and Agreement creates any implied license to use, copy, distribute, or create derivative works from any copyrighted work owned by Epcon Community Franchising, LLC, and that the only licenses to do so are those that may be expressly set forth in those agreements.

5. This Personal Covenants and Agreement document shall become effective when accepted by Epcon Communities Franchising, LLC in the State of Ohio and shall be governed by the local laws of such State, without applications of its conflicts of laws principles.

6. Under no circumstances will Epcon Communities Franchising, LLC be liable to the undersigned for any amount claimed against Epcon Communities Franchising, LLC which exceeds an amount equal to (i) the amount of the Initial Franchise Fee (as defined in the Franchise Agreement) actually paid to Epcon Communities Franchising, LLC by Franchisee under the Franchise Agreement, multiplied by (ii) the undersigned's percentage ownership of Franchisee as of the time of determination of any liability. ALL CLAIMS AGAINST EPCON COMMUNITIES FRANCHISING, LLC AND/OR ITS AFFILIATES, OFFICERS, DIRECTORS, SHAREHOLDERS, AND EMPLOYEES FOR

CONSEQUENTIAL, INCIDENTAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER BASED UPON THEORIES OF CONTRACT, TORT, OR OTHERWISE, ARE HEREBY WAIVED BY THE UNDERSIGNED.

(Signature Page to Personal Covenants and Agreement
of Principal, Officer, Director, Owner, Investor or Partner of Franchisee)

Accepted by: Epcon Communities Franchising, LLC

By: _____ Date: _____
[Name, Title]

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Date: _____

EXHIBIT F TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "3A"

(to Franchise Agreement and Sublicense Agreement)

PERSONAL COVENANTS AND AGREEMENT OF ONE PROVIDED DETAILED KNOWLEDGE OF THE DEVELOPMENT SYSTEM

The undersigned agrees as follows:

1. The undersigned acknowledges that, because of his or her employment relationship and/or contractual relationship with _____, ("Franchisee") and/or _____ ("Sublicensee") and/or his or her ownership or other interest in Franchisee and/or Sublicensee or its assigns, he or she has been or will be provided, pursuant to the Franchise Agreement (the "Franchise Agreement") by and between Epcon Communities Franchising, LLC and Franchisee, or the Sublicensee Agreement by and between Franchisee and Sublicensee and consented to by Epcon Communities Franchising, LLC (the "Sublicensee Agreement"), with more detailed information concerning the Epcon Communities Development System (as defined by the Franchise Agreement) than has been or will be disclosed to the general public.
2. In consideration of the personal benefit to be derived by the undersigned thereby, the undersigned agrees that he or she shall be personally bound by the following agreements, covenants and acknowledgments:
 - a. The undersigned agrees not to communicate or otherwise divulge to, or use for the benefit of, himself or herself or any third party any information or knowledge concerning the Development System.
 - b. The undersigned acknowledges that the Development System is the exclusive property of Epcon Communities Franchising, LLC, and the undersigned agrees that he or she shall not use the Development System or any of its parts or any system, plans, materials, or designs resembling in any way the Development System except in strict accordance with the terms of the Franchise Agreement or as he or she may be directed by Franchisee, such direction to be in accordance with the terms of the Franchise Agreement, as determined by Epcon Communities Franchising, LLC in its sole discretion.
 - c. If the undersigned has a limited investment or other ownership interest in the Project (as defined in the Franchise Agreement), the undersigned agrees that he or she has read and shall be personally bound by all of the recitations, obligations, and covenants of Franchisee contained in Sections 5.2, 5.6, and 5.7 of Article 5 of the Franchise Agreement, entitled "Franchisee's Obligations", Article 10 of the Franchise Agreement, entitled "Confidentiality; Non-Disclosure; Proprietary Information", and Section 11.2.2 of the Franchise Agreement, entitled "Completion of Project(s)".
 - d. The undersigned agrees that, in the event he or she breaches any obligation or covenant set forth or referenced herein, Epcon Communities Franchising, LLC and/or Franchisee and/or Sublicensee shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance as necessary to prohibit any violation of the terms of this Personal Covenants and Agreement document or any applicable law, ordinance, or regulation, or which is dishonest or misleading to Epcon Communities Franchising, LLC or the general public.

The undersigned agrees that such recitations, undertakings and covenants are fair and reasonable and will not deprive the undersigned of his or her respective livelihood.

3. The undersigned agrees that, if any covenant or obligation set forth or referenced herein is held by a court of applicable jurisdiction to be unenforceable as applied to the undersigned, then such unenforceable covenant or obligation may be modified by such court to the extent necessary to render it enforceable, and it shall be enforceable as so modified, and if it cannot be so modified, it shall be severed and the remainder shall remain in full force and effect.
4. The undersigned understands and acknowledges that certain information, documents, drawings, specifications, blueprints and other materials, including materials and plans, provided to Franchisee by Epcon Communities Franchising, LLC pursuant to the Franchise Agreement (and/or Sublicensee pursuant to the Sublicense Agreement) and often referred to as the "Epcon Communities Development System", include confidential and proprietary trade secret information developed by Epcon Communities Franchising, LLC, after the expenditure of considerable time, effort and expense and which derives independent economic value from not being generally known to other persons or to the general public. The undersigned also understands, acknowledges, and agrees that Epcon Communities

Franchising, LLC is the sole owner of the copyrights in all architectural works, technical drawings, and other copyrighted works provided to Franchisee pursuant to the Franchise Agreement (and/or Sublicensee pursuant to the Sublicense Agreement) as well as all "derivative works" (as that term is used in the Copyright Act) that may be created as a result of the Franchise Agreement or Sublicense Agreement. The undersigned also understands, acknowledges, and agrees that neither the Franchise Agreement, the Sublicense Agreement, or this Personal Covenants and Agreement, create any implied license to use, copy, distribute, or create derivative works from any copyrighted work owned by Epcon Community Franchising, LLC, and that the only licenses to do so are those may be expressly set forth in those agreements..

5. This Personal Covenants and Agreement document shall become effective when accepted and executed by Epcon Communities Franchising, LLC in the State of Ohio and shall be governed by the local laws of such State, without applications of its conflicts of law principles.
6. Under no circumstances will Epcon Communities Franchising, LLC be liable to the undersigned for any amount claimed against Epcon Communities Franchising, LLC which exceeds an amount equal to (i) the amount of the Project Fee (as defined in the Franchise Agreement) for the Initial Franchise Fee (as defined in the Franchise Agreement) actually paid to Epcon Communities Franchising, LLC by Franchisee under the Franchise Agreement, multiplied by (ii) the undersigned's percentage ownership of Franchisee as of the time of determination of any liability. ALL CLAIMS AGAINST EPCON COMMUNITIES FRANCHISING, LLC AND/OR ITS AFFILIATES, OFFICERS, DIRECTORS, SHAREHOLDERS, AND EMPLOYEES FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER BASED UPON THEORIES OF CONTRACT, TORT, OR OTHERWISE, ARE HEREBY WAIVED BY THE UNDERSIGNED.

By: _____ Date: _____
[Name, Title]

Accepted by:
Franchisee: [NAME]
By: _____ Date: _____
[Name, Title]

By: _____ Date: _____
[Name, Title]

Accepted By:
Sublicensee: [NAME]
By: _____ Date: _____
[Name, Title]

By: _____ Date: _____
[Name, Title]

Epcon Communities Franchising, LLC
By: _____
Joseph R. Karpowicz, Assistant General Counsel
By: _____
Paul W. Hanson, President
Date: _____

EXHIBIT G TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "4"

(to _____ Franchise Agreement)

MARKET HOLD AGREEMENT

This Market Hold Agreement (this "Market Hold Agreement") is made by and between Epcon Communities Franchising, LLC, an Ohio limited liability company having its principal business offices in Dublin, Ohio (hereinafter referred to as "Franchisor"), and _____, a _____ corporation having its principal business offices located at _____ (hereinafter referred to as "Franchisee").

RECITALS

A. Franchisor and Franchisee are parties to that certain Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted a license to Franchisee to use the Epcon Communities Development System (as defined in the Franchise Agreement), and are parties to at least one Market Area Agreement (the "Market Area Agreement"), pursuant to which Franchisor and Franchisee have agreed upon a site-specific location for a Project (as defined in the Franchise Agreement) to be constructed by Franchisee within a Market Area (as defined in the Market Area Agreement).

B. Franchisee desires to obtain a reservation or "hold" upon another Market Area, as set forth in Exhibit "A" to this Market Hold Agreement (the "Reserved Market Area") pending its decision on whether to enter into a Franchise Agreement and Market Area Agreement with Franchisor to develop a Project at a location within the Reserved Market Area, and Franchisor has agreed to grant to Franchisee such reservation for such Reserved Market Area. Franchisee may only, at Franchisor's sole discretion, obtain a reservation or "hold" on one proposed Market Area for each active Market Area that has a Project currently under development.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Franchisee shall have paid to Franchisor no later than the time of Franchisee's execution of this Market Hold Agreement a non-refundable fee in the amount of \$5,000 (the "Initial Market Hold Fee").

2. For a period of twelve (12) months from the Effective Date (as hereinafter defined) of this Market Hold Agreement (the "Term"), Franchisor will not itself develop, nor will it grant to a third party a license to develop, a Project utilizing the Development System within the Reserved Market Area, except after first proceeding in compliance with the provisions of Section 5 hereof.

3. At any time within the Term, as long as Franchisee is in full compliance with all of its obligations provided in the Franchise Agreement and all other agreements between Franchisee and Franchisor, Franchisee may notify Franchisor that Franchisee desires to execute with Franchisor a Franchise Agreement and Market Area Agreement having as its Market Area (as defined in the Market Area Agreement) a geographic area identical to the Reserved Market Area or a geographic area making up a portion of the Reserved Market Area. Franchisee acknowledges and agrees that the Market Area reflected in the Franchise Agreement and Market Area Agreement will generally be a smaller geographic area than the Reserved Market Agreement under this Market Hold Agreement. Franchisee shall be obligated to execute a Franchise Agreement and Market Area Agreement with Franchisor prior to the earlier of the closing of the land purchase transaction by Franchisee or the obtaining of zoning or plan approval by governmental authorities by Franchisee respecting a specific site located within the Reserved Market Area. Upon the execution by Franchisor and Franchisee of such Franchise Agreement and Market Area Agreement and the payment to Franchisor by Franchisee of the applicable fee(s) for the Project as provided by the Franchise Agreement this Market Hold Agreement shall expire. Provided, if the parties enter into such Franchise Agreement and Market Area Agreement on or before the end of the Term of this Market Hold Agreement, the applicable non-refundable Initial Market Hold Fee, as the case may be, paid to Franchisor shall be applied to the applicable fee(s) for such Project. No portion of the Fee will be applied to Project fees when the Franchise Agreement and Market Area Agreement is entered into after the end of the Term of this Market Hold Agreement. No more than one (1) \$5,000.00 Fee will be applied to the applicable Project fee(s).

4. This Market Hold Agreement and the rights provided to Franchisee hereunder may not be assigned by Franchisee to any other party without the prior written consent of Franchisor. Any attempt to assign either the Market

Hold Agreement or the rights provided to Franchisee hereunder shall cause the Term hereof and the rights provided hereunder automatically to expire. The parties agree that this grant of certain limited rights is contractual only, and is neither intended nor shall be interpreted to transfer any of Franchisor's exclusive rights under United States copyright law.

5. This Market Hold Agreement shall be interpreted, construed, and governed by the local laws of the State of Ohio, without application of its conflicts of laws principles.

6. The effective date of this Market Hold Agreement (the "Effective Date") shall be the date upon which the Franchisor receives the Initial Market Hold Fee from Franchisee or which the Franchisor executes this Market Hold Agreement, whichever is later.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Market Hold Agreement to be effective as of the Effective Date.

Franchisee:

By: _____ Date: _____
[Name, Title]

By: _____ Date: _____
[Name, Title]

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Effective Date: _____

EXHIBIT "A"
(to _____ Market Hold Agreement)

The Reserved Market Area

That area located in and included within the following described boundary:

As depicted on the attached map as that area enclosed by the heavy dark line.

EXHIBIT "A" Map
To _____ Market Hold Agreement

EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "5"
(to Franchise Agreement)

SUBLICENSE AGREEMENT

This Sublicense Agreement (this "Sublicense Agreement") is made and entered into this ___ day of _____, 20__ by and between _____, a _____, having its principal place of business at _____ ("Franchisee"), and _____ limited liability company having its principal place of business at _____ (Sublicensee").

Recitals

A. Franchisee has entered into that certain Epcon Communities Franchising, LLC Franchise Agreement (the "Franchise Agreement"), dated _____, with Epcon Communities Franchising, LLC (hereinafter "Franchisor"), a copy of which is attached as Exhibit "A" to this Agreement, respecting the grant by Franchisor to Franchisee of the franchise and license to use the Epcon Communities Development System (as defined in the Franchise Agreement) in the development of Epcon Communities projects and a license to use Epcon Communities' Marks (as defined in the Franchise Agreement) in connection therewith.

B. Pursuant to the Franchise Agreement, Franchisee may, after meeting certain preconditions to Franchisor's satisfaction and obtaining Franchisor's prior consent, grant a sublicense to a business entity having identical or substantially identical ownership with Franchisee to permit such Sublicensee business entity to use the Development System and the Marks licensed to Franchisee under the Franchise Agreement to develop and market its own Epcon Communities project.

C. Franchisee desires to sublicense certain of its rights under the Franchise Agreement to Sublicensee, and Sublicensee desires to accept the assignment of such rights and to assume certain of Franchisee's obligations under the Franchise Agreement.

D. Franchisee and Sublicensee each desire to acknowledge that Franchisor is intended to be a third-party beneficiary of this Sublicense Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing, of the agreements, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee and Sublicensee hereby agree as follows, each intending to be legally bound hereby:

1. Grant of Sublicense. Franchisee hereby expressly grants to Sublicensee a limited, nontransferable and royalty free sublicense to use the Development System, Epcon Communities Works and the Marks solely in connection with the development and marketing of an Epcon Communities project pursuant to a Market Area Agreement to be executed by and between Sublicensee and Franchisor and subject to the terms and conditions set forth in the Franchise Agreement and this Sublicense Agreement. Compliance with all terms and conditions of this Sublicense Agreement, is a strict condition precedent to this sublicense. This sublicense shall not include the grant of rights to, or the imposition of obligations upon, Franchisee provided under Sections 3.4 or 4.1 of the Franchise Agreement. Article 21 of the Franchise Agreement shall not be included in the sublicense hereunder. The Franchise Agreement shall remain in full force and effect subsequent to execution of this Sublicense Agreement. Notwithstanding the foregoing, this Section 1 shall not prevent the Sublicensee from using those materials provided by Franchisor to Franchisee pursuant to Section 4.1 of the Franchise Agreement.

2. Acceptance of Sublicense and Assumption of the Obligations. Sublicensee hereby accepts the sublicense described in Section 1 hereof and, as of the date hereof, assumes, and agrees to be bound by, all of Franchisee's obligations under the Franchise Agreement and any related agreements as such obligations relate to the Epcon Communities project developed by Sublicensee.

3. Term. Except as provided in Section 5 of this Sublicense Agreement, the sublicense granted pursuant to Section 1 of this Sublicense Agreement shall remain in full force and effect until the earlier of (a) the date of the sale of the last unit of Sublicensee's Epcon Communities project (b) the date that is one year after the completion of construction (as defined by Section 11.1 of the Franchise Agreement) of the last unit of Sublicensee's Epcon Communities project or (c) the date of the termination of the Franchise Agreement (the "Term").

4. Ownership of Development System, Epcon Communities Works and Marks. Sublicensee acknowledges Franchisor's sole and exclusive rights in and to the Development System, Epcon Communities Works and the Marks, and Sublicensee agrees that it will do nothing inconsistent with such rights and interests and that all use of the Development System, Epcon Communities Works and the Marks by Sublicensee shall inure to the benefit of and be on behalf of Franchisor. If requested by Franchisor or Franchisee, Sublicensee agrees to assist Franchisor in recording this Sublicense Agreement with the appropriate governmental authorities. Sublicensee agrees that nothing in this Sublicense Agreement shall give Sublicensee any right, title or interest in any of the Development System, Epcon Communities Works or the Marks other than the right to use the Development System, Epcon Communities Works and the Marks in accordance with this Sublicense Agreement, and Sublicensee agrees that it will not attack the title of Franchisor to the Development System, Epcon Communities Works or the Marks or attack the validity of the Franchise Agreement or validity of the sublicense granted pursuant to this Sublicense Agreement. **Sublicensee acknowledges and agrees that its strict compliance with the provisions of this Sublicense Agreement is a condition precedent to its sublicense to utilize the Epcon Communities Works, and as such any use of such works in violation of any of these provisions is unauthorized and will be acts of copyright infringement.**

5. Termination. This Sublicense Agreement may be terminated in compliance with Article 13 of the Franchise Agreement. Upon the effective date of any termination of this Sublicense Agreement and, in any event, upon expiration of the Term, Sublicensee shall, immediately upon the effective date of such termination or the expiration of the Term, as the case may be, discontinue all use of the Development System, Epcon Communities Works and the Marks and any terms or logos confusingly similar thereto, shall cooperate with Franchisor and Franchisee or their appointed agents in applying to the appropriate governmental authorities to cancel recording of this Sublicense Agreement from all government records and shall destroy all existing inventory of materials and all advertising, promotional and other printed materials bearing the Marks.

6. Infringement Actions. Sublicensee shall notify Franchisee and Franchisor of any unauthorized use of the Development System, Epcon Communities Works or the Marks by third parties promptly as it comes to Sublicensee's attention. Franchisor shall have the sole and exclusive right and discretion to bring infringement or unfair competition proceedings involving the Development System, Epcon Communities Works or the Marks.

7. **ACKNOWLEDGMENT OF EXISTENCE OF THIRD-PARTY BENEFICIARY OF THIS AGREEMENT, EPCON COMMUNITIES FRANCHISING, LLC.** FRANCHISEE AND SUBLICENSEE ACKNOWLEDGE AND AGREE THAT EACH CONTEMPLATES AND INTENDS THAT: (A) THIS AGREEMENT AND ITS SPECIFIC PROVISIONS ARE INTENDED DIRECTLY AND PRIMARILY TO BENEFIT FRANCHISOR, AND FRANCHISOR IS INTENDED TO BE, AND SHALL BE, A THIRD-PARTY BENEFICIARY OF THIS AGREEMENT; (B) SUBLICENSEE, IN EXECUTING THIS AGREEMENT, SHALL ASSUME A DIRECT OBLIGATION TO FRANCHISOR, AS SUCH THIRD-PARTY BENEFICIARY, TO PERFORM CERTAIN OF FRANCHISEE'S OBLIGATIONS UNDER THE FRANCHISE AGREEMENT; AND (C) FRANCHISOR, AS SUCH THIRD-PARTY BENEFICIARY, SHALL BE CONFERRED WITH THE RIGHTS, IN ITS SOLE DISCRETION, TO ITSELF TAKE ANY ACTION OR PURSUE ANY REMEDY THAT IT DEEMS NECESSARY IN ORDER TO ENFORCE THE PROVISIONS HEREOF OR OF THE FRANCHISE AGREEMENT AND TO WHICH IT WOULD BE ENTITLED AS A PARTY ENFORCING THIS AGREEMENT. FRANCHISOR SHALL BE ENTITLED TO ANY REMEDIES AVAILABLE AT LAW, IN EQUITY, OR PROVIDED IN THE FRANCHISE AGREEMENT FOR ANY BREACH BY SUBLICENSEE OF ANY PROVISION HEREOF OR OF ANY MARKET AREA AGREEMENT.

8. Representations and Warranties; Covenants. Sublicensee represents and warrants that, as of the date hereof, the information set forth on Exhibit "B" attached hereto is true and accurate. Sublicensee shall join as an obligor of any obligations of Franchisee in favor of Franchisor by execution of any documents requested by Franchisor, and Sublicensee shall promptly deliver any mortgages, security agreements or other security instruments requested by Franchisor.

9. Indemnification. Sublicensee shall at all times (notwithstanding the termination or expiration of this Sublicense Agreement) indemnify Franchisee and Franchisor and any of their respective officers, agents, employees or representatives against any and all claims, demands, actions, liabilities, damages, costs or expenses (including reasonable attorneys' fees) arising out of Sublicensee's development and marketing of an Epcon Communities project or the sale or advertisement of condominiums under the Marks.

10. Miscellaneous.

A. Notices. All notices and other communications required or permitted to be given pursuant to this Sublicense Agreement shall be given in writing and shall be deemed to have been given if delivered by hand or by certified mail, postage prepaid, or by telecopier or telex (with a hard copy to be sent within forty-eight (48) hours

following such electronic transmissions), or by any commercially reasonable overnight courier service providing a receipt of delivery, effective upon receipt thereof at the addresses set forth in the first paragraph hereof. Any party to this Sublicense Agreement may, by notice given in accordance with this Section 10.A., designate a new address for notices and other communications to such party.

B. Duplicate Originals. This Sublicense Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, when taken together, shall be deemed to constitute a single instrument.

C. Successors and Assigns. The sublicense granted to Sublicensee hereunder shall be personal to Sublicensee and may not be assigned or sublicensed by Sublicensee to any other party without the prior written consent of Franchisee and Franchisor. Notwithstanding the foregoing, this Sublicense Agreement shall inure to the benefit of and be binding upon the respective successors and assigns (including successive, as well as immediate, successors and assigns) of the parties hereto.

D. Captions. The captions in this Sublicense Agreement are included for convenience of reference only and do not define, limit, explain or modify this Sublicense Agreement or its interpretation, construction or meaning and are in no way to be construed as a part of this Sublicense Agreement.

E. Amendments, Changes and Modifications. This Sublicense Agreement may be amended, changed or modified only in a writing executed by each of the parties hereto.

F. Waiver. The failure of either party to insist in any one or more instances upon strict performance by the other of its obligations under this Sublicense Agreement shall not constitute a waiver or relinquishment of any such obligation in the future, and the same shall continue in full force and effect.

G. Choice of Law and Venue. The parties hereto agree that any litigation or legal action to enforce or relating to this Agreement and the relationship of the parties hereto shall be governed by the choice of law and venue provisions of the Franchise Agreement.

H. Entire Agreement. This Sublicense Agreement, together with the exhibits attached hereto, constitutes the entire agreement between the parties hereto in respect of the subject matter of this Sublicense Agreement, and supersedes and cancels any other agreement, representation or communication, whether oral or in writing, between the parties hereto relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement to be effective on the day and year first written above.

Franchisee:

By: _____ Date: _____
[Name, Title]

Sublicensee:

By: _____ Date: _____
[Name, Title]

FRANCHISOR'S CONSENT TO SUBLICENSE

For valuable consideration, receipt of which is acknowledged, Epcon Communities Franchising, LLC, an Ohio limited liability company ("Franchisor"), hereby consents to the sublicense by _____, as Franchisee, to _____, as Sublicensee, of certain of the rights granted to Franchisee, and certain obligations imposed upon Franchisee, by the Epcon Communities Franchising, LLC Franchise Agreement, dated as of _____ by and between Franchisor and Franchisee and attached hereto as Exhibit "A". Franchisor hereby agrees that such Franchise Agreement shall remain in full force and effect.

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Date: _____

Exhibit "A"
(to Sublicense Agreement)

THE FRANCHISE AGREEMENT

Exhibit "B"
(to Sublicense Agreement)

You have requested that Epcon Communities Franchising, LLC consent to the sublicense of your rights and obligations under the Epcon Communities Franchising, LLC Franchise Agreement to a related entity to the franchisee entity. In order for us to consider your request, we will need you to provide us with the following information:

A. Licensor:

1. Full legal name of franchisee entity: _____
2. Type of entity (corporation, partnership, limited partnership, limited liability company): _____

3. State where franchisee entity is registered: _____
4. Date of formation: _____
5. Ownership of franchisee entity:

Name	Percentage of Ownership
_____	_____
_____	_____
_____	_____
6. Location(s) of Epcon Project(s): _____

B. Related Entity: (If this entity has not yet been established, provide information regarding the plans for the entity.)

1. Full legal name of related entity: _____
2. Full business address of related entity: _____
3. Type of entity (corporation, partnership, limited partnership, limited liability company): _____

4. State where related entity is registered: _____
5. Date of formation: _____
6. Ownership of related entity:

Name	Percentage of Ownership
_____	_____
_____	_____
_____	_____
7. Location(s) of Epcon Project(s): _____

C. Purpose of Proposed Sublicense Arrangement:

Activities related to construction, marketing and sales of a _____ unit project containing _____ Epcon condominium homes.

D.

Signature of Individual Submitting Response
Title: _____

Date: _____

EXHIBIT I LENDER ASSIGNMENT AGREEMENT

Exhibit "6"
(to the Franchise Agreement)

LENDER ASSIGNMENT AGREEMENT

THIS LENDER ASSIGNMENT AGREEMENT (this "Assignment Agreement") is made to be effective as of the ____ day of _____, 20____, by and between, _____, a(n) _____ (hereinafter, "Assignor"), and _____, a(n) _____ (hereinafter "Assignee").

Recitals

A. Assignor has entered into that certain Epcon Communities Franchising, LLC Franchise Agreement (the "Franchise Agreement"), including the Market Area Agreement attached thereto (the "Market Area Agreement"), both dated _____, 20____, with Epcon Communities Franchising, LLC (hereinafter "Epcon Communities"), relating to the grant by Epcon Communities to Assignor of the license to use the Epcon Communities Development System in the market area depicted and described in the Market Area Agreement.

B. Assignee desires to obtain collateral security for the payment and performance of certain obligations by and from Assignor to and on behalf of Assignee, and to ensure the performance of the Franchise Agreement and Market Area Agreement, including but not limited to payments therein specified, without altering or otherwise increasing Epcon Communities' duties or obligations thereunder.

C. Assignor desires to assign certain rights and obligations under the Franchise Agreement and Market Area Agreement, to Assignee, and Assignee desires to accept the assignment of and, if upon the default by Assignor under the loan agreement or other agreement(s) between Assignor and Assignee (the "Loan Agreements"), Assignee decides to use the Development System to complete any unfinished Project(s) (as defined in the Franchise Agreement), and promptly communicates such decision to Epcon Communities in writing, the assumption of such obligations of the franchisee as set forth in the Franchise Agreement and Market Area Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing, of the agreements, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee do hereby agree as follows:

1. Assignment of Franchise Agreement and Market Area Agreement. Assignor hereby expressly grants, bargains, sells, conveys, transfers and assigns to Assignee such of Assignor's right, title and interest in and to the Franchise Agreement and the Market Area Agreement (copies of which are attached hereto, made a part hereof and marked as Exhibit "A"), and the license granted thereunder, which may be necessary to permit Assignee to complete any Project which is the subject thereof upon the default or occurrence of an event of default by Assignor under any of the Loan Agreements (hereinafter, the "Assignment"). The Assignment shall not include the rights of the franchisee provided under Sections 3.4 of the Franchise Agreement.
2. Acceptance of Assignment and Assumption of the Obligations. Assignee hereby accepts the Assignment and, if, upon the default by Assignor under the Loan Agreements, Assignee decides to use the Development System to complete any unfinished Project(s), assumes, and agrees to be bound by all of Assignor's obligations under the Franchise Agreement as such obligations relate to the Epcon Communities project developed by Assignor and such of Assignor's obligations under the Franchise Agreement and the Market Area Agreement as are corresponding with the right, title, and interest transferred to Assignee in Section 1 hereof (hereinafter, the "Obligations"). Assignee shall promptly communicate in writing to Epcon Communities its decision respecting assumption of the Obligations as franchisee under the Franchise Agreement and the Market Area Agreement. If Assignee, in full compliance with the terms of the Franchise Agreement and the Market Area Agreement uses the Development System to complete a Project or Projects, Assignee shall have no obligation to Epcon Communities to cause Assignee's stock certificates or other certificates evidencing ownership to be inscribed with a legend referencing the Franchise Assignment Agreement, the Lender Agreement, or the Market Area Agreement.
3. Assignor's Continuing Liability for the Obligations. Notwithstanding the Assignment, Assignor hereby acknowledges and agrees that it shall remain liable to Epcon Communities for all of the Obligations.

4. Ownership of Development System. Assignee acknowledges Epcon Communities' sole and exclusive rights in and to the Development System, and Assignee agrees that it will do nothing inconsistent with such rights and interests. Assignee agrees that nothing in this Assignment Agreement shall give Assignee any right, title or interest in any of the Development System other than the right to use the Development System in accordance with this Assignment Agreement, and each of the Franchise Agreement and the Market Area Agreement, attached hereto as Exhibit "A", and Assignee agrees that it will not attack the title of Epcon Communities or its affiliates to the Development System or attack the validity of the Franchise Agreement or the validity of the assignment granted pursuant to this Assignment Agreement. **Assignee further acknowledges and agrees that its strict compliance with these provisions is a condition precedent to any license to utilize the Epcon Communities Works, and as such any use of such works in violation of any of these provisions is unauthorized and will be acts of copyright infringement.**

5. Third-Party Beneficiary. Assignor and Assignee acknowledge and agree that each contemplates and intends that: (a) this Assignment Agreement and its specific provisions are intended directly to benefit Epcon Communities, and Epcon Communities is intended to be, and shall be, a third-party beneficiary of this Assignment Agreement; (b) Assignee, if it decides to use the Development System to complete any unfinished Project(s) pursuant to Section 2 above, shall assume a direct obligation to Epcon Communities, as such third-party beneficiary, to perform certain of Assignor's obligations under the Franchise Agreement and the Market Area Agreement; and (c) Epcon Communities, as such third-party beneficiary, shall be conferred with the rights, in its sole discretion, to itself take any action or pursue any remedy that it deems necessary in order to enforce the provisions hereof or of the Franchise Agreement and to which it would be entitled as a party enforcing this Assignment Agreement. Epcon Communities shall be entitled to any remedies available at law, in equity, or provided in the Franchise Agreement for any breach by Assignee of any provision hereof or of any Market Area Agreement.

6. Acknowledgment of Conditions of Consent. Each of Assignor and Assignee acknowledges and agrees to the conditions set forth in Epcon Communities' Consent to Assignment attached hereto.

7. Termination: Expiration. Effective as of the effective date of any termination or expiration of the Franchise Agreement, this Assignment Agreement shall automatically terminate. Upon the final payment in full by Assignor to Assignee of all of Assignor's obligations to Assignee under the Loan Agreements, Assignee shall promptly provide notice to Epcon Communities of such payment in full, and this Assignment Agreement shall automatically terminate.

8. Successors and Assigns. This Assignment Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns.

9. Counterparts. This Assignment Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, taken together, shall constitute a single instrument.

10. Governing Law. This Assignment Agreement shall be deemed to have been made and entered into in the State of Ohio, and all rights and obligations of the parties hereto shall be governed by and construed in accordance with the local laws of the State of Ohio, without application of its conflicts of laws provisions

IN WITNESS WHEREOF, the parties hereto have executed or caused to be executed this Assignment Agreement to be effective on the day and year first written above.

ASSIGNOR: NAME

By: _____ Date: _____
 [Name, Title]

ASSIGNEE: NAME

By: _____ Date: _____
 [Name, Title]

EPCON COMMUNITIES' CONSENT TO ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, Epcon Communities Franchising, LLC ("Epcon Communities"), hereby consents to the assignment, as evidenced by the Lender Assignment Agreement, of the Epcon Communities Franchising, LLC Franchise Agreement and Market Area Agreement or Small Market Area Agreement, as applicable, attached hereto as Exhibit "A" by _____, as Assignor, to _____, as Assignee, and agrees that such Franchise Agreement and Market Area Agreement or Small Market Area Agreement, as applicable, shall remain in full force and effect in accordance with their terms, as amended by the Lender Assignment Agreement; provided and conditioned, however, upon fulfillment by both Assignor and Assignee, of the following conditions:

1. Epcon Communities' duties and obligations pursuant to the terms of the Franchise Agreement and Market Area Agreement or Small Market Area Agreement, as applicable, are not altered or otherwise increased.
2. Epcon Communities shall be paid any and all payments specified in the Franchise Agreement no later than the applicable payment due dates.
3. Assignor fully complies with the terms of the Franchise Agreement, Market Area Agreement or Small Market Area Agreement, as applicable, and any and all other agreements between Epcon Communities and Assignor. Notwithstanding the foregoing, if Assignor is not in full compliance with the terms of each such agreement(s) but either of the following occur Epcon Communities shall consent to the assignment: (i) if Assignor's non-compliance is due to nonpayment of amounts due to Epcon Communities related to the subject Project, Assignee shall pay any fees related to such Project that are past due and payable to Epcon Communities and shall agree to pay any fees related to such Project that become due and payable to Epcon Communities in the future, or (ii) if Assignor's non-compliance is due to a material default in Assignor's use of the Development System in the construction of the Project, Assignee agrees to correct such material defaults and use the entire Development System without modification or deviation.
4. Assignee fully complies with the terms of the Franchise Agreement and Market Area Agreement or Small Market Area Agreement, as applicable, including without limitation, upon its decision to use the Development System to complete a Project or Projects, providing to Epcon Communities copies of the documents attached as Exhibit "2" and/or Exhibit "2A" to the Franchise Agreement executed by those individuals who will be acting on behalf of Assignee in completing any Project(s) and will be provided more detailed information regarding the Development System than has been provided to the general public.
5. In the event that Epcon Communities must hold initial training sessions for the benefit of Assignee, or Assignee's agents and employees, Assignee agrees to pay to Epcon Communities a reasonable tuition fee for each attendee attending such training.

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

Date: _____

EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "7"
(to Franchise Agreement)

**[THE SPECIFIC FORM OF MORTGAGE OR SECURITY INSTRUMENT USED IN EACH JURISDICTION
WILL VARY TO COMPLY WITH APPLICABLE STATE AND LOCAL LAWS.]**

MORTGAGE

- A. This Mortgage is made by and between:
1. _____ (NAME OF MORTGAGOR), a(n)
_____ (STATE OF MORTGAGOR'S ORGANIZATION)
_____ (TYPE OF ENTITY) whose address is
_____ ("Mortgagor"); and
 2. **EPCON COMMUNITIES FRANCHISING, LLC**, an Ohio limited liability company located at 500 Stonehenge Parkway, Dublin, Ohio 43017 ("Mortgagee").
- B. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor mortgages, hypothecates, pledges, grants, conveys, bargains, sells, and transfers to Mortgagee:
1. All of Mortgagor's fee simple right, title, and interest in the property described in attached Schedule A, including, without limitation, any and all appurtenances thereto, and any and all buildings, structures, fixtures, and improvements thereon, whether now or later existing (collectively "Property");
 2. All rents, revenues, profits, sale proceeds, and other benefits relating to the Property ("Rents");
- C. This Mortgage secures payment of any and all present and future franchise fees owed by Mortgagor to Mortgagee pursuant to that certain Franchise Agreement dated _____, 20__, including but not limited to the Point of Closing Royalty Payments as defined in the Franchise Agreement in the original principal sum of \$ _____ (the "Obligations").
- D. Upon default under the Obligations:
1. To the extent permitted by law, Mortgagee may completely or partially foreclose upon and sell the Property in accordance with the applicable private, nonjudicial foreclosure procedures prescribed by state law;
 2. If state law prohibits private foreclosure sales, Mortgagee may institute court proceedings for complete or partial foreclosure upon sale of the Property in accordance with state law.
- E. This Mortgage remains in effect until Mortgagee releases it.
1. Upon full and final payment and performance of all of the Obligations, Mortgagee will release this Mortgage.
 2. Upon release, this Mortgage will be void.
 3. Mortgagee shall provide a partial release of this Mortgage for any portion of the Property upon Mortgagee's receipt of payment of the applicable percentage of each dwelling unit's purchase price as set forth in the Franchise Agreement by and between Mortgagor or Mortgagor's predecessor in interest and Mortgagee.
 4. Any partial release of this Mortgage shall not release Mortgagor of any obligations under this Mortgage or under the Obligations, nor preclude Mortgagee from exercising any right granted in this Mortgage.

F. This Mortgage is governed by the laws of the State where the Property is located.

a(n) _____ (NAME OF MORTGAGOR),

(STATE OF MORTGAGOR'S ORGANIZATION)
(TYPE OF ENTITY).

Signature: _____

By (print) : _____

Title: _____

Date: _____

STATE OF _____) SS.
COUNTY OF _____)

On this ___ day of _____, A.D. 20__, before me, the undersigned, personally appeared

(NAME), _____ (TITLE),

(NAME OF MORTGAGOR), a(n) _____ (STATE OF
MORTGAGOR'S ORGANIZATION) _____ (TYPE OF ENTITY) who acknowledged
execution of the foregoing instrument for the purposes therein contained on behalf of said company.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

Prepared By _____, Mortgagee.

EXHIBIT A

LEGAL DESCRIPTION TO MORTGAGE

EXHIBIT K TO FRANCHISE DISCLOSURE DOCUMENT

NON-DISCLOSURE AND ON-LINE INFORMATION ACCESS AGREEMENTS

Epcon Communities Franchising, LLC Non-Disclosure and On-Line Information Access Agreement
(Franchisee)

Welcome to the Epcon Communities Franchising, LLC Intranet! Read all terms and conditions of this Epcon Communities Franchising, LLC ("Epcon Communities") Non-Disclosure and On-Line Information Access Agreement (this "Agreement") before signing. Complete the bottom section, have it signed by an authorized person and either e-mail, fax or mail it to Epcon Communities at the facsimile number or addresses at the end of this Agreement. Upon receipt and acceptance by Epcon Communities, Epcon Communities will contact you with your User Name and Password so you can access the Epcon Communities Intranet and/or the Epcon Learning Center.

The following items will describe the terms of service for the Epcon Communities services collectively known as the Epcon Communities Intranet. These services include a web site, online training modules, and a bulletin board service, as well as any services, which may be added from time to time. The purpose of the Epcon Communities Intranet is to facilitate communication between you and other Epcon Communities franchisees and their employees, Epcon Communities employees and Epcon Communities departments. We at Epcon Communities believe that you will find the Epcon Communities Intranet to be both useful as a means for receiving technical information and assistance from Epcon Communities, and as a forum for discussion on a wide range of issues of interest to the Epcon Communities community as a whole. Because you, as an Epcon Communities Intranet User, will have the ability not only to access information on the Epcon Communities Intranet, but also the ability to contribute information by uploading information, and/or participating in real-time and other communications, you must agree to the following before you will be authorized to access the Epcon Communities Intranet:

- 1) Limited License. The authorization to access and use the Epcon Communities Intranet that is granted to you in this Agreement is limited to your internal use in your ordinary course of business as a franchisee of Epcon Communities. This authorization is non-transferable and non-exclusive, is for use only by you and your employees, and only in accordance with this Agreement and any Epcon Communities Intranet policies provided to you or available on-line from time to time.

- 2) Definitions. For purposes of this Agreement, the following definitions shall apply:
 - a) Epcon Communities means Epcon Communities Franchising, LLC, an Ohio limited liability company.

 - b) Web Site. The Web Site means all information, content, concepts, program interfaces, structures, functionality, computer code, published materials, electronic documents, video, graphics and other information and technology in Epcon Communities' World Wide Web Site located at ***www.epconconnect.com and/or at epcon.smarteru.com***.

 - c) Databases. The Databases include all information accessible from Epcon Communities through the Web Site, which may include, but is not limited to, technical and other specifications, sales, marketing and training materials, online training modules and related documents, online libraries of manuals, articles and sample documents, pricing, advice, and other data and information. All data and information available in the Databases is proprietary, confidential and the sole property of Epcon Communities (or of third parties licensing such information to Epcon Communities) and contain copyrighted and patented material.

 - d) The Epcon Communities Intranet means, collectively, the Web Site and related services accessed through the Web Site, including its Databases and a bulletin board service, as well as any other services which may be added from time to time.

- 3) Access and Security. Each of your authorized users ("Users") must enter a valid User Name and Password ("Access Codes") to access some of the Databases or access the Web Site's secure areas. Do not permit any of your Users to disclose your Access Codes to anyone not authorized to act on your behalf. It is your responsibility to safeguard and protect your Users' Access Codes and to monitor all use of these Access Codes for all purposes. You accept all responsibility for maintaining the security of your Users' Access Codes and for all utilization of the Epcon Communities Intranet via your Users' Access

Codes, with or without your knowledge or consent. Notify Epcon Communities immediately if you have lost any of your Access Codes or wish to terminate a particular User's User Name and Password or have these Access Codes changed.

4) Your Hardware and Communications Responsibility. You are responsible for obtaining and maintaining any communications equipment necessary to connect to the Epcon Communities Intranet, including modems, computer hardware and software and long distance or local telephone service. You must be connected to the Internet and must use your own Internet service provider ("ISP") to access the Epcon Communities Intranet. Any charges incurred for such equipment or access are your sole responsibility.

5) The Epcon Communities Intranet Purposes. The Epcon Communities Intranet is to be used to conduct work-related business or to exchange technical or analytical Epcon Communities related information. If you wish to express personal opinions, you must use a private ISP and a personal access account distinct from the Epcon Communities Intranet. Epcon Communities Intranet Users are expected to exercise reasonable judgment and discretion when using the Epcon Communities Intranet, particularly when uploading text or communicating with others. EPCON COMMUNITIES WILL NOT REVIEW OR EDIT BEFOREHAND ANY INFORMATION THAT AN EPCON COMMUNITIES INTRANET USER CHOOSES TO CONTRIBUTE TO THE EPCON COMMUNITIES INTRANET. However, the continued viability of the Epcon Communities Intranet depends upon the use of the Epcon Communities Intranet only for legitimate purposes. Epcon Communities Intranet Users are requested to report to Epcon Communities suspected illegal or improper uses of the Epcon Communities Intranet, such as for distribution of misappropriated software code or dissemination of other inappropriate information. You acknowledge and agree that Epcon Communities does not endorse any user content created or transmitted via the Epcon Communities Intranet and Epcon Communities is not responsible or liable for any unlawful, harassing, libelous, privacy invading, abusive, threatening, harmful, vulgar, obscene, tortious, or otherwise objectionable content, or content that infringes or may infringe the intellectual property or other rights of another.

6) Your Information. The Epcon Communities Intranet is designed to facilitate open communication among the Epcon Communities Intranet Users and from the Epcon Communities Intranet Users to Epcon Communities. To this end, all information that you upload or contribute to the Epcon Communities Intranet bulletin board or similar service or communicate to Epcon Communities through the Epcon Communities Intranet is deemed non-confidential and non-proprietary as to you. The Epcon Communities Intranet Users who wish to communicate their own confidential information must use a different method of communication. Epcon Communities is the owner of all data which resides on the Epcon Communities Intranet, including mail messages or other files that may be tagged with your, or any other Epcon Communities Intranet user's, identification.

7) Your Privacy. Epcon Communities may monitor, edit or disclose information about you or your private content in the good faith belief that such action is reasonably necessary to: comply with the law; comply with legal process; enforce this Agreement; respond to claims that such contents violate the rights of third parties; or, protect the interests of Epcon Communities or others. You acknowledge and agree that Epcon Communities may access your content and the Databases as necessary to identify or resolve technical problems or to respond to service complaints. You acknowledge and agree that certain technical processing of information is and may be required to: send and receive such data; perform planning and scheduling functions; conform to the technical requirements of connecting networks; conform to the technical requirements of the Epcon Communities Intranet; or, conform to other, similar technical requirements.

8) Epcon Communities Information. All information disclosed through the Epcon Communities Intranet or which is otherwise disclosed by Epcon Communities to you which relates to or concerns Epcon Communities' systems, products and services is the exclusive property of Epcon Communities, is confidential and proprietary to Epcon Communities, developed by Epcon Communities after the expenditure of considerable time, effort and expense and from which Epcon Communities derives independent economic value from not being generally known to other persons or to the general public. You agree not to communicate or otherwise divulge to, or use for the benefit of yourself or any third party any information or knowledge concerning such systems, products or services. You also acknowledge and agree that content, including but not limited to text, logos, software, music, sound, photographs, video, graphics or other material or other information presented to you through the Epcon Communities Intranet ("Content") is protected by copyright, trademark,

patent and other laws. You are only permitted to use this Content as long as you are a current franchisee of Epcon Communities and then only as expressly authorized by Epcon Communities, and may not copy, reproduce, distribute, or create derivative works from this Content, except in accordance with such authorization. You may not use trademarks of Epcon Communities unless you hold a valid, written franchise agreement (or license agreement) with Epcon Communities and then only in accordance with such agreement.

9) Modification of the Web Site, Databases or Agreement. Epcon Communities may elect to update, modify, change or terminate all or any part of the functionality available through the Databases or Web Site, including modification or termination of any services provided, including the Epcon Communities Intranet itself. In addition, Epcon Communities may modify this Agreement from time to time by amendments or modifications provided to you through on-line notice on the Web Site, by email to the email address you have provided to us, or by regular mail or facsimile transmission. You agree that access to the Databases or Web Site after you have, or should have received, notice of modifications or amendments to this Agreement will constitute acceptance of all such modifications or amendments.

10) Franchisee Web Sites. Notwithstanding that Epcon Communities may authorize you to use portions of the Content in the creation of your own web site, Epcon Communities retains the sole right to create a Web site using:

“EpconCommunities”;
“epconcommunities.com”; “epconhomesandcommunities.com”;
“epconfranchising.com”; and/or
“EpconOpportunity.com”

(collectively, the “Marks”) and to register or use other domain names related or similar to any of the Marks. Prior to your creation of any web site related in any manner to your Epcon Communities franchised business (and pursuant to the approval process provided in the Epcon Communities Franchise Agreement), you must obtain Epcon Communities’ written approval of (and Epcon Communities shall have continuing approval rights regarding) the domain name for such web site, the content of such Web site (including all framing employed) and use of any of the Marks in the content of such Web site. Epcon Communities retains the right to pre-approve your use of linking between your web pages which are related in any manner to your Epcon Communities franchised business and any other web site. Within five (5) days of any written request by Epcon Communities, you shall (a) remove any links between your web pages related in any manner to your Epcon Communities franchised business and all other web sites; and/or (b) remove any references on your web pages to the Marks. Further, you shall comply with your Epcon Communities Franchise Agreement and Epcon Communities’ guidelines, as published from time to time to the Epcon Communities franchise system, regarding the use by franchisees and certain of their employees of web sites related to Epcon Communities franchised businesses.

11) User Conduct.

You agree to do all of the following:

- a) abide by all applicable local, state, federal, and international laws and regulations in your use of the Epcon Communities Intranet; and
- b) comply with all regulations, policies and procedures of the Epcon Communities Intranet established by Epcon Communities and posted on the Web Site.

12) Your Obligations and Prohibitions.

You agree that you shall **NOT** do any of the following:

- a) attempt to modify or "hack" the Web Site or Databases;
- b) access any area on the Web Site or Databases which you are not explicitly authorized to access;
- c) interfere with, restrict or inhibit any other user from, the use and enjoyment of the Epcon Communities Intranet, the Web Site or any Databases;

- d) decompile, disassemble, probe, or otherwise reverse engineer, or modify, translate, merge, or prepare derivative works of the Databases or the Web Site;
- e) impersonate any person or entity, including but not limited to, an Epcon Communities officer, forum leader, guide or host or falsely state or otherwise misrepresent your affiliation with a person or entity;
- f) collect or harvest personal information about other users of the Epcon Communities Intranet;
- g) transmit or post any material that encourages conduct that could constitute a criminal offense, give rise to civil liability, or otherwise violate any applicable local, state, national or international law or regulation, including, without limitation, the U.S. Export Control laws and regulations;
- h) post, promote or transmit through the Epcon Communities Intranet any unlawful, harassing, libelous, abusive, threatening, harmful, vulgar, obscene, hateful, racially, ethnically or otherwise objectionable material of any kind or nature, including, without limitation, any transmissions constituting or encouraging conduct that would constitute a criminal offense, or give rise to civil liability;
- i) knowingly upload, copy, post, publish, transmit, reproduce, distribute or participate in the transfer or sale or transmit any files that contain viruses, corrupted files, or any other similar software or programs or any software in violation of copyright law, or the applicable software license agreement;
- j) jeopardize the operation of computer systems owned by Epcon Communities or the reputation of Epcon Communities;
- k) use any of the Web Site or any Databases for service bureau or other purposes not specified in this Agreement, the Epcon Communities Intranet policies or your franchise agreement;
- l) advertise or offer to sell any goods or services, or engage in any surveys or contests; or
- m) use the Epcon Communities Intranet to encourage, post or transmit "junk mail," "spam," hoaxes, chain letters, or advertisements and/or rude, obscene or harassing messages.

13) Epcon Communities' Rights. Epcon Communities reserves the right, upon learning of actual or possible illegal or improper uses of the Epcon Communities Intranet, to investigate and take action, as it deems necessary in its sole discretion, to stop the actual or possible illegal or improper use, including but not limited to, immediately and without notice, deleting your information or information pertaining to you and revoking your authorization to use the Epcon Communities Intranet. In addition, Epcon Communities may, in its sole discretion, immediately terminate your access to the Epcon Communities Intranet should your conduct fail to fully conform with any terms and conditions of this Agreement. Epcon Communities may, but is not in any way obligated to, enforce this Agreement against any Epcon Communities Intranet user.

14) Term and Termination. Your access to the Epcon Communities Intranet is a privilege extended by Epcon Communities and begins with issuance of your access codes (issued only after your execution and delivery of this Agreement and acceptance of same by Epcon Communities) and ends upon termination by you or by Epcon Communities. Your Epcon Communities Intranet access rights shall immediately terminate, without notice, on your failure to maintain authorized franchisee status. In addition, Epcon Communities may terminate this Agreement and your authorization to access the Web Site and Databases at any time, with or without notice for any reason or no reason. You agree that on termination of this Agreement or your right of access granted hereunder, you immediately will cease accessing the Epcon Communities Intranet, including the Web Site and the Databases. Sections **6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18** of this Agreement shall survive the termination of this Agreement.

15) Disclaimer of Warranty; Limitations of Liability and of Remedies. The Epcon Communities Intranet, the Databases and Web Site are provided to you "AS IS" and "AS AVAILABLE" as a convenience for you in communicating with Epcon Communities. EPCON COMMUNITIES MAKES NO WARRANTY REGARDING DATABASE ACCURACY OR THE ABSENCE OF ANY ERRORS AND OMISSIONS, AND IT IS SOLELY YOUR RESPONSIBILITY TO EVALUATE THE ACCURACY, COMPLETENESS AND USEFULNESS OF ALL OPINIONS, ADVICE, SERVICES OR OTHER INFORMATION CONTAINED IN THE DATABASES AND THE WEB SITE. IN NO EVENT WILL EPCON COMMUNITIES BE LIABLE FOR

ANY DAMAGES OF ANY KIND RELATING IN ANY WAY TO THE EPCON COMMUNITIES INTRANET SERVICE OR FROM INTERRUPTION, SUSPENSION OR TERMINATION OF THE SERVICE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THIS LIABILITY EXCLUSION APPLIES TO ALL DAMAGES, WHETHER DIRECT, INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL AND UNDER ANY LEGAL THEORY, WHETHER IN CONTRACT, TORT, EQUITY OR AT LAW, INCLUDING BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLES, AND EVEN IF EPCON COMMUNITIES HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS LIABILITY EXCLUSION INCLUDES, WITHOUT LIMITATION, ANY AND ALL DAMAGES RESULTING FROM THE USE OR THE INABILITY TO USE THE EPCON COMMUNITIES INTRANET SERVICE OR FOR COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES OR RESULTING FROM ANY GOODS, DATA, INFORMATION OR SERVICES PURCHASED OR OBTAINED OR DATA RECEIVED OR TRANSACTIONS ENTERED INTO THROUGH THE EPCON COMMUNITIES INTRANET SERVICE OR RESULTING FROM UNAUTHORIZED ACCESS TO OR ALTERATION OF YOUR TRANSMISSIONS OR DATA. YOUR SOLE AND EXCLUSIVE REMEDY FOR ANY BREACH OF THIS AGREEMENT BY EPCON COMMUNITIES SHALL BE TO TERMINATE THIS AGREEMENT.

16) Additional Disclaimers. Additional disclaimers may be contained on the Web Site and in the Databases. Epcon Communities does not warrant that the functions of the Epcon Communities Intranet will meet any specific requirement you may have or that it will be error-free or your use will be uninterrupted.

17) Indemnity. You agree to defend, indemnify and hold Epcon Communities and its affiliates, and its and their directors, employees and agents harmless from any and all liabilities, costs and expenses, including reasonable attorneys' fees related to or arising from a breach by you of any of the terms of Sections 11 and/or 12 of this Agreement.

18) Miscellaneous. This Agreement and your use of the Databases and Web Site are governed by the laws of the State of Ohio (without reference to conflicts of laws provisions) and applicable federal laws of the United States. The state courts in the State of Ohio in Franklin County and, if the jurisdictional prerequisites exist at the time, the United States District Court for the Southern District of Ohio (Northern Division) shall have the sole and exclusive jurisdiction to hear and determine any dispute or controversy arising under or concerning this Agreement. Neither party to this Agreement shall be responsible to the other party for non-performance or delay in performance of the terms and conditions hereunder due to acts of God, acts of government, wars, riots, strikes, accidents in transportation, materials shortages or other causes beyond the control of the party. This Agreement supersedes any and all agreements, whether oral or written, between the parties with respect to the subject matter hereof and contains all the covenants and agreements between the parties with respect to the subject matter hereof. Each party acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, that are not embodied herein, and that no other agreement, statement, or promise not contained in this agreement shall be valid or binding. Nothing in this Agreement or any related agreement, however, is intended to disclaim the representations Epcon Communities made in the franchise disclosure document Epcon Communities furnished to the undersigned Franchisee. Each time you access the Epcon Communities Intranet, you confirm your agreement to this Agreement, as modified or amended from time to time.

[signature page follows]

I have read the above Agreement and I agree to the terms thereof:

This section to be filled out by Franchisee (or Authorized Representative):	
Franchise Company: _____	
Contact Name: _____	Authorized Signature: _____
<p>Authorized Users: (Please duplicate this form if you would like to request additional users.)</p> <p>Note: When denoting titles and to determine the appropriate level of access, please use one of the following: Franchisee, Operations Manager, Sales/Marketing Manager, Sales Consultant, Project Manager/Construction Manager, Construction Superintendent, Administrative Personnel</p>	
<p>User #1: I have read the On-Line Information Access Agreement and I agree to the terms thereof:</p> <p>Name _____</p> <p>Title _____</p> <p>Community _____</p> <p>E-mail _____</p> <p>Signature _____</p>	<p>User #2: I have read the On-Line Information Access Agreement and I agree to the terms thereof:</p> <p>Name _____</p> <p>Title _____</p> <p>Community _____</p> <p>E-mail _____</p> <p>Signature _____</p>
<p>User #3: I have read the On-Line Information Access Agreement and I agree to the terms thereof:</p> <p>Name _____</p> <p>Title _____</p> <p>Community _____</p> <p>E-mail _____</p> <p>Signature _____</p>	<p>User #4: I have read the On-Line Information Access Agreement and I agree to the terms thereof:</p> <p>Name _____</p> <p>Title _____</p> <p>Community _____</p> <p>E-mail _____</p> <p>Signature _____</p>
<p>E-mail Completed Form to: charmon@epconcommunities.com or Fax to: (614) 761-2672</p>	
<p>Your User Name(s) and Password(s) will be e-mailed to the listed e-mail address after receipt and acceptance by Epcon Communities.</p>	<p>Intranet Address: www.epconconnect.com and/or epcon.smarteru.com</p>

Epcon Communities Franchising, LLC Non-Disclosure and On-Line Information Access Agreement (Employee)

Welcome to Epcon Communities Franchising, LLC. Read all terms and conditions of this Epcon Communities Franchising, LLC ("Epcon Communities") Non-Disclosure and On-Line Information Access Agreement (this "Agreement") before signing. Complete the bottom section, have it signed by an authorized representative of the Franchisee, sign it and either e-mail, fax or mail it to Epcon Communities at the facsimile number or addresses at the end of this Agreement. Upon receipt and acceptance by Epcon Communities, Epcon Communities will contact you with your User Name and Password so you can access the Epcon Communities Intranet and/or the Epcon Learning Center.

The following items will describe the terms of service for the Epcon Communities services collectively known as the Epcon Communities Intranet. These services include a web site, online training modules, and a bulletin board service, as well as any services, which may be added from time to time. The purpose of the Epcon Communities Intranet is to facilitate communication between you and employees of other Epcon Communities franchisees, Epcon Communities employees and Epcon Communities departments. We at Epcon Communities believe that you will find the Epcon Communities Intranet to be both useful as a means for receiving technical information and assistance from Epcon Communities, and as a forum for discussion on a wide range of issues of interest to the Epcon Communities community as a whole. Because you, as an Epcon Communities Intranet User, will have the ability not only to access information on the Epcon Communities Intranet, but also the ability to contribute information by uploading information, and/or participating in real-time and other communications, you must agree to the following before you will be authorized to access the Epcon Communities Intranet:

- 1) Limited License. The authorization to access and use the Epcon Communities Intranet that is granted to you in this Agreement is limited to your internal use in your ordinary course of business as an employee of a franchisee of Epcon Communities. This authorization is non-transferable and non-exclusive, is for your use only, and only in accordance with this Agreement and any Epcon Communities Intranet policies provided to you or available on-line from time to time.

- 2) Definitions. For purposes of this Agreement, the following definitions shall apply:
 - a) Epcon Communities means Epcon Communities Franchising, LLC, an Ohio limited liability company.

 - b) Web Site. The Web Site means all information, content, concepts, program interfaces, structures, functionality, computer code, published materials, electronic documents, video, graphics and other information and technology in Epcon Communities' World Wide Web Site located at ***www.epconconnect.com*** and/or at ***epcon.smarteru.com***.

 - c) Databases. The Databases include all information accessible from Epcon Communities through the Web Site, which may include, but is not limited to, technical and other specifications, sales, marketing and training materials, online training modules and related documents, online libraries of manuals, articles and sample documents, pricing, advice, and other data and information. All data and information available in the Databases is proprietary, confidential and the sole property of Epcon Communities (or of third parties licensing such information to Epcon Communities) and contain copyrighted and patented material.

 - d) The Epcon Communities Intranet means, collectively, the Web Site and related services accessed through the Web Site, including its Databases and a bulletin board service, as well as any other services which may be added from time to time.

- 3) Access and Security. As an authorized user ("User"), you must enter a valid User Name and Password ("Access Code") to access some of the Databases or access the Web Site's secure areas. Do not disclose your Access Code to anyone not authorized to act on your behalf. It is your responsibility to safeguard and protect your User's Access Code. You accept all responsibility for maintaining the security of your User's Access Codes and for all utilization of the Epcon Communities

Intranet via your User's Access Codes, with or without your knowledge or consent. Notify Epcon Communities immediately if you have lost your Access Codes or wish to terminate your User's User Name and Password or have these Access Code changed.

- 4) [Reserved].
- 5) The Epcon Communities Intranet Purposes. The Epcon Communities Intranet is to be used to conduct work-related business or to exchange technical or analytical Epcon Communities related information. If you wish to express personal opinions, you must use a private ISP and a personal access account distinct from the Epcon Communities Intranet. Epcon Communities Intranet Users are expected to exercise reasonable judgment and discretion when using the Epcon Communities Intranet, particularly when uploading text or communicating with others. EPCON COMMUNITIES WILL NOT REVIEW OR EDIT BEFOREHAND ANY INFORMATION THAT AN EPCON COMMUNITIES INTRANET USER CHOOSES TO CONTRIBUTE TO THE EPCON COMMUNITIES INTRANET. However, the continued viability of the Epcon Communities Intranet depends upon the use of the Epcon Communities Intranet only for legitimate purposes. Epcon Communities Intranet Users are requested to report to Epcon Communities suspected illegal or improper uses of the Epcon Communities Intranet, such as for distribution of misappropriated software code or dissemination of other inappropriate information. You acknowledge and agree that Epcon Communities does not endorse any user content created or transmitted via the Epcon Communities Intranet and Epcon Communities is not responsible or liable for any unlawful, harassing, libelous, privacy invading, abusive, threatening, harmful, vulgar, obscene, tortious, or otherwise objectionable content, or content that infringes or may infringe the intellectual property or other rights of another.
- 6) Your Information. The Epcon Communities Intranet is designed to facilitate open communication among the Epcon Communities Intranet Users and from the Epcon Communities Intranet Users to Epcon Communities. To this end, all information that you upload or contribute to the Epcon Communities Intranet bulletin board or similar service or communicate to Epcon Communities through the Epcon Communities Intranet is deemed non-confidential and non-proprietary as to you. The Epcon Communities Intranet Users who wish to communicate their own confidential information must use a different method of communication. Epcon Communities is the owner of all data which resides on the Epcon Communities Intranet, including mail messages or other files that may be tagged with your, or any other Epcon Communities Intranet user's, identification.
- 7) Your Privacy. Epcon Communities may monitor, edit or disclose information about you or your private content in the good faith belief that such action is reasonably necessary to: comply with the law; comply with legal process; enforce this Agreement; respond to claims that such contents violate the rights of third parties; or, protect the interests of Epcon Communities or others. You acknowledge and agree that Epcon Communities may access your content and the Databases as necessary to identify or resolve technical problems or to respond to service complaints. You acknowledge and agree that certain technical processing of information is and may be required to: send and receive such data; perform planning and scheduling functions; conform to the technical requirements of connecting networks; conform to the technical requirements of the Epcon Communities Intranet; or, conform to other, similar technical requirements.
- 8) Epcon Communities Information. All information disclosed through the Epcon Communities Intranet or which is otherwise disclosed by Epcon Communities to you which relates to or concerns Epcon Communities' systems, products and services is the exclusive property of Epcon Communities, is confidential and proprietary to Epcon Communities, developed by Epcon Communities after the expenditure of considerable time, effort and expense and from which Epcon Communities derives independent economic value from not being generally known to other persons or to the general public. You agree not to communicate or otherwise divulge to, or use for the benefit of yourself or any third party any information or knowledge concerning such systems, products or services.

You also acknowledge and agree that content, including but not limited to text, logos, software, music, sound, photographs, video, graphics or other material or other information presented to you through the Epcon Communities Intranet ("Content") is protected by copyright, trademark, patent and other laws. You are only permitted to use this Content as long as you are authorized to do so as an employee of a current franchisee of Epcon Communities and then only as expressly authorized by Epcon Communities,

and may not copy, reproduce, distribute, or create derivative works from this Content, except in accordance with such authorization. You may not use trademarks of Epcon Communities unless you are authorized to do so as an employee of an entity that holds a valid, written franchise agreement (or license agreement) with Epcon Communities and then only in accordance with such agreement.

Because of your employment relationship and/or contractual relationship with the Epcon Communities franchisee and/or the sublicensee of said franchisee and/or your ownership or other interest in the Epcon Communities franchisee and/or sublicensee or its assigns, you have been or will be provided with more detailed information concerning Epcon Communities' systems, products and services than has been or will be disclosed to the general public.

You agree not to communicate or otherwise divulge to, or use for the benefit of, yourself or any third party any information or knowledge concerning said systems, products and services.

You acknowledge that the more detailed information concerning Epcon Communities' systems, products and services is the exclusive property of Epcon Communities and you agree that you shall not use said systems, products and services or any of its parts or any system, plans, materials, or designs resembling in any way said systems, products and services except in strict accordance with the terms of the Franchise Agreement between Epcon Communities and its franchisee or as you may be directed by the Epcon Communities franchisee, such direction to be in accordance with the terms of the Franchise Agreement, as determined by Epcon Communities in its sole discretion.

You further acknowledge that Epcon Communities is the sole owner of the copyrights in all architectural works, technical drawings, and other copyrighted works provided to Epcon Communities franchisee pursuant to the Franchise Agreement with Epcon Communities (and/or Sublicensee pursuant to the Sublicense Agreement) as well as all "derivative works" (as that term is used in the Copyright Act). You also understand, acknowledge, and agree that neither the Franchise Agreement, the Sublicense Agreement, or this Agreement, create any implied license to use, copy, distribute, or create derivative works from any copyrighted work owned by Epcon Communities and that the only licenses to do so are those may be expressly set forth in those agreements.

9) Modification of the Web Site, Databases or Agreement. Epcon Communities may elect to update, modify, change or terminate all or any part of the functionality available through the Databases or Web Site, including modification or termination of any services provided, including the Epcon Communities Intranet itself. In addition, Epcon Communities may modify this Agreement from time to time by amendments or modifications provided to you through on-line notice on the Web Site, by email to the email address you have provided to us, or by regular mail or facsimile transmission. You agree that access to the Databases or Web Site after you have, or should have received, notice of modifications or amendments to this Agreement will constitute acceptance of all such modifications or amendments.

10) Franchisee Web Sites. Notwithstanding that Epcon Communities may authorize you to use portions of the Content in the creation of a web site, Epcon Communities retains the sole right to create a Web site using:

"EpconCommunities";
"epconcommunities.com"; "epconhomesandcommunities.com";
"epconfranchising.com "; and/or
"EpconOpportunity.com"

(collectively, the "Marks") and to register or use other domain names related or similar to any of the Marks. Prior to your creation of any web site related in any manner to an Epcon Communities franchised business (and pursuant to the approval process provided in the Epcon Communities Franchise Agreement), you must obtain Epcon Communities' written approval of (and Epcon Communities shall have continuing approval rights regarding) the domain name for such web site, the content of such Web site (including all framing employed) and use of any of the Marks in the content of such Web site. Epcon Communities retains the right to pre-approve your use of linking between your web pages which are related in any manner to an Epcon Communities franchised business and any other web site. Within five (5) days of any written request by Epcon Communities, you shall (a) remove any links between your web

pages related in any manner to an Epcon Communities franchised business and all other web sites; and/or (b) remove any references on web pages to the Marks. Further, you shall comply with the Epcon Communities Franchise Agreement and Epcon Communities' guidelines, as published from time to time to the Epcon Communities franchise system, regarding the use by franchisees and certain of their employees of web sites related to Epcon Communities franchised businesses.

11) User Conduct.

You agree to do all of the following:

- a) abide by all applicable local, state, federal, and international laws and regulations in your use of the Epcon Communities Intranet; and
- b) comply with all regulations, policies and procedures of the Epcon Communities Intranet established by Epcon Communities and posted on the Web Site.

12) Your Obligations and Prohibitions.

You agree that you shall **NOT** do any of the following:

- a) attempt to modify or "hack" the Web Site or Databases;
- b) access any area on the Web Site or Databases which you are not explicitly authorized to access;
- c) interfere with, restrict or inhibit any other user from, the use and enjoyment of the Epcon Communities Intranet, the Web Site or any Databases;
- d) decompile, disassemble, probe, or otherwise reverse engineer, or modify, translate, merge, or prepare derivative works of the Databases or the Web Site;
- e) impersonate any person or entity, including but not limited to, an Epcon Communities officer, forum leader, guide or host or falsely state or otherwise misrepresent your affiliation with a person or entity;
- f) collect or harvest personal information about other users of the Epcon Communities Intranet;
- g) transmit or post any material that encourages conduct that could constitute a criminal offense, give rise to civil liability, or otherwise violate any applicable local, state, national or international law or regulation, including, without limitation, the U.S. Export Control laws and regulations;
- h) post, promote or transmit through the Epcon Communities Intranet any unlawful, harassing, libelous, abusive, threatening, harmful, vulgar, obscene, hateful, racially, ethnically or otherwise objectionable material of any kind or nature, including, without limitation, any transmissions constituting or encouraging conduct that would constitute a criminal offense, or give rise to civil liability;
- i) knowingly upload, copy, post, publish, transmit, reproduce, distribute or participate in the transfer or sale or transmit any files that contain viruses, corrupted files, or any other similar software or programs or any software in violation of copyright law, or the applicable software license agreement;
- j) jeopardize the operation of computer systems owned by Epcon Communities or the reputation of Epcon Communities;
- k) use any of the Web Site or any Databases for service bureau or other purposes not specified in this Agreement, the Epcon Communities Intranet policies or your franchise agreement;
- l) advertise or offer to sell any goods or services, or engage in any surveys or contests; or
- m) use the Epcon Communities Intranet to encourage, post or transmit "junk mail," "spam," hoaxes, chain letters, or advertisements and/or rude, obscene or harassing messages.

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limited to, immediately and without notice, deleting your information or information pertaining to you and revoking your authorization to use the Epcon Communities Intranet. In addition, Epcon Communities may, in its sole discretion, immediately terminate your access to the Epcon Communities Intranet should your conduct fail to fully conform with any terms and conditions of this Agreement. Epcon Communities may, but is not in any way obligated to, enforce this Agreement against any Epcon Communities Intranet user.

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- 16) Additional Disclaimers. Additional disclaimers may be contained on the Web Site and in the Databases. Epcon Communities does not warrant that the functions of the Epcon Communities Intranet will meet any specific requirement you may have or that it will be error-free or your use will be uninterrupted.
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- 18) Miscellaneous. This Agreement and your use of the Databases and Web Site are governed by the laws of the State of Ohio (without reference to conflicts of laws provisions) and applicable federal laws of the United States. The state courts in the State of Ohio in Franklin County and, if the

jurisdictional prerequisites exist at the time, the United States District Court for the Southern District of Ohio (Northern Division) shall have the sole and exclusive jurisdiction to hear and determine any dispute or controversy arising under or concerning this Agreement. Neither party to this Agreement shall be responsible to the other party for non-performance or delay in performance of the terms and conditions hereunder due to acts of God, acts of government, wars, riots, strikes, accidents in transportation, materials shortages or other causes beyond the control of the party. This Agreement supersedes any and all agreements, whether oral or written, between the parties with respect to the subject matter hereof and contains all the covenants and agreements between the parties with respect to the subject matter hereof. Each party acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, that are not embodied herein, and that no other agreement, statement, or promise not contained in this agreement shall be valid or binding. Nothing in this Agreement or any related agreement, however, is intended to disclaim the representations Epcon Communities made in the franchise disclosure document Epcon Communities furnished to the undersigned Franchisee. Each time you access the Epcon Communities Intranet, you confirm your agreement to this Agreement, as modified or amended from time to time.

[signature page follows]

I have read the above Agreement and I agree to the terms thereof:

This section to be filled out by Franchisee (or Authorized Representative):	
Franchise Company: _____	
Contact Name: _____	Authorized Signature: _____
Authorized User: Note: When denoting titles and to determine the appropriate level of access, please use one of the following: Franchisee, Operations Manager, Sales/Marketing Manager, Sales Consultant, Project Manager/Construction Manager, Construction Superintendent, Administrative Personnel	
User: I have read the On-Line Information Access Agreement and I agree to the terms thereof: Name _____ Title _____ Community _____ E-mail _____ Signature _____	
E-mail Completed Form to: charmon@epconcommunities.com or Fax to: (614) 761-2672	
Your User Name(s) and Password(s) will be e-mailed to the listed e-mail address after receipt and acceptance by Epcon Communities.	Intranet www.epconconnect.com epcon.smarteru.com Address: and/or

EXHIBIT L TO FRANCHISE DISCLOSURE DOCUMENT

Copyright Assignment & Agreement

This Copyright Assignment & Agreement ("Agreement") by and between _____ (hereinafter "Architect"), organized under the laws of the state of _____ located at _____ and _____ (hereinafter "Franchisee") in connection with the creation of architectural drawings by Architect for Franchisee ("Work(s)"), that are derived from earlier copyrighted work(s) ("Epcon Works") owned by Epcon Communities Franchising, LLC ("Epcon"), and is effective as of the date signed by Franchisee and Architect.

- A. Franchisee is a franchisee of Epcon; and
- B. Franchisee and Architect entered into contract(s) for certain architectural services described therein; and
- C. Epcon requires Franchisee, pursuant to the terms of the Franchise Agreement between Epcon and Franchisee, to obtain the representations and assignments contained herein from any architect or contractor who changes, modifies or revises an Epcon Works; and
- D. In consideration of the continuation of the business relationship between Franchisee and Architect, Franchisee and Architect desire to have this Agreement serve to set forth their mutual understanding regarding the ownership of all Works created for Franchisee, both prior to and subsequent to this Agreement.

The following terms and conditions shall apply to all Works created by Architect for Franchisee:

1. Architect hereby irrevocably transfers, conveys and assigns all worldwide right, title and interest in the copyright of each such Work in all formats and media, whether now existing or hereafter devised, including all electronic and future media, all translations and all primary and subsidiary rights, to Epcon. The rights transferred include but are not limited to the right to bring suit, collect damages and pursue all remedies for past infringement, all copyrights registrations of the Work, and the right to secure any copyright registrations, renewals, reissues or extensions of any such copyrights throughout the world, the right to register the copyright in Epcon's name, the right to license, sell, assign or otherwise exploit the Work as it sees fit in its sole discretion, the right to reproduce, alter, expand, change, modify and adapt the Work, and the sole right to decide whether and in what manner to publish, advertise, publicize, and exploit the Work. This Agreement is intended to satisfy the requirements of 17 U.S.C. Section 204. Architect agrees to execute upon demand any additional assignments or other documents that Epcon may reasonably request in order to assign or confirm the assignment of all such copyrights from Architect to Epcon.

2. If any other party has any right, title or interest in the Works, Architect shall obtain all rights and assign such rights to Epcon. The intent of this provision is to ensure that Epcon will be the exclusive owner of the copyright and of all rights comprised in the copyright of the Work, and that Epcon have the sole right to exercise all rights of the copyright owner with respect thereto, including without limitation all exclusive rights set forth in 17 U.S.C. Sec. 106.

3. Architect represents and warrants to Epcon that:

(a) Architect has identified all persons and entities who have worked on the Work, each Work is or will be the original work of Architect and/or its agents who have executed valid assignments of rights to Architect, subject to the rights of Epcon in the Epcon Works.

(b) Each Work does not and will not infringe upon or violate the copyrights, trademarks, or any other rights whatsoever of any person or entity.

(c) No adverse claim exists with respect to each Work and Architect has not assigned any Work to another person or entity.

(d) Each Work has not heretofore previously been published or exploited in any form anywhere in the world.

(e) Architect has the full and exclusive right and authority to enter into this agreement.

(f) Architect has obtained releases and assignments, if needed, from all required parties in each work.

4. Architect will indemnify and save harmless Franchisee, Epcon, and Epcon's clients, customers, licensees or other permitted users of any Work, and their successors and assigns from and against any and all loss, damage or

expense, including reasonable attorneys' fees, resulting from or by reason of the breach or alleged breach of any representation or warranty herein made by Architect.

Please evidence your acceptance hereof and Agreement hereto by signing the place indicated below.

Signature

Name Printed

Architectural Firm Name

Date: _____

Franchisee:

By: _____
Name, Title

Date: _____

CONSENT TO ASSIGNMENT

Epcon Communities Franchising, LLC hereby consents to the assignment of all intellectual property rights in the Works referred to herein to Epcon Communities Franchising, LLC.

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____ Date: _____
Paul W. Hanson, President of Franchising

EXHIBIT M TO FRANCHISE DISCLOSURE DOCUMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of _____, 20__ (this "Agreement"), is by and between _____, a(n) _____ (the "Debtor"), and Epcon Communities Franchising, LLC, an Ohio limited liability company (the "Secured Party").

A. The Debtor has executed and delivered a Promissory Note (_____) dated _____, 20__ in the original principal amount of \$_____ in favor of Secured Party (as amended and in effect from time to time, the "Note") and Debtor and Secured Party have entered into a Franchise Agreement dated _____, 20__ and related documents, pursuant to which Debtor owes Secured Party certain monetary and performance obligations (as amended and in effect from time to time, collectively, the "Franchise Agreement," and collectively with the Note, the "Franchise Documents").

B. It is a condition to the Secured Party's extension of credit under the Note and the entering into the Franchise Agreement with Debtor that the Debtor execute and deliver to the Secured Party a security agreement in substantially the form hereof.

C. The Debtor wishes to grant a security interest in favor of the Secured Party as herein provided.

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. All capitalized terms used herein without definitions shall have the respective meanings provided therefor in the Franchise Documents. The term "State," as used herein, means the State of Ohio. All terms defined in the Uniform Commercial Code of the State and used herein shall have the same definitions herein as specified therein.

2. Grant of Security Interest. The Debtor hereby grants to the Secured Party, to secure the payment and performance in full of all of the obligations under the Franchise Documents (the "Obligations"), a security interest in, and so pledges and assigns to the Secured Party, the following properties, assets and rights of the Debtor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof and any and all accessions thereto (all of the same being hereinafter called the "Collateral"): whether now owned or existing or hereafter acquired or arising, all of Debtor's personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles).

3. Authorization to File Financing Statements. The Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Debtor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State, or such other jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment.

4. Other Actions. The Debtor further agrees, at the request and option of the Secured Party, to take any and all other actions the Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of (except as expressly permitted by the Franchise Documents), and the ability of the Secured Party to enforce, the Secured Party's security interest in any and all of the Collateral,

including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that the Debtor's signature thereon is required therefor, (b) causing the Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (d) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Secured Party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, (e) obtaining waivers from bailees, mortgagees and landlords in form and substance satisfactory to the Secured Party and (f) taking all actions under any earlier versions of the Uniform Commercial Code or under any other law, as reasonably determined by the Secured Party to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.

5. Representations and Warranties Concerning Debtor's Legal Status. The Debtor represents and warrants to the Secured Party as follows: (a) the Debtor's exact legal name is that indicated in the first paragraph hereof, and (b) the Debtor is an organization of the type, and is organized in the jurisdiction set forth in the first paragraph hereof.

6. Covenants Concerning Debtor's Legal Status. The Debtor covenants with the Secured Party as follows: (a) without providing at least 30 days prior written notice to the Secured Party, the Debtor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if the Debtor does not have an organizational identification number and later obtains one, the Debtor shall forthwith notify the Secured Party of such organizational identification number, and (c) the Debtor will not change its type of organization, jurisdiction of organization or other legal structure.

7. Representations and Warranties Concerning Collateral, etc. The Debtor further represents and warrants to the Secured Party as follows: (a) the Debtor is the owner of the Collateral, free from any mortgage, pledge, lien or other charge or encumbrance of any kind (including the charge upon property purchased under conditional sale or other title retention documents), except for the security interest created by this Agreement, the other liens permitted by the Franchise Documents, and as listed on Schedule 1, attached hereto, and (b) the Debtor has at all times operated its business in compliance with all applicable provisions of federal, state and local statutes and ordinances.

8. Covenants Concerning Collateral, etc. The Debtor further covenants with the Secured Party as follows: (a) the Collateral, to the extent not delivered to the Secured Party, will be kept at its address listed on the signature page hereof and the Debtor will not remove the Collateral from such location, without providing at least thirty days prior written notice to the Secured Party, (b) except for the security interest herein granted and liens permitted by the Franchise Documents, the Debtor shall be the owner of the Collateral free from any right or claim of any other person, lien, security interest or other encumbrance, and the Debtor shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Secured Party, (c) the Debtor shall not pledge, mortgage or create, or suffer to exist any right of any person in or claim by any person to the Collateral, or any security interest, lien or encumbrance in the Collateral in favor of any person, other than the Secured Party except for liens permitted by the Franchise Documents, (d) the Debtor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon, (e) the Debtor will permit the Secured Party, or its designee, to inspect the Collateral at any reasonable time, wherever located, and (f) the Debtor will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for (i) sales of inventory and licenses of general intangibles in the ordinary course of business and (ii) so long as no Event of Default has occurred and is continuing, sales or other dispositions permitted by the Franchise Documents.

9. Insurance. The Debtor will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas.

10. Collateral Protection Expenses; Preservation of Collateral. In the Secured Party's discretion (but without obligation), if the Debtor fails to do so, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, maintain any of the Collateral, make repairs thereto and pay any necessary filing fees or insurance premiums. The Debtor agrees to reimburse the Secured Party on demand for all expenditures so made. The Secured Party shall have no obligation to the Debtor to make any such expenditures, nor shall the making thereof be construed as the waiver or cure of any Event of Default.

11. Power of Attorney. The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Debtor or in the Secured Party's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement. To the extent permitted by law, the Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable. The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act, except for the Secured Party's own gross negligence or willful misconduct.

12. Rights and Remedies. If an Event of Default shall have occurred and be continuing, the Secured Party, without any other notice to or demand upon the Debtor have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State and any additional rights and remedies which may be provided to a secured party in any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Secured Party may, so far as the Debtor can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Secured Party may in its discretion require the Debtor to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of the Debtor's principal office(s) or at such other locations as the Secured Party may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party shall give to the Debtor at least ten business days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Debtor hereby acknowledges that ten business days prior written notice of such sale or sales shall be reasonable notice. In addition, the Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

13. No Waiver by Secured Party, etc. The Secured Party shall not be deemed to have waived any of its rights or remedies in respect of the Obligations or the Collateral unless such waiver shall be in writing and signed by the Secured Party. No delay or omission on the part of the Secured Party in exercising any right or remedy shall operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All rights and remedies of the Secured Party with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Secured Party deems expedient.

14. Marshalling. The Secured Party shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising.

15. Proceeds of Dispositions; Expenses. The Debtor shall pay to the Secured Party on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Secured Party in protecting, preserving or enforcing the Secured Party's rights and remedies under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of the Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as the Secured Party may determine, proper allowance and provision being made for any Obligations not then due. In the absence of final payment and satisfaction in full of all of the Obligations, the Debtor shall remain liable for any deficiency.

16. Overdue Amounts. Until paid, all amounts due and payable by the Debtor hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue payments set forth in the Franchise Documents.

17. Governing Law; Consent to Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF OHIO. Debtor agrees that any suit for the enforcement of this Agreement may be brought in any state or federal court sitting in Franklin County, Ohio and consents to the jurisdiction of such court and to service of process in any such suit being made upon Debtor by mail at the address specified in the first sentence hereof. Debtor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

18. Waiver of Jury Trial. DEBTOR WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, the Debtor waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Debtor (i) certifies that neither the Secured Party nor any representative, agent or attorney of the Secured Party has represented, expressly or otherwise, that the Secured Party would not, in the event of litigation, seek to enforce the foregoing waivers or other waivers contained in this Agreement, and (ii) acknowledges that, in entering into the Franchise Documents, the Secured Party is relying upon, among other things, the waivers and certifications contained in this Section 18.

19. Miscellaneous. The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Debtor and its respective successors and assigns, and shall inure to the benefit of the Secured Party and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Debtor acknowledges receipt of a copy of this Agreement. This Agreement will terminate upon the full performance, payment and satisfaction of the Obligations ("Termination"). Upon such Termination, Secured Party will, promptly upon Debtor's request and at Debtor's expense, execute and deliver to Debtor a release of the lien granted to Secured Party hereunder on the Collateral or similar instrument of re-conveyance prepared by Secured party and deliver UCC termination statements with respect to the lien granted to Secured Party hereunder on the Collateral.

IN WITNESS WHEREOF, intending to be legally bound, the Debtor has caused this Agreement to be duly executed as of the date first above written.

[_____]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Notice address:

Attn: _____

Facsimile No.: (____) ____ - ____

Accepted:

EPCON COMMUNITIES FRANCHISING, LLC

By: _____
Name: Joseph R. Karpowicz
Title: Assistant General Counsel

Notice address:

Epcon Communities Franchising, LLC

500 Stonehenge Parkway

Dublin, Ohio 43017-5067

Attn.: Paul W. Hanson and

Joseph R. Karpowicz

Facsimile: 614-761-1155

EXHIBIT N OF FRANCHISE DISCLOSURE DOCUMENT

List of Epcon Communities Franchisees (As of April 11, 2023)

Following is a list of Epcon Communities franchisees who signed a franchise agreement with us before or during our most recent fiscal year end (December 31, 2022) and, unless otherwise noted below, were in operation as of our most recent fiscal year end (December 31, 2022).

For purposes of this Exhibit, a franchisee is considered to be “in operation” if the franchisee has signed a Franchise Agreement and Market Area Agreement with us.

Franchisee Name and Address	Principals of Franchisee	Location of Project(s) and Date of Franchise Agreement(s) ¹
ARIZONA		
Valerian Homes, LLC 4250 N. 19th Avenue Phoenix, AZ 85015 623-734-4112	Miguel Torres	Not Yet in Operation Project Location TBD – 12/30/2021
ARKANSAS		
Riverwood Homes, LLC 3420 N. Plainview Avenue Fayetteville, AK 72703 479-235-4310	Mark Marquess	Fayetteville, AK – 10/22/2021
COLORADO		
Eastman Properties, LLC 745 Heather Glen Lane Fort Collins, CO 80525 970-690-2007	David Krafzur	Fort Lupton, CO - 12/31/2019
Memmer Equity, Inc. 3966 North Hampton Drive Powell, OH 43065 614-314-0658	Jeff Memmer	Not Yet in Operation Project Location TBD– 3/10/2022
FLORIDA		
Cornerstone Communities of Florida, LLC 137 Crimson Isles Drive Jupiter, FL 33478 312-391-2210	Connie E. Bishop Donald N. Stafford John P. Clancy Michael F. Hamilton Robert J. Viani	Not Yet in Operation Project Location TBD– 6/30/2022
DevStar, LLC 6161 NE 3 rd Avenue, Suite 4 Miami, FL 33137 307-699-5387	Anthony J. Burns George Helmstetter	Not Yet in Operation Project Location TBD– 9/6/2022
Middle Bay Homes Active Adult, LLC 6802 Lakeview Center Drive, Ste 500 Tampa, FL 33619 813-421-5640	Will Daniel Cory Frier	Not Yet in Operation Project Location TBD– 10/27/2020
Second Half Properties, LLC 200 2 nd Avenue South, Suite 480 St. Petersburg, FL 33701 813-928-5530	Joseph W. Franz, Jr.	Not Yet in Operation Project Location TBD- 7/20/2021

¹ For franchisees who have entered into more than one Franchise Agreement with us, we have included the project location and the effective date of each of the Franchisee’s Franchise Agreements in this column.

Truex Preferred Construction, LLC 3797 S. Access Road Englewood, FL 34224 941-270-1733	William Truex Andrea Truex	Not Yet in Operation Project Location TBD– 4/15/2022
Victoria Quality Homes, LLC 3001 West McNab Road Pompano Beach, FL 33069 407-545-6076	Edson Pagotto Flavia Giacomini Pimentel de Almeida	Not Yet in Operation Project Location TBD– 9/22/2021
GEORGIA		
Dominion Capital Properties, LLC 3470 McClure Bridge Road Duluth, GA 30096 404-704-2375	Philip Butler Waldron McCritty Donald Norwood	Not Yet in Operation Project Location TBD– 9/28/2021
Lewis Patrick, LLC 3870 Peachtree Industrial Blvd, Suite 340, #189 Duluth, GA 30096 678-920-9010	Joe Wilson Raymond Sams	Not Yet in Operation Project Location TBD– 7/27/2021
IDAHO		
True Homes, LLC 4055 South Mill Site Avenue Boise, ID 83716 847-494-2665	Chris Shaxted	Not Yet in Operation Project Location TBD– 6/24/2020
ILLINOIS		
NNS Consulting, LLC 111 S Wabash #3303 Chicago, IL 60605 708-359-0740	Justin L. Conner Raymond Williams	Not Yet in Operation Project Location TBD– 6/7/2022
INDIANA		
Legendary Homes, LLC 2104 Heather Glen Way Franklin, IN 46131 415-516-0726	Ted B. Shuel Jamie Speas Shuel	Franklin, IN - 1/28/2013
K & K Homes, LLC P.O. Box 2737 West Lafayette, IN 47906 765-426-2604	Ryan Kennedy Bob Hockema	West Lafayette, IN - 09/12/2019
Daugherty, Inc. 9224 Southwind Court Indianapolis, IN 46256 317-200-1170	Eric Daugherty Trish Daugherty	Not Yet in Operation Project Location TBD– 8/16/2021
Davis Building Group, LLC 3950 Priority Way S. Drive, Ste. 210 Indianapolis, IN 46240 317-370-5479	Bradley C. Davis	Not Yet in Operation Project Location TBD– 5/26/2022
IOWA		
Pinnacle Properties Ames, LLC 4114 Cochrane Pkwy Ames, IA 50014 515-291-5050	Keith Arneson	Ames, IA - 04/14/2020

E.C., LLC 31 NE Mission Street Ankeny, IA 50021 515-710-5085	Justin Bauer Christopher Cornelius Shawn Edwards	No Current Project- 5/20/2015
Harvester Ridge Builders, LLC 1115 NE Tuscany Blvd. Ankeny, IA 50021 515-710-5085	Justin Bauer Joseph Ferin Justin Loutsch	Ankeny, IA – 4/21/2022
Windsor Builders, LLC 1115 NE Tuscany Blvd. Ankeny, IA 50021 515-710-5085	Justin Bauer Joseph Ferin Justin Loutsch	Johnston, IA – 11/1/2022
Tersche Development, LLC 12600 Woodlands Parkway Clive, IA 50325 515-249-9936	Terry Lutz	Not Yet in Operation Project Location TBD – 3/30/2022
Parkside Builders, LLC 1115 NE Tuscany Blvd. Ankeny, IA 50021 515-710-5085	Justin Bauer Joseph Ferin Justin Loutsch	Waukee, IA – 7/7/2022
Bartels Lutheran Home, Inc. 1922 5 th Avenue N.W. Waverly, IA 50677 319-352-0021	Debra K. Schroeder	Waverly, IA - 1/31/2008
Genesis Homes, Inc. 750 SE Alice's Rd. Waukee, IA 50263 515-216-1015	Dan Sparks	11/2/2022 Not Yet in Operation Project Location TBD
Kelly Construction, Inc. 312 Court Street Souix City, IA 51101 712 577 2907	Kyle Kelly	Not Yet in Operation Project Location TBD- 1/19/2021
KANSAS		
Perfection Builders, LLC 11828 W. Central, Suite 124 Wichita, KS 67212 316-729-1900	Scott A. Lehner Jason R. Ronk	Andover, KS – 10/26/2020
Perfection Builders, LLC 11828 W. Central, Suite 124 Wichita, KS 67212 316-729-1900		Andover, KS – 9/1/2022
Premium Builders, LLC 4229 NE Croco Road Topeka, Kansas 666171 (785) 220-1009	Daryl Rakoski Corrine Rakoski Jason Rakoski	Kansas City, KS – 03/31/2020
Perfection Builders, LLC 11828 W. Central, Suite 124 Wichita, KS 67212 316-729-1900		Wichita, KS - 01/02/2008
Perfection Builders, LLC 11828 W. Central, Suite 124 Wichita, KS 67212 316-729-1900		Wichita, KS -11/11/2019

Perfection Builders, LLC 11828 W. Central, Suite 124 Wichita, KS 67212 316-729-1900		Wichita, KS - 11/11/2019
Perfection Builders, LLC 11828 W. Central, Suite 124 Wichita, KS 67212 316-729-1900		Wichita, KS – 7/19/2022
Atteberry Homes, LLC 14959 W 157 Terrace Olathe, KS 66062 913-991-3000	Paul Atteberry Mary Atteberry Ethan Atteberry	Not Yet in Operation Project Location TBD– 5/27/2021
Marquez Enterprises, LLC 2740 E Ford St Valley Center, KS 67147 316-650-5939	Jose Marquez	Not Yet in Operation Project Location TBD- 3/30/2021
KENTUCKY		
Perfection Builders, LLC 11828 W. Central, Suite 124 Wichita, KS 67212 316-729-1900	Scott A. Lehner Jason R. Ronk	Louisville, KY - 11/11/19
Great Places, LLC 409 W 35th Street Covington, KY 41015 859-750-7982	David Noll Lawrence Ruehl Matt Tobler David Neff	Not Yet in Operation Project Location TBD– 9/22/2021
MARYLAND		
Crosslane Construction, LLC 48725 Spring Ridge Road Lexington Park, MD 20653 240-577-5722	Michael Taylor Lorna Taylor	Not Yet in Operation Project Location TBD– 4/15/2021
HW Monroe Company, LLC 55 Decatur Avenue Annapolis, MD 21403 410-489-9717	Hun (“Scooter”) Monroe Rachel Monroe	Not Yet in Operation Project Location TBD– 4/15/2021
MICHIGAN		
Baig Development, LLC 25210 Five Mile Rd Redford, MI 48239 248-361-4259	Khurram Baig	Hartland, MI - 4/05/2021
Minico Group Communities, LLC 540 N. Lapeer Rd, Ste 378 Lake Orion, MI 48362 586-530-5208	Dominic Torres Jennifer Torres	Not Yet in Operation Project Location TBD– 4/13/2021
MINNESOTA		
Meridian Management, Inc. 90 Dale Street South Saint Paul, Minnesota 55102 651-289-1552	Stuart Simek	Hastings, MN – 04/06/2020

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MISSOURI		
Rubicon Corporation, Inc. 2174 Englewood Terrace Chesterfield, MO 63017 314-315-6443	Jerrold F. Meyer	Chesterfield, MO - 07/22/2019
Reisch Sansone Communities, LLC 950 Corporate Parkway, Suite 116 Wentzville, MO 63385 314-803-6449	Jim Reisch EJ Sansone	Dardenne Prairie, MO – 7/13/2020
NEBRASKA		
Five & Five Development, LLC 12040 McDermott Plaza, Suite 200 La Vista, Nebraska 68128 402-763-8580	Peter Katt James Thompson Steven Champoux	Douglas, NE - 03/02/2020
Five & Five Development, LLC 12040 McDermott Plaza, Suite 200 La Vista, Nebraska 68128 402-763-8580	Peter Katt James Thompson Steven Champoux	Nebraska City, NE - 09/22/2022
NEW YORK		
LifeStyle Communities, LLC P.O. Box 945 Hamburg, NY 14075 716-691-6900	David M. Stapleton	Hamburg, NY - 6/30/2005
Wegman Family, LLC IV 550 Latona Road Building A, Suite 100 Rochester, NY 14626 585-225-7370	Edwin J. Wegman Philip R. Wegman	Rochester, NY - 6/10/2003
NORTH CAROLINA		
NewStyle Communities, Inc.* 2125 Southend Drive, Ste. 453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Cramerton, NC - 06/12/2019
NewStyle Communities, Inc.* 2125 Southend Drive, Ste. 453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Cramerton, NC – 4/2/2022
GML Development, Inc. 109 Hay Street, Ste. 301 Fayetteville, NC 28301 910-475-7100	Pat McKee	Fayetteville, NC – 4 - 11/4/2010
GML Development, Inc. 109 Hay Street, Ste. 301 Fayetteville, NC 28301 910-475-7100	Pat McKee	Fuquay-Varina, NC – 07/13/2021
Nova Triad Partners, LLC 206 North Spruce St. #2A Winston-Salem, NC 27101 336-749-1012	Andrew Dreyfuss Nathan Sawyer	High Point, NC - 11/12/2021
Nova Triad Partners, LLC 206 North Spruce St. #2A Winston-Salem, NC 27101 336-749-1012	Andrew Dreyfuss Nathan Sawyer	Kernersville, NC – 11/3/2020

Nova Triad Partners, LLC 206 North Spruce St. #2A Winston-Salem, NC 27101 336-749-1012	Andrew Dreyfuss Nathan Sawyer	King, NC – 11/3/2020
Nova Triad Partners, LLC 206 North Spruce St. #2A Winston-Salem, NC 27101 336-749-1012	Andrew Dreyfuss Nathan Sawyer	Mebane, NC - 12/29/2017
Nova Triad Partners, LLC 206 North Spruce St. #2A Winston-Salem, NC 27101 336-749-1012	Andrew Dreyfuss Nathan Sawyer	Winston-Salem, NC – 1/20/2020
NORTH DAKOTA		
Heritage Homes, LLC 1815 38th Street South Fargo, North Dakota 58103 701-281-7184	Tyrone Leslie	Fargo, ND - 09/11/2019
OHIO		
Artisan Communities, LLC 8055-C Corporate Boulevard Plain City, OH 43064 614-330-2327	Daniel Armbruster Seth Barritt	Beavercreek, OH - 02-28-2022
The Courtyards at Deer Run, LLC 8 Medical Drive Chillicothe, OH 45601 740-701-1810	Kevin E. Norman Randy Detillion Courtney Ruppert	Chillicothe, OH - 07/22/2019
Twentieth Century Construction Co. 2167 Mentor Avenue Painesville Township, OH 44077 440.354.5602	Tom Riebe Jeff Smul Allison Riebe Moore Chris Mulchin	Cleveland, OH – 6/17/2020
Gables Management Co., LLC 2841 Riviera Drive Akron, OH 44333 330-524-4394	Michael Wojno	Fairlawn, OH – 9/16/2020
Alloway Real Estate Holdings, LLC 22812 Pelomar Lane Marysville, Ohio 43040 937-578-3937	Robert Alloway	Marysville, OH - 10/19/20
Charis Homes 6215 Frank Avenue NW North Canton, OH 44720	Glenna Wilson	North Canton, OH - 12/9/2020
Foundation Development Group, LLC 2470 E. Main St., Ste. 2 Columbus, OH 43209 614-299-4540	David J. Labus Carl Fankhauser	West Chester, OH - 12/08/2019
Perrino Lifestyles, LLC 7976 Mayfield Road Chesterland, OH 44026 440-487-4021	Pat Perrino	Not Yet in Operation Project Location TBD– 10/21/2021

R.E.M Developments, LLC 9202 Marlebury End Powell, OH 43065 614-203-1492	Chris McCray Dennis Grech	Not Yet in Operation Project Location TBD– 12/17/2020
RJO Lifestyles, LLC 6631 Commerce Pkwy, Suite E Dublin, OH 43017 614-657-8843	Runa Gupta Jackie Pickell-Lall	Not Yet in Operation Project Location TBD– 10/30/2020
OKLAHOMA		
Thirty-Three Development, LLC 2725 Guilford Lane Oklahoma City, Oklahoma 73120 405-401-6321	Chuck Cook Richard Miller David Schenck	Not Yet in Operation Project Location TBD– 6/17/2019
PENNSYLVANIA		
Hawthorne Partners, LLC 102 W. Pike Street, Suite 200 Houston, PA 15342-1429 724-745-4250	Paul Scarmazzi Lisa J. Scarmazzi	Cecil Twp, PA - 10/08/2019
Weaver Master Builders, Inc. P.O. Box 449 361 Mars Valencia Road Mars, PA 16046 724-625-7800	William J. Weaver Bonnie Weaver	Cranberry Twp, PA - 12/26/2019
Weaver Master Builders, Inc. P.O. Box 449 361 Mars Valencia Road Mars, PA 16046 724-625-7800	William J. Weaver Bonnie Weaver	Harmony, PA - 12/26/2019
Weaver Master Builders, Inc. P.O. Box 449 361 Mars Valencia Road Mars, PA 16046 724-625-7800	William J. Weaver Bonnie Weaver	Jackson Twp, PA - 12/26/2019
Hawthorne Partners, LLC 102 W. Pike Street, Suite 200 Houston, PA 15342-1429 724-745-4250	Paul Scarmazzi Lisa J. Scarmazzi	McKees Rocks, PA - 7/26/2022
Weaver Master Builders, Inc. P.O. Box 449 361 Mars Valencia Road Mars, PA 16046 724-625-7800	William J. Weaver Bonnie Weaver	Middlesex Twp, PA - 12/26/2019
Hawthorne Partners, LLC 102 W. Pike Street, Suite 200 Houston, PA 15342-1429 724-745-4250	Paul Scarmazzi Lisa J. Scarmazzi	Pittsburgh, PA (3 Projects) - 3/20/2000
Weaver Master Builders, Inc. P.O. Box 449 361 Mars Valencia Road Mars, PA 16046 724-625-7800	William J. Weaver Bonnie Weaver	Sarver, PA - 12/23/2020
Hawthorne Partners, LLC 102 W. Pike Street, Suite 200 Houston, PA 15342-1429 724-745-4250	Paul Scarmazzi Lisa J. Scarmazzi	South Park Township, PA - 7/26/2022

Hawthorne Partners, LLC 102 W. Pike Street, Suite 200 Houston, PA 15342-1429 724-745-4250	Paul Scarmazzi Lisa J. Scarmazzi	Washington, PA - 7/26/2022
Hawthorne Partners, LLC 102 W. Pike Street, Suite 200 Houston, PA 15342-1429 724-745-4250	Paul Scarmazzi Lisa J. Scarmazzi	Washington, PA - 7/26/2022
GSCI Development, LLC 1345 N. Hancock Street Philadelphia, PA 19122 202-669-5465	Glenn Isaac Sarah Cohen	Not Yet in Operation Project Location TBD– 1/26/2022
SOUTH CAROLINA		
NewStyle Communities, Inc.* 2125 Southend Drive, Ste.453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Columbia, SC, - 3/27/2013, Greenville, SC, and Rock Hill, SC
NewStyle Communities, Inc.* 2125 Southend Drive, Ste.453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Fort Mill, SC - 6/10/2021
NewStyle Communities, Inc.* 2125 Southend Drive, Ste.453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Greenville, SC – 3/27/2013
NewStyle Communities, Inc.* 2125 Southend Drive, Ste.453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Greer, SC – 7/29/2020
NewStyle Communities, Inc.* 2125 Southend Drive, Ste.453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Greer, SC – 5/31/2022
Carrell Homes, LLC 4422 Little River Inn Lane Little River, SC 29566 843-685-1081	Bruce Carrell	Myrtle Beach, SC – 12/14/2020
NewStyle Communities, Inc.* 2125 Southend Drive, Ste.453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Rock Hill, SC - 3/27/2013
NewStyle Communities, Inc.* 2125 Southend Drive, Ste.453 Charlotte, NC 28203 980-298-6828	Brock L. Fankhauser	Tega Cay, SC - 6/12/2019
SOUTH DAKOTA		
Kelly Construction, Inc. 312 Court Street Souix City, IA 51101 712 577 2907	Kyle Kelly	Souix Falls - 1/19/2021

TENNESSEE		
Cook Bros Construction Dba Cook Bros Homes 3571 Louisville Road, Louisville, Tennessee 37777 865- 851-7373	John Cook Ralph Cook	Lenoir City, TN - 07/17/2020
Cook Bros Construction Dba Cook Bros Homes 3571 Louisville Road, Louisville, Tennessee 37777 865- 851-7373	John Cook Ralph Cook	Louden County, TN - 02/12/2020
TEXAS		
Integrity Retirement Group, LLC 361 W Byron Nelson Blvd, Suite 104 Roanoke, TX 76262 817-430-3318	John Delin Steve Delin	Ft. Worth, TX – 10/28/2019
Integrity Retirement Group, LLC 361 W Byron Nelson Blvd, Suite 104 Roanoke, TX 76262 817-430-3318	John Delin Steve Delin	Little Elm, TX – 02/07/2022
Integrity Retirement Group, LLC 361 W Byron Nelson Blvd, Suite 104 Roanoke, TX 76262 817-430-3318	John Delin Steve Delin	Mansfield, TX – 9/03/2020
Integrity Retirement Group, LLC 361 W Byron Nelson Blvd, Suite 104 Roanoke, TX 76262 817-430-3318	John Delin Steve Delin	Prosper, TX – 02/07/2022
Integrity Retirement Group, LLC 361 W Byron Nelson Blvd, Suite 104 Roanoke, TX 76262 817-430-3318	John Delin Steve Delin	Rockwall, TX – 10/28/2019
ROC Homes Texas, Ltd. 1169 Brittmoore Road Houston, TX 77043 346-762-1870	Eric Hymowitz	Tomball, TX – 6/16/2020
CRT, LLC dba Caprock Development 4402 Edinburgh Place College Station, TX 77845 979-255-8987	Jesse Durden	Not Yet in Operation Project Location TBD– 9/21/2020
Center City Homes, LLC 4725 College Park, Suite 200 San Antonio, TX 78249	Adam Sanchez	Not Yet in Operation Project Location TBD- 12/3/2020
Jayabheri RE, LLC P.O. Box 630304 Irving, TX 75063 214-455-7623	Victor Gottipati Pallavi Challa	Not Yet in Operation Project Location TBD– 8/31/2020

Lake Pointe Development, LLC 24810 Boulder Lake Court Katy, TX 77494 713-444-7053	Mohammed Jamil	Not Yet in Operation Project Location TBD- 10/22/2021
Ryan Barrett Homes-55, LLC P.O. Box 488 Springfield, TX 77383 281-703-2167	George Kawaja Greg Stessel Vicky Stessel	Not Yet in Operation Project Location TBD- 7/30/2021
Southwest Sunset Holdings, LLC 99 Trophy Club Drive Trophy Club, TX 76262 972-584-1302	Albert Bernal Cory Nikolaus	Not Yet in Operation Project Location TBD- 4/15/2021
Thomas Group Development, LLC 2600 Cole Avenue, Apt. 405 Dallas, TX 75204 214-273-9986	Roger Thomas Matthew Thomas	Not Yet in Operation Project Location TBD- 6/1/2020
Vita Nova Construction, LLC 8109 Belmont Court N Richland Hills, TX 76182 469-337-6152	Blake Vaughn Jeff Lott	Not Yet in Operation Project Location TBD- 6/23/2021
UTAH		
Choice Lifestyles, LLC 1115 S. Main Street Suite 100 Cedar City, UT 84720 435-773-8898	Roger Thomas	Iron County, UT – 11/19/2020
Hamlet Homes IV Corporation 84 West 4800 South, Suite 200 Murray, Utah 84107 404-433-2446	Berry J. Gittleman Elliot D. Jenkins Jonathan J. Southern Philip E. Mosher	Not Yet in Operation Project Location TBD- 11/2/2022
VIRGINIA		
Cornerstone Homes LLC 6912 Three Chopt Road, Suite C Richmond, VA 23226 804-270-7701	Roger A. Glover, III	No Current Projects - 12/17/2001
Elite Building Solutions, LLC 7701 Bradbury Road Richmond, VA 23231 804-519-5130	Corey D. Cotman Germal A. Daniel	Not Yet in Operation Project Location TBD- 12/29/2022
Lifestyle Builders & Developers, Inc. 4561 Lifestyle Lane Midlothian, VA 23112 804-356-5566	Kevin M. McNulty Lori A. McNulty	Not Yet in Operation Project Location TBD- 8/9/2022
WISCONSIN		
Atkins Development Group, LLC 2050 Sweetfern Drive Green Bay, WI 54313 920-217-0210	Stephen Atkins Sheryl Atkins	Appleton, WI – 9/21/2020
Urso Lifestyle Communities, LLC 4720 Farwell Street McFarland, WI 53558	Kevin Urso	Not Yet in Operation Project Location TBD- 3/30/2021

* At least one of the principals of this franchisee entity is a member of the immediate families of principals of Epcon Communities, LLC. This franchise and project is the subject of a disclosure in Item 20 of this disclosure document.

Following is a list of Epcon Communities franchisees who signed a franchise agreement with us after our most recent fiscal year end (December 31, 2022) and, unless otherwise noted below, were in operation as of the original issuance date of this disclosure document (April 16, 2023).

For purposes of this Exhibit, a franchisee is considered to be "in operation" if the franchisee has signed a Franchise Agreement and Market Area Agreement with us.

Franchisee Name and Address	Principals of Franchisee	Location of Project(s) and Date of Franchise Agreement(s)
OHIO		
Elysian Enterprises, LLC 7986 Luckstone Drive Dublin, OH 43017 614-746-3813	Morgan G. Knapp	Not Yet in Operation Project Location TBD – 2/20/2023

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EXHIBIT O TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

California

Commissioner of Financial Protection and
Innovation
Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(866) 275-2677
ask.dfpi@dfpi.ca.gov

Connecticut

Assistant Director
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

Florida

Regulatory Consultant
Department of Agriculture and
Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, FL 32314-6700
(850) 410-3800

Hawaii

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, HI 96810
(808) 586-2744

Illinois

State of Illinois Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62701-1705
(217) 782-1090

Indiana

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

Iowa

Iowa Secretary of State
Business Services
First Floor, Lucas Building
321 East 12th Street
Des Moines, IA 50319
(515) 281-5204

Kentucky

State of Kentucky Attorney General
Office of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601
(502) 696-5389

Maryland

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

Michigan

Michigan Assistant Attorney General
Consumer Protection Division, Franchise
Section
G. Mennen Williams Building, First Floor
525 West Ottawa Street
Lansing, MI 48933
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Securities Unit
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1638

Nebraska

Nebraska Department of Banking and Finance
Bureau of Securities
1526 "K" Street, Suite 300
Lincoln, NE 68508-2732
(402) 471-3445

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Fl.
New York, NY 10005
(212) 416-8222

North Dakota

North Dakota Securities Department
Franchise Registration
600 East Boulevard Avenue
State Capital, Fifth Floor
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Department of Consumer and Business
Services
Division of Financial Regulation
350 Winter Street NE, Room 410
Salem, OR 97301-3883
(503) 378-4140

Rhode Island

Rhode Island Dept. of Business Regulation
Securities Division
1511 Pontiac Avenue, Building 68-2
Cranston, RI 02920
(401) 462-9500

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, 2nd Floor
Pierre, SD 57501
(608) 773-3563

Texas

Secretary of State
Registrations Unit
James E. Rudder Office Building
1019 Brazos Street
Austin, TX 78701
(512) 475-0775

Utah

Director
State of Utah Department of Commerce
Division of Consumer Protection
160 East 300 South, 2nd Floor
P.O. Box 146704
Salt Lake City, UT 84114-6704
(801) 530-6601

Virginia

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

Wisconsin

Franchise Registration
Division of Securities, Suite 300
Department of Financial Institutions
P.O. Box 1768
Madison, WI 53701-1768
(608) 266-0448

EXHIBIT P TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Financial
Protection and Innovation
California Department of Financial
Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834

Hawaii

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
King Kalakaua Building
335 Merchant Street
Honolulu, Hawaii 96813

Illinois

Illinois Secretary of State
213 State Capital
Springfield, Illinois 62756

Indiana

Indiana Secretary of State
200 W. Washington Street
Room 201
Indianapolis, Indiana 46204

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan

Corporations, Securities, & Commercial
Licensing Bureau
Securities & Audit Division
PO Box 30018
Lansing, Michigan 48909

Minnesota

Minnesota Department of Commerce
Securities Unit
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

New York

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

North Dakota

North Dakota Securities Commissioner
State Capitol – 5th Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510

Oregon

Director of Oregon Department of Consumer
and Business Services
Division of Financial Regulation
350 Winter Street, NE, Room 410
Salem, Oregon 97301

Rhode Island

Director of Rhode Island Department
of Business Regulation
Department of Business Regulation
Securities Division
Building 68-2
1511 Pontiac Avenue
Cranston, Rhode Island 02920-4407

South Dakota

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

Virginia

Clerk of the State Corporation Commission
Commonwealth of Virginia
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Wisconsin

Wisconsin Department of Financial Institutions
Division of Securities
4822 Madison Yards Way
4th Floor North Tower
Madison, Wisconsin 53705

EXHIBIT Q TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF COPYRIGHTS

Full title	Copyright Number	Registration Date
Abbey for The Woods at Hayden Run.	VA0001628325	12/28/2007
Aboreta (Condominium Building) - for The Courtyards at Seldom Seen.	VA0001792284	09/30/2011
Aboreta (Condominium Building) - for The Courtyards at Seldom Seen	VA0001792285	09/30/2011
Aboreta (Condominium Building) - for The Villas at Culp Arbor	VA0001792278	10/06/2011
Aboreta (Condominium Building) - for The Villas at Culp Arbor	VA0001792277	10/06/2011
Aboreta (Condominium Building) - for The Woods at Hayden Run Condominium	VA0001792325	09/27/2011
Aboreta (Condominium Building) - For the Woods at Hayden Run Condominium	VA0001792328	09/27/2011
Bramante (Condominium Building) - for The Courtyards at Seldom Seen	VA0001792279	09/30/2011
Bramante (Condominium Building) - for The Courtyards at Seldom Seen	VA0001792287	09/30/2011
Bramante (Condominium Building) - for The Villas at Culp Arbor	VA0001792275	10/06/2011
Bramante (Condominium Building) - for The Villas Culp Arbor	VA0001792274	10/06/2011
Bramante (Condominium Building) - for the Woods at Hayden Run Condominium	VA0001792326	09/27/2011
Bramante (Condominium Building) - for the Woods at Hayden Run Condominium	VA0001792324	09/27/2011
Clubhouse at The Villas at Culp Arbor.	VA0001792259	10/06/2011
Clubhouse for The Villas at Culp Arbor	VA0001792261	10/06/2011
Colonnade (Condominium Building) - for The Courtyards at Seldom Seen.	VA0001792288	09/30/2011
Colonnade (Condominium Building) - for The Courtyards at Seldom Seen	VA0001792290	09/30/2011
Colonnade (Condominium Building) - for The Villas at Culp Arbor	VA0001792273	10/06/2011
Colonnade (Condominium Building) - for The Villas at Culp Arbor	VA0001792271	10/06/2011
Colonnade (Condominium Building) - for The Woods at Hayden Run Condominium	VA0001792322	09/27/2011
Colonnade (Condominium Building) - for The Woods at Hayden Run Condominium	VA0001792320	09/27/2011
Condominium Building - Abbey - The Woods at Sugar Run Condominium	VA0001716721	02/18/2009
Condominium Building - Arboreta (PDA- 1) The Woods at Sugar Run Condominium	VA0001716719	02/18/2009
Condominium Building - Ashford - The Woods at Sugar Run Condominium	VA0001703646	02/18/2009
Condominium Building - Bramante (PDA-2) The Woods at Sugar Run Condominium	VA0001703647	02/18/2009
Condominium Building - Cambridge – The Woods at Sugar Run Condominium	VA0001703635	02/18/2009
Condominium Building - Canterbury - The Woods at Sugar Run Condominium	VA0001703629	02/18/2009
Condominium Building - Chateau - The Woods at Sugar Run Condominium Building type 100 The Woods at Sugar Run Condominium	VA0001716716	02/18/2009
Condominium Building - Colonnade (PDA-3) The Woods at Sugar Run Condominium	VA0001770827	02/18/2009
Condominium Building - Ducal (PDA-4) - The Woods at Sugar Run Condominium	VA0001703641	02/18/2009
Condominium Building - Palazzo (PDD-1) The Woods at Sugar Run Condominium Epcon communities The Woods at Sugar Run ppd-1	VA0001716715	02/18/2009
Condominium Building - Promenade (PDD-3) - The Woods at Sugar Run Condominium Epcon Communities The Woods at Sugar Run Condominium ppd 3	VA0001716718	02/18/2009
Condominium Building - Villa - The Woods at Sugar Run Condominium	VA0001703624	02/18/2009
Condominium building (Abbey)	VA0001325063	11/10/2005

Full title	Copyright Number	Registration Date
Condominium Building (Abbey) Polo Club at Weddington	VA0001635903	03/13/2008
Condominium Building (Abbey/Canterbury Polo Club at Weddington	VA0001635893	03/13/2008
Condominium building (Abbey/Canterbury) Cobblestone at the Preserves, Thompson Road, New Albany, Franklin County, Ohio.	VA0001325016	11/04/2005
Condominium Building (Abbey/Canterbury) for The Woods at Sugar Run	VA0001694326	02/27/2008
Condominium building (Abbey/Canterbury) for Villas at Broadmere, Columbus, Ohio	VA0001325015	11/04/2005
Condominium Building (Cambridge/ Ashford) for The Woods at Sugar Run	VA0001694309	02/27/2008
Condominium building (Canterbury)	VA0001325062	11/10/2005
Condominium Building (Canterbury) Polo Club at Weddington	VA0001635901	03/13/2008
Condominium building (Canterbury/Abbey) for Maple Creek, Africa Rd. And Worthington Rd., Delaware County, Ohio.	VA0001325018	11/04/2005
Condominium building (Chateau)	VA0001335460	11/09/2005
Condominium Building (Chateau) Polo Club at Weddington	VA0001635904	03/13/2008
Condominium building (Clubhouse) for Stone Bridge at Golf Village, Powell, Ohio	VA0001345988	11/04/2005
Condominium building (Clubhouse) for The Villas at Glenealy Building type 100M, The Villas of Glenealy: project no. 2005-051	VA0001388933	01/10/2007
Condominium Building (Clubhouse) for The Woods at Sugar Run Condominium Building Type 100 The Woods at Sugar Run Condominium.	VA0001694300	02/27/2008
Condominium building (Clubhouse) for Windsor Bridge	VA0001338009	11/04/2005
Condominium Building (Clubhouse) Polo Club at Weddington Building Type 100 Polo Club at Weddington.	VA0001635682	03/13/2008
Condominium Building (Clubhouse) Polo Club at Weddington Building Type 100 Polo Club at Weddington	VA0001635690	03/13/2008
Condominium building (countryside architectural style) Abbey/Canterbury for the Villas at Glenealy	VA0001414853	04/23/2007
Condominium building (countryside architectural style) Canterbury for the Villas at Glenealy	VA0001414854	04/23/2007
Condominium building (English country architectural style) Abbey/Canterbury for the Villas at Glenealy	VA0001414851	04/23/2007
Condominium building (English country architectural style) Canterbury for the Villas at Glenealy	VA0001414857	04/23/2007
Condominium building (European country architectural style) Abbey/Canterbury for the Villas at Glenealy	VA0001414858	04/23/2007
Condominium building (European country architectural style) abbey for the Villas at Glenealy	VA0001420992	04/23/2007
Condominium building (European country architectural style) abbey for the Villas at Glenealy	VA0001420993	04/23/2007
Condominium building (European country architectural style) abbey for the Villas at Glenealy	VA0001420994	04/23/2007
Condominium building (European country architectural style) Canterbury for the Villas at Glenealy	VA0001414856	04/23/2007
Condominium building (European country architectural style) chateau for the Villas at Glenealy	VA0001420991	04/23/2007
Condominium building (European country architectural style) chateau for the Villas at Glenealy	VA0001420995	04/23/2007
Condominium building (European country architectural style) villa/chateau for the Villas at Glenealy	VA0001420989	04/23/2007

Full title	Copyright Number	Registration Date
Condominium building (European country architectural style) villa for the Villas at Glenealy	VA0001420990	04/23/2007
Condominium Building (Heritage Stone Architectural Style) Canterbury for The Woods at Hayden Run	VA0001628330	12/28/2007
Condominium Building (Heritage Stone Architectural Style) Chateau for the Woods at Hayden Run	VA0001628335	12/28/2007
Condominium Building (Heritage Stone Architectural Style) Clubhouse for The Woods at Hayden Run	VA0001628332	12/28/2007
Condominium Building (Heritage Stone Architectural Style) Villa for the Woods at Hayden Run	VA0001628333	12/28/2007
Condominium Building (Heritage Stone Architectural Style) Windsor for The Woods at Hayden Run	VA0001628321	12/28/2007
Condominium Building (PDA-1/PDA-2) for The Woods at Sugar Run Condominium	VA0001694333	02/27/2008
Condominium Building (PDA-3/PDA-4) for The Woods at Sugar Run Condominium	VA0001694332	02/27/2008
Condominium Building (PDD-1) for The Woods at Sugar Run Condominium Epcon Communities The Woods at Sugar Run PDD-1	VA0001694277	02/27/2008
Condominium Building (PDD-2) for The Woods at Sugar Run Condominium Epcon Communities The Woods at Sugar Run PDD-2	VA0001694282	02/27/2008
Condominium Building (PDD-3) for The Woods at Sugar Run Condominium Epcon Communities The Woods at Sugar Run PDD-3	VA0001694286	02/27/2008
Condominium building (Tidewater architectural style) Villa for the Villas at Glenealy	VA0001414852	04/23/2007
Condominium building (Tidewater architectural style) Villa/Chateau for the Villas at Glenealy	VA0001414855	04/23/2007
Condominium building (Villa)	VA0001325061	11/10/2005
Condominium Building (Villa) Polo Club at Weddington Polo Club at Weddington	VA0001635905	03/13/2008
Condominium building (Villa/Chateau) for Cobblestone at the Preserves, Thompson Road, New Albany, Franklin County, Ohio.	VA0001325019	11/04/2005
Condominium Building (Villa/Chateau) for The Woods at Sugar Run	VA0001694306	02/27/2008
Condominium Building (Villa/Chateau) Polo Club at Weddington	VA0001635891	03/13/2008
Condominium building clubhouse for Stone Bridge at Golf Village, Powell, Ohio	VA0001325017	11/04/2005
Condominium building clubhouse for Stone Bridge at Golf Village, Powell, Ohio : project no. A1060	VA0001334332	11/09/2005
Ducal (Condominium Building) - for The Courtyards at Seldom Seen	VA0001792291	09/30/2011
Ducal (Condominium Building) - for The Courtyards at Seldom Seen	VA0001792282	09/30/2011
Ducal (Condominium Building) - for The Villas at Culp Arbor	VA0001792265	10/06/2011
Ducal (Condominium Building) - for The Woods at Hayden Run Condominium	VA0001792318	09/27/2011
Ducal (Condominium Building) - for The Woods at Hayden Run Condominium	VA0001792317	09/27/2011
Ducal (Condominium Building) - for Villas at Culp Arbor	VA0001792269	10/06/2011
Epcon communities The Woods at Sugar Run Condominium ppd-2	VA0001716720	02/18/2009
Palazzo (Condominium Building) - for The Courtyards at Seldom Seen.	VAu001080381	09/30/2011
Palazzo (Condominium Building) - for The Courtyards at Seldom Seen	VAu001080380	09/30/2011
Palazzo (Condominium Building) - for the Woods at Hayden Run	VA0001792315	09/27/2011
Palazzo (Condominium Building) - for the Woods at Hayden Run Condominium	VA0001792316	09/27/2011
Palazzo (Condominium Building) for the Polo Club at Weddington	VA0001801074	11/18/2011
Palazzo (Condominium Building) for the Polo Club at Weddington	VA0001801084	11/18/2011

Full title	Copyright Number	Registration Date
Portico (Condominium Building) - for The Courtyards at Seldom Seen	VAu001080379	09/30/2011
Portico (Condominium Building) - for The Courtyards at Seldom Seen.	VAu001080378	09/30/2011
Portico (Condominium Building) - for the Woods at Hayden Run Condominium	VA0001792312	09/27/2011
Portico (Condominium Building) for the Polo Club at Weddington	VA0001801086	11/18/2011
Portico (Condominium Building) for the Polo Club at Weddington	VA0001801101	11/18/2011
Portico (Condominium Unit) - for The Woods at Hayden Run Condominium	VA0001792311	09/27/2011
Promenade (Condominium Building) - for The Courtyards at Seldom Seen	VAu001080377	09/30/2011
Promenade (Condominium Building) - For the Woods at Hayden Run Condominium	VA0001792294	09/27/2011
Promenade (Condominium Building) - for The Woods at Hayden Run Condominium	VA0001792292	09/27/2011
Promenade (Condominium Building) - the Courtyards at Seldom Seen	VAu001080382	09/30/2011
Promenade (Condominium Building) for the Polo Club at Weddington	VA0001801102	11/18/2011
Promenade (Condominium Building) for the Polo Club at Weddington	VA0001801105	11/18/2011
Windsor (Condominium Building) for the Polo Club at Weddington	VA0001800990	11/22/2011
Windsor (Condominium Building) for the Polo Club at Weddington	VA0001800988	11/22/2011
Windsor Bridge, Thompson Road, Columbus, Franklin County, Ohio: project no. A3026	VA0001334328	11/09/2005
Architectural Alliance	VAu000348458	10/27/1995
The Crossings at Windemere project. Crossings at Windemere : a 52 unit plus clubhouse residential condominium, Westerville, Ohio	VA0000698779	11/17/1994
The Crossings at Windemere project. Crossings at Windemere : a 52 unit plus clubhouse residential condominium, Westerville, Ohio	VA0000698780	11/17/1994
Ranch condominium building/Property Group One, Inc. Fairway Palms at the villages of Cypress Creek	VA0000698784	11/17/1994
Ranch condominium building/Fairway Palms project/two bedroom unit. Fairway Palms at the villages of Cypress Creek	VA0000698785	11/17/1994
Community building/Fairway Palms project. Fairway Palms II at the villages of Cypress Creek	VA0000698783	11/17/1994
Ranch condominium building/Fairway Palms II project. Fairway Palms II at the villages of Cypress Creek	VA0000698781	11/17/1994
Ranch condominium building/Fairway Palms II project. Fairway Palms II at the villages of Cypress Creek	VA0000698782	11/17/1994
Timbers Edge project condominium building. Timbers Edge : a 64 unit plus clubhouse, residential condominium, Columbus, Ohio	VA0000745900	10/19/1995
Timbers Edge project condominium building. Timbers Edge : a 64 unit plus clubhouse, residential condominium, Columbus, Ohio	VA0000745901	10/19/1995
Ranch condominium building/Property Group One, Inc. Trotter's Chase, Bethel and Sawmill Roads, Columbus, Ohio : phase 2	VA0000698786	11/17/1994
Community building--The Village at Windemere project. Village at Windemere	VA0000698775	11/17/1994
Community building--The Village at Windemere project. Village at Windemere	VA0000698776	11/17/1994
Ranch condominium building/The Willows at Quail Creek project. Willows at Quail Creek : a 100 unit residential condominium and club house, Grove City, Ohio	VA0000698777	11/17/1994
Ranch condominium building/The Willows at Quail Creek project. Willows at Quail Creek : a 100 unit residential condominium and club house, Grove City, Ohio	VA0000698778	11/17/1994

Full title	Copyright Number	Registration Date
Verona – Rear Courtyard Series	VA 1-989-696	10/06/2015
Verona – Rear Courtyard Series	VA 1-989-698	10/06/2015
Salerno – Rear Courtyard Series	VA 1-989-702	10/06/2015
Salerno – Rear Courtyard Series	VA 1-989-699	10/06/2015
Large Pavilion – The Courtyards on Tussic Condominium	VA 1-989-704	09/30/2015
Large Pavilion – The Courtyards on Tussic Condominium	VA 1-989-703	09/30/2015
Cabana and Pool – The Courtyards at Hayden Run	VA 1-989-382	10/21/2015
Cabana and Pool – The Courtyards at Hayden Run	VA 1-986-701	10/21/2015
Small Pavilion – The Courtyards at Grandshire Condominium	VA 1-989-694	10/05/2015
Small Pavilion – The Courtyards at Grandshire Condominium	VA 1-985-674	10/05/2015
Torino – Rear Courtyard Series	VA 1-989-691	10/06/2015
Torino – Rear Courtyard Series	VA 1-989-689	10/06/2015
Promenade (Condominium Building) with Basement and Bonus Suite	VA 1-994-947	03/08/2016
Promenade (Condominium Building) with Basement and Bonus Suite	VA 1-994-948	03/08/2016
Portico (Condominium Building) with Basement and Bonus Suite	VA 1-994-940	03/08/2016
Portico (Condominium Building) with Basement and Bonus Suite	VA 1-994-943	03/08/2016
Palazzo (Condominium Building) with Basement and Bonus Suite	VA 1-994-937	03/08/2016
Palazzo (Condominium Building) with Basement and Bonus Suite	VA 1-994-939	03/08/2016
Large Clubhouse (Courtyards at Hidden Ravines)	VA0002065803	07/07/2017
Large Clubhouse (Courtyards at Hidden Ravines)	VA0002065806	07/07/2017
Small Clubhouse (Courtyards of Huntersville)	VA0002065805	07/07/2017
Small Clubhouse (Courtyards of Huntersville)	VA0002065795	07/07/2017
Medium Clubhouse (Courtyards on Hoover)	VA0002065807	07/07/2017
Medium Clubhouse (Courtyards on Hoover)	VA0002065804	07/07/2017
Building 41 (The Courtyards on Hoover)	VA0002065800	08/02/2017
Building 41 (The Courtyards on Hoover)	VA0002065797	08/02/2017
Building 42 (The Courtyards on Hoover)	VA0002065796	08/02/2017
Building 42 (The Courtyards on Hoover)	VA0002065799	08/02/2017
Building 43 (The Courtyards on Hoover)	VA0002065802	08/02/2017
Building 43 (The Courtyards on Hoover)	VA0002065798	08/02/2017
Cala and Ellsworth Duplex - The Courtyards at Hidden Ravines Condominium.	VA0002101115	2016
Cala and Ellsworth Duplex - The Courtyards at Hidden Ravines Condominium.	VA0002101114	2016
Cala, Ellsworth, and Haven Triplex - The Courtyards at Hidden Ravines Condominium.	VA0002101116	2017
Cala, Ellsworth, and Haven Triplex - The Courtyards at Hidden Ravines Condominium.	VA0002095983	2017
Promenade III - Courtyards at Price Farms.	VA0002272598	2017
Promenade III - Courtyards at Price Farms.	VA0002272597	2017
Provenance - Courtyards on Hyland Run.	VA0002284617	2021
Capri - Courtyards at Beulah Park.	VA0002274134	2020
Capri - Courtyards at Beulah Park.	VA0002272599	2020

EXHIBIT R TO FRANCHISE DISCLOSURE DOCUMENT

TERMINATION AND RELEASE AGREEMENT

This Termination and Release Agreement (this "Termination Agreement") is made as of _____, 20____, by and among Epcon Communities Franchising, LLC, an Ohio limited liability company with its principal place of business at 500 Stonehenge Parkway, Dublin, OH 43017 ("Epcon") and _____ a(n) _____ with its principal place of business at _____ ("Franchisee.")

Background

A. Epcon and Franchisee entered into that certain Epcon Communities Franchising, LLC Franchise Agreement (the "Franchise Agreement"), dated as of _____, pursuant to which Franchisee was granted the right to use the Epcon Development System.

B. Epcon and Franchisee each desire to terminate the Franchise Agreement effective upon the performance by Franchisee of certain preconditions as set forth herein.

C. Epcon desires to release Franchisee and Franchisee desires to release Epcon, with respect to any and all claims that each may have against the other party as of the Effective Date (as hereinafter defined) of this Termination Agreement.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Termination Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Termination of the Franchise Agreement. Epcon and Franchisee hereby agree to terminate the Franchise Agreement effective as of the date last set forth below (the "Effective Date"). Notwithstanding the execution of this Termination Agreement and except as amended hereby, Franchisee acknowledges that it continues to be fully obligated under the Franchise Agreement through and until the Effective Date. The foregoing sentence shall not constitute a release of Franchisee's obligations contained in Article 10, Article 12, and Sections 5.8, 6.3, 13.7, 15.1, 16.1, 20.2 and 20.3 of the Franchise Agreement, effective _____ and the Personal Covenants and Agreement of _____ dated _____.

Section 2. Preconditions to Termination. As preconditions to the effectiveness of this Termination Agreement, Franchisee shall be obligated to fully perform each of the following:

- (a) Franchisee shall promptly tender possession and ownership to Epcon of all items provided to Franchisee by Franchisor as described in Article 4 of the Franchise Agreement and any copies or derivations thereof, if any.
- (b) Franchisee shall fully perform all other post-termination obligations of a franchisee as provided in Article 12 of the Franchise Agreement.

Section 3. Release of Epcon by Franchisee. As of the Effective Date, Franchisee, for itself and its successors and assigns, hereby releases and forever discharges Epcon, any persons acting by, through, under or on behalf of Epcon, the successors and assigns of Epcon and the officers, directors, stockholders and agents of Epcon (collectively, the "Epcon Group"), of and from any and all debts, demands, actions or causes of action, damages, claims, rights and liabilities whatsoever, both at law and in equity, which Franchisee has, as of the Effective Date, or ever had against the Epcon Group and each member thereof.

Section 4. Indemnification of Epcon by Franchisee. Franchisee agrees to, and hereby does, indemnify, defend and hold harmless the Epcon Group, and each member thereof, from any damages, losses, claims, expenses or liability (including attorney's fees) which it may incur as a result of or related to the Franchise Agreement, Franchisee's development or operation of any project during the period occurring prior to the Effective Date, and/or this Termination Agreement.

Section 5. Release of Franchisee by Epcon. As of the Effective Date, Epcon, for itself and its successors and assigns, hereby releases and forever discharges Franchisee, any persons acting by, through, under or on behalf of Franchisee and the successors and assigns of Franchisee (collectively, the "Franchisee Group"), of and from any and all debts, demands, actions or causes of action, damages, claims, rights and liabilities whatsoever, both at law and in equity, which Epcon has, as of the Effective Date, or ever had against Franchisee Group and each member thereof.

Section 6. Binding Effect. This Termination Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors, assigns, executors and personal representatives. Nothing in this Termination Agreement, express or implied, is intended to confer on any person other than the parties hereto, and their respective successors, assigns, executors and personal representatives, any rights, remedies, obligations or liabilities under or by reason of this Termination Agreement.

Section 7. Amendment or Modification. This Termination Agreement may not be amended, modified or supplemented by the parties hereto in any manner, except by an instrument in writing signed on behalf of each of the parties hereto individually or by its duly authorized officer(s) or representative(s).

Section 8. Severability. If an provision of this Termination Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable in any jurisdiction, such determination shall not affect the validity or enforceability of the remaining provisions of this Termination Agreement in such jurisdiction or affect the validity or enforceability of such provision in any other jurisdiction.

Section 9. Governing Law. This Termination Agreement shall be governed by, and be construed in accordance with, the local laws of the State of Ohio.

Section 10. Counterparts. This Termination Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Termination Agreement and all of which together shall constitute one and the same instrument.

Section 11. Section and Other Headings. The section and other headings contained in this Termination Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Termination Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Termination Agreement to be executed on the date and year first above written and to be effective as of the Effective Date.

Witnesses:

Franchisee: NAME

Signature – Witness as to Name

By: _____ Date: _____
[Name, Title]

Name Printed: _____

Signature – Witness as to Name

By: _____ Date: _____
[Name, Title]

Name Printed: _____

Witnesses:

Epcon: Epcon Communities Franchising, LLC

Signature – Witness as to Joseph R. Karpowicz

By: _____
Joseph R. Karpowicz, Assistant General Counsel

Name Printed: _____

Signature – Witness as to Paul W. Hanson

By: _____
Paul W. Hanson, President of Franchising

Name Printed: _____

Date: _____

EXHIBIT S TO FRANCHISE DISCLOSURE DOCUMENT

**TECHNOLOGY ROYALTY ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT**

This Technology Royalty Addendum to Epcon Communities Franchising, LLC Franchise Agreement (hereinafter the "Addendum") is agreed to this ____ day of _____, 20__, by and between **Epcon Communities Franchising, LLC** ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement between the parties, dated _____(the "Franchise Agreement").

Background

WHEREAS, pursuant to a request by Franchisee to modify certain terms and provisions of the Franchise Agreement, Franchisee and Franchisor have agreed to amend the Franchise Agreement; and,

WHEREAS, Franchisee and Franchisor shall execute this Addendum to evidence said modifications to the Franchise Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing, of the agreements, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows, each intending to be legally bound hereby.

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. The Addendum and the Franchise Agreement are hereinafter collectively referred to as the "Agreement".
5. A third-party, Higharc Inc. ("Higharc"), pursuant to a contract with Franchisor, provides certain construction related services through a cloud-based platform for use by Franchisor and qualifying Epcon Communities franchisees. Those services, which may change from time-to time without prior notice to Franchisee, may include all or part of the following: access by Franchisee to the plans that are part of Franchisor's Development System, which plans may change from time to time in accordance with the terms of the Franchise Agreement (the "Plans"); a community management tool that shows available Units and inventory Units; enhanced sales and marketing materials that allow for personalization of the Plans for each homebuyer's choices; the creation of job-specific construction drawings that match each homebuyer's structural option selections; and the generation of job-specific key measure reports for guidance in estimating quantities of materials needed for construction of a Unit (collectively, the "Higharc Services").

Franchisee, upon execution of this Addendum, shall be granted the non-exclusive right to access and use the Higharc Services, upon the terms and conditions set forth in this Addendum and the Franchise Agreement. Upon the execution of this Addendum, Franchisor and/or Higharc, as determined by Franchisor in its sole discretion, shall cooperate and work with Franchisee to implement the use of the

Higharc Services solely in connection with Franchisee's development of the Project and sales of the Units in the Project.

Franchisee shall at all times comply with any and all terms and conditions of Higharc related to the use of the Higharc Services. Franchisee's compliance with such terms and conditions shall be determined by Franchisor and/or Higharc in their sole discretion. In addition, as one of the conditions of its right to use the Higharc Services, Franchisee agrees to accept and abide by any conditions of use published or provided by Franchisor from time to time in connection with the Higharc Services. Franchisee's compliance with such terms and conditions shall be determined by Franchisor in its sole discretion.

Franchisee acknowledges that Franchisor may, in its sole discretion, suspend, limit or revoke a Franchisee's right to use the Higharc Services if Franchisor determines that Franchisee, its agents, employees or owners, have failed to comply with the requirements and obligations pertaining to the Higharc Services. Notwithstanding any such suspension, limitation or revocation described above, the obligations of Franchisee to pay the Technology Royalty under this Addendum will continue without reduction until such time as all amounts owed by Franchisee to Franchisor under the terms of this Addendum are indefeasibly paid in full.

In consideration for use of the Higharc Services, commencing with the date of execution of this Addendum, contemporaneously with the closing of the sale of each Unit in the Project, Franchisee shall remit (or have the escrow agent, attorney, or any other person conducting closings remit) a payment to Franchisor in an amount equal to one-half of one percent (0.5%) multiplied by the Gross Sales Price of such Unit as provided in the applicable HUD-1 Settlement Statement or the total of the "Sale Price of the Property" and the "Sale Price of any personal property included in sale" in the Settlement Disclosure Form, or such lower amount, if applicable as provided in Section 5.2(d)(iii) of the Franchise Agreement (the "Technology Royalty"). No later than two days prior to a Unit's closing, a HUD-1 Settlement Statement or Settlement Disclosure Form, reflecting the applicable Technology Royalty payment for such Unit, shall be provided to Franchisor

Franchisee acknowledges that Franchisor has the right to amend or terminate its agreement with Higharc for the Higharc Services at any time without notice to Franchisee. In the event Franchisor's agreement with Higharc for use of the Higharc Services expires or is terminated for any reason, Franchisee's use of the Higharc Services, and this Addendum shall automatically terminate without notice to Franchisee, and commencing on the date of such expiration or termination, Franchisee shall not be required to pay the Technology Royalty on any Unit(s) for which the sale of such Unit(s) has not closed at the time of such expiration or termination. Franchisee's right to use the Higharc Services shall automatically terminate, without notice to Franchisee, upon the occurrence of any of the following: (a) the termination or expiration of the Franchise Agreement, (b) any default by Franchisee of its obligations under this Addendum, the Franchise Agreement or the Other Agreements, beyond any applicable cure period, or (c) the closing of the sale of the last Unit in Franchisee's Project.

6. Franchisee represents and agrees that it will keep the terms, provisions, amounts and fact of this Addendum, the Franchise Agreement and the Other Agreements, any of the negotiations or discussions related thereto, any of the facts or allegations related thereto and any terms, provisions, and amounts of any related documents completely confidential and not divulge said terms except as required by law or as otherwise required or requested by Franchisor in accordance with the terms of the Franchise Agreement and/or the Other Agreements. Notwithstanding the foregoing, Franchisee may divulge, so much of the terms of this Addendum, the Franchise Agreement and the Other Agreements, to its respective accountants, auditors, financial, business and legal advisors as is necessary for ordinary conduct of its business and financial affairs.

7. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

In Witness Whereof, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement.

Franchisee:

By: _____ Date: _____

By: _____ Date: _____

By: _____ Date: _____

Franchisor: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

By: _____
Paul W. Hanson, President

EXHIBIT T

**STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENTS**

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF ALASKA**

1. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

“The Franchise Agreement requires application of the laws of Ohio. This provision may not be enforceable under Alaska law.

Under certain circumstances, the Franchise Agreement requires you to participate in binding arbitration. This provision may not be enforceable under Alaska law unless you and Epcon Communities Franchising, LLC agree to the submission of a dispute to binding arbitration or to binding alternative dispute resolution at the time that the dispute arises.

Alaska Stat. § 45.45.750(a)(3) prohibits the requirement that you pay Epcon Communities Franchising’s attorneys’ fees. If the Franchise Agreement contains a provision that is inconsistent with the statute, the statute will control.”

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ALASKA**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, _____, by and between Epcon Communities Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) to amend and revise the Franchise Agreement between the parties, dated _____, _____, in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Section 13.7 of the Franchise Agreement is hereby modified by adding the following paragraph to the end thereof:

“This Agreement requires that certain disputes between the Franchisee and Franchisor be submitted to binding arbitration. This provision may not be enforceable under Alaska law unless Franchisee and Franchisor agree to the submission of such a dispute to arbitration or binding alternative dispute resolution at the time that the dispute arises.”

5. Section 20.2 of the Franchise Agreement is hereby deleted in its entirety and following substituted therefor:

“20.2 Choice of Law. Except to the extent governed by the federal copyright and trademark law, this Agreement shall be deemed to have been entered into under, and for all purposes shall be interpreted, construed, and governed by, the local laws of the State of Alaska, without application of its conflicts of laws principles.”

6. The Franchise Agreement is hereby modified by adding the following new Article 22 to the Franchise Agreement:

**“Article 22
Alaska Specific Provisions**

Alaska Stat. § 45.45.750(a)(3) prohibits the requirement that Franchisee pay Franchisor’s attorneys’ fees. If this Agreement contains a provision that is inconsistent with the statute, the statute will control.”

7. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

1. Special Risks to Consider About *This* Franchise:

The page entitled, “special risks to consider about *this* franchise” of this disclosure document is hereby modified by adding the following disclosures after the stated risk:

2. **Territory**. A franchisee’s territory is exclusive for only one year after completion of all of the buildings in the franchisee’s project or the date stated in the franchisee’s market area agreement.
3. **Personal Guarantee**. All the owners of the franchise will be required to sign personal guarantees. This requirement places the personal assets of the franchise owner(s) at risk.
2. California Corporations Code, Section 31125, requires Epcon Communities to give you a disclosure document, approved by the Commissioner of Financial Protection and Innovation, before solicitation of a proposed material modification of an existing franchise.
3. 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.
4. Item 1 of the disclosure document, under the heading, “Description of the Epcon Communities Franchise”, is hereby modified by adding the following paragraph to the end thereof:

“If your franchise project is located in the State of California, among the other laws with which you may have to comply in order to develop a project in California are the California Subdivided Lands Act, California Business & Professions Code, Section 11,000 et seq. and the Title 10 of the California Code of Regulations, Section 2790 et seq. and you may have to obtain approvals from the California Bureau of Real Estate, the California Department of Consumer Affairs and local jurisdictions.”

5. Item 3 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

“Except as may be disclosed in this Item 3, neither Epcon Communities Franchising, LLC nor any person listed in Item 2 of this Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.”

6. The chart in Item 6 of the disclosure document is hereby modified by adding the following language to the end of the “Amount” column for the “Late Payment Row”:

“The maximum annual interest rate permitted under California law is ten percent (10%).”

7. The third paragraph of Item 10 is hereby modified by adding the following language to the end of item (5):

“The maximum annual interest rate permitted under California law is ten percent (10%).”

8. The second to last paragraph of Item 12 regarding the Market Area Hold Agreement and Market Hold Fee is hereby modified by adding the following language to the end of the paragraph:

“The provision of the Market Area Hold Agreement to you by us, the signing of the Market Area Hold Agreement by you and us, and the payment of the Market Hold Fee by you to us will be done in compliance with California Corporations Code, Section 31119(a).”

9. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

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

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. The Franchise Agreement contains a liquidated damage clause. Under California Civil Code, Section 1671, certain liquidated damage clauses are unenforceable.

For certain claims, the Franchise Agreement requires you to participate in binding arbitration with Columbus, Ohio as the forum. This provision may not be enforceable under California law. The costs of the arbitration will be paid equally by the parties to the arbitration, unless the arbitrator orders otherwise.

The Franchise Agreement requires Ohio as the forum. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. 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 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043).

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 a franchise agreement restricting venue to a forum outside the State of California.”

10. Item 19 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

“The financial performance figures reflect some of the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.”

11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.
13. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the commissioner.**

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, 20____, by and between Epcon Communities Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) to amend and revise the Franchise Agreement between the parties, dated _____, _____, in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Section 13.7 of the Franchise Agreement is hereby modified by adding the following paragraph at the end thereof:

“THIS AGREEMENT REQUIRES COLUMBUS, OHIO AS THE FORUM FOR ARBITRATION. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.”

5. Section 20.2 of the Franchise Agreement is hereby modified by adding the following paragraph at the end thereof:

“THIS AGREEMENT REQUIRES APPLICATION OF THE LAW OF THE STATE OF OHIO. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.”

6. Section 20.3 of the Franchise Agreement is hereby modified by adding the following paragraph at the end thereof:

“THIS AGREEMENT REQUIRES OHIO AS THE FORUM. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.”

7.
 - (a) California Corporations Code, Section 31125, requires Franchisor to give you a disclosure document, approved by the Commissioner of Financial Protection and Innovation, before a solicitation of a proposed material modification of an existing franchise.
 - (b) The Franchise Agreement contains a liquidated damage clause, and under California Civil Code, Section 1671, certain liquidated damage clauses are unenforceable.
 - (c) Relative to the provision for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law.
 - (d) California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
 - (e) The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. 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 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043).

- (f) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- (g) 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 a franchise agreement restricting venue to a forum outside the State of California.

8. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

21.1 By its signature set forth below, Franchisee agrees with the following statements:

- (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
- (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor’s obligations and rights in respect to its various franchisees may differ materially in certain circumstances.

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

9. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

1. Section 4 of the Illinois Franchise Disclosure Act sets forth that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void.
2. Item 17 of the disclosure document is hereby modified as follows:
 - (a) by substituting the following in place of the last two items of the chart regarding the Franchise Agreement:

“

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	Not Applicable	Illinois
w. Choice of law	Section 20.2 of the Franchise Agreement	Illinois law applies. See State Addenda to Franchise Agreement.

”

and by adding the following paragraph to the end thereof:

“THE CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW: 815 ILCS 705/19 AND 20.”

- (b) by substituting the following in place of the last two items of the chart regarding the Market Hold Agreement:

“

PROVISION	SECTION IN AGREEMENT	SUMMARY
v. Choice of forum	Not Applicable	Illinois
w. Choice of law	Section 6 of the Market Hold Agreement	Illinois law applies. See Illinois Addendum to Market Hold Agreement.

”

and by adding the following paragraph to the end thereof:

“THE CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW: 815 ILCS 705/19 AND 20.”

- (c) by substituting the following in place of the last two items of the chart regarding the Market Reservation Agreement:

“

PROVISION	SECTION IN AGREEMENT	SUMMARY
v. Choice of forum	Not Applicable	Illinois
w. Choice of law	Section 9 of the Market Reservation Agreement	Illinois law applies. See Illinois Addendum to Market Hold Agreement.

”

and by adding the following paragraph to the end thereof:

“THE CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW: 815 ILCS 705/19 AND 20.”

3. Illinois law governs the agreements between the parties to the franchise. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provisions of the Illinois Franchise Disclosure Act, or any other law of Illinois is void.
4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement (this "Addendum") is attached to and made a part of the Epcon Communities Franchising, LLC Franchise Agreement (the "Franchise Agreement"), by and between Epcon Communities Franchising, LLC ("Franchisor") and _____, a _____ the principal place of business of which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of such Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Notwithstanding anything in the Franchise Agreement to the contrary:

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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the 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 the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties, provided, however, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
MARKET HOLD AGREEMENT
FOR THE STATE OF ILLINOIS**

This Addendum to Epcon Communities Franchising, LLC Market Hold Agreement (this "Addendum") is attached to and made a part of the Epcon Communities Franchising, LLC Market Hold Agreement (the "Market Hold Agreement"), by and between Epcon Communities Franchising, LLC ("Franchisor") and _____, a _____ the principal place of business of _____ which is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of such Market Hold Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Market Hold Agreement.
2. In the event of a conflict between the terms of the Market Hold Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Market Hold Agreement are in full force and effect.
4. Notwithstanding anything in the Market Hold Agreement to the contrary:

Illinois law governs the Market Hold 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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the 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 the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

5. This Addendum, together with the Market Hold Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties, provided, however, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to be effective as of the effective date of the Market Hold Agreement.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA**

1. Special Risk(s) to Consider About This Franchise:

The page entitled, "Special Risks to Consider About *This* Franchise of this disclosure document is hereby modified to comply with Indiana law by adding the following disclosure after the stated "Risk Factors":

"INDIANA LAW IS CONTROLLING FOR INDIANA FRANCHISEES."

2. Item 3 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

"Except as set out above, neither Epcon Communities nor any person identified in Item 2 of this disclosure document is involved in any pending arbitration and has, during the 10 year period immediately preceding the date of this disclosure document, been a party to any arbitration proceeding."

3. Item 6 of the disclosure document is hereby modified by adding the following to the "Remarks" column of the table opposite the listing for "Liquidated Damages":

"Liquidated damages are prohibited by Indiana Code Section 23-2-2.7-1(10). Epcon Communities may seek such damages in a court of proper jurisdiction. See Addendum to Epcon Communities Franchising, LLC Franchise Agreement for State of Indiana."

4. Item 17 of the disclosure document is hereby modified by substituting the following in place of the specified three items of the chart therein:

"

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	Section 20.3	Litigation must be filed in court of competent jurisdiction in Indiana.
w. Choice of law	Section 20.2	Indiana law applies.

"

and by adding the following paragraphs to the end thereof:

"With respect to item m. of the chart set forth above, you are not required to release any claims against Epcon Communities arising under Indiana franchise law."

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, _____, between Epcon Communities Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) to amend and revise the Franchise Agreement, dated _____, _____, in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Section 12.1(c) of the Franchise Agreement is hereby modified by adding the following language to the end thereof:

“, provided, however, that Franchisee shall not be required to release any claim against Franchisor arising under Indiana franchise law.”.
5. Franchisor’s right to enforce Section 13.7 of the Franchise Agreement shall be subject to Indiana Code Section 23-2-2.7-1(9).
6. Section 14.3 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

“Notwithstanding the foregoing provisions of this Section 14.3 to the contrary, in the event that liquidated damages are prohibited by applicable state law, Franchisor may seek such damages in a court of proper jurisdiction.”.
7. Section 14.4 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

“Franchisor’s right to injunctive relief shall be subject to Indiana Code Section 23-2-2.7-1(10). In addition, nothing in this Agreement shall be construed as a waiver by Franchisee of any applicable bond requirement with regard to Franchisor’s entitlement to injunctive relief.”.
8. Section 20.2 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

“Choice of Law. Except to the extent governed by the federal copyright and trademark law, this Agreement shall be deemed to have been entered into under, and for all purposes shall be governed by, the local laws of the State of Indiana.”.
9. Section 20.3 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

“Venue. Except to the extent prohibited by applicable state law to the contrary, Franchisor and Franchisee agree that any litigation or legal action to enforce or relating to this Agreement and the

relationship of the parties hereunder shall be filed in Indiana courts, and each of Franchisor and Franchisee hereby consents to the jurisdiction of such courts.”.

10. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

21.1 By its signature set forth below, Franchisee agrees with the following statements:

- (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
- (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor’s obligations and rights in respect to its various franchisees may differ materially in certain circumstances.

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

11. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

IOWA NOTICE OF CANCELLATION

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement.

You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.

Franchisee: NAME

Witnesses:

Signature – Witness as to Name

Name Printed: _____

By: _____ Date: _____
[Name, Title]

Signature – Witness as to Name

Name Printed: _____

By: _____ Date: _____
[Name, Title]

Franchisor: Epcon Communities Franchising, LLC

Witnesses:

Signature – Witness as to Joseph R. Karpowicz

Name Printed: _____

By: _____
Joseph R. Karpowicz, Assistant General Counsel

Signature – Witness as to Paul W. Hanson

Name Printed: _____

By: _____
Paul W. Hanson, President of Franchising

NOTICE OF CANCELLATION (IOWA)

Copy 1

Epcon Communities Franchising, LLC Franchise Agreement, signed _____

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Epcon Communities Franchising, LLC, 500 Stonehenge Parkway, Dublin, Ohio 43017, attn: Joseph R. Karpowicz, Assistant General Counsel, not later than midnight of _____ (Date).

I hereby cancel this transaction.

Buyer's Signature: _____

Date: _____

NOTICE OF CANCELLATION (IOWA)

Copy 2

Epcon Communities Franchising, LLC Franchise Agreement, signed _____

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Epcon Communities Franchising, LLC, 500 Stonehenge Parkway, Dublin, Ohio 43017, attn: Joseph R. Karpowicz, Assistant General Counsel, not later than midnight of _____ (Date).

I hereby cancel this transaction.

Buyer's Signature: _____

Date: _____

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

1. Item 17 of the disclosure document is modified by adding the following paragraphs to the end of Item 17:

“The termination of your franchise upon your bankruptcy may not be enforceable under federal bankruptcy law.

You may bring a lawsuit in the State of Maryland for claims arising under the State of Maryland’s Franchise Registration and Disclosure Law set forth in Title 02, Subtitle 02, Chapter 8, Section 02.02.08.01 et seq. of the Code of Maryland Regulations (“Maryland Franchise Laws”). Any claims arising under the Maryland Franchise Laws must be brought within three years after the grant of the franchise.

The general release referenced in item m., regarding transfer, in the chart set out above for the Franchise Agreement will not apply to any claims under the Maryland Franchise Laws.

Registration of our franchise offering in the State of Maryland is not approval, recommendation, or endorsement by the Securities Commissioner in the Office of the Attorney General of Maryland.”

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, 20____, by and between Epcon Communities Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) to amend and revise the Franchise Agreement between the parties, dated _____, 20____ (the “Franchise Agreement”), in the following respects:

1. All capitalized terms herein, which are not separately defined herein, shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Section 12.1(c) of the Franchise Agreement concerning transfer is hereby modified by adding the following to the end thereof:

“The above-referenced release shall not apply to any claims under Maryland’s Franchise Registration and Disclosure Laws set forth in Title 02, Subtitle 02, Chapter 8, Section 02.02.08.01 et seq. of the Code of Maryland Regulations (the “Maryland Franchise Laws”).”
5. Section 13.1 of the Franchise Agreement concerning termination is hereby modified by adding the following to the end thereof:

“Relative to the provision for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law.”
6. The provisions described in Section 13.7 (Arbitration and Venue) and Section 20.3 (Venue) of the Franchise Agreement are hereby modified by adding the following to the end of Section 13.7 and Section 20.3 of the Franchise Agreement:

“Nothing in this Agreement shall limit Franchisee’s rights to file a lawsuit in any court of competent jurisdiction in the State of Maryland alleging a cause of action arising under the Maryland Franchise Laws. In connection therewith, the parties agree to service of process in any manner provided for by the Maryland Franchise Laws. Any claims arising under the Maryland Franchise Laws must be brought within three years after the grant of the franchise.”
7. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

- 21.1 By its signature set forth below, Franchisee agrees with the following statements:
 - (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.

(b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor's obligations and rights in respect to its various franchisees may differ materially in certain circumstances.

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

8. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____

Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MICHIGAN**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, _____, by and between Epcon Communities Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) to amend and revise the Franchise Agreement between the parties, dated _____, _____, in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

- 21.1 By its signature set forth below, Franchisee agrees with the following statements:
 - (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
 - (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor’s obligations and rights in respect to its various franchisees may differ materially in certain circumstances.
- 21.2 No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”
7. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

1. Item 6 of the disclosure document is hereby modified by adding the following to the “Remarks” column of the table opposite the listing for “Liquidated Damages”:

“Minn. Rule 2860.4400J. prohibits requiring a franchisee to consent to liquidated damages. Epcon Communities may seek such damages in a court of proper jurisdiction. See Addendum to Epcon Communities Franchising, LLC Franchise Agreement for State of Minnesota.”

2. Item 13 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

“With respect to the franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C.12, subdivision 1(g), which requires that the franchisor will protect the franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.”

3. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

“With respect to the franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute §80C.14, subdivisions 3, 4 and 5, which require, except in certain specific cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

With respect to the franchisees governed by Minnesota law, Epcon Communities may seek injunctive relief, but may not require you to waive any rights provided under Minn. Rule 2860.4400J. Furthermore, the determination as to whether or not a bond will be required of Epcon Communities in seeking injunctive relief will be left to the determination of the court hearing the petition for relief.

The general release referenced in m. in each of the charts set forth above shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22.”

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement (this "Addendum") is attached to and made a part of the Epcon Communities Franchising, LLC Franchise Agreement (the "Franchise Agreement"), by and between Epcon Communities Franchising, LLC ("Franchisor") and _____, a _____ whose principal place of business is located at _____ ("Franchisee"), dated as of _____, for the purpose of modifying and amending the terms of such Franchise Agreement. For such purpose, Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Section 6.4 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"Notwithstanding any other provision of this Agreement to the contrary, Franchisor will protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."
5. Section 12.1(c) of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"The above-referenced general release shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22."
6. Article 13 of the Franchise Agreement is hereby modified by adding the following new Section 13.8 to the end thereof:

"13.8. Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. §80C14, Subd. 3,4 and 5, require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement."
7. Section 14.3 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"Notwithstanding the foregoing provisions of this Section 14.3 to the contrary, in the event that liquidated damages are prohibited by applicable state law, Franchisor may seek such damages in a court of proper jurisdiction."
8. Section 14.4 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"With respect to franchises governed by Minnesota law, Franchisor may seek injunctive relief, but Franchisor may not require Franchisee to waive any rights provided under Minn. Rule 2860.4400J."

Furthermore, the determination as to whether or not a bond will be required of Franchisor in seeking injunctive relief will be left to the determination of the court hearing the petition for relief.”.

9. Article 20, Section 20.2, of the Franchise Agreement is hereby modified by adding the following paragraph to the end thereof:

"This Section 20.2 shall not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes 1992, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota."

10. Article 20, Section 20.3, of the Franchise Agreement is hereby modified by adding the following paragraph to the end thereof:

"Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

11. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

21.1 By its signature set forth below, Franchisee agrees with the following statements:

- (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
- (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor's obligations and rights in respect to its various franchisees may differ materially in certain circumstances.

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

12. This Addendum, together with the Franchise Agreement to which it is attached and any other addenda thereto, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF 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 N OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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. Item 3 of the disclosure document is hereby modified by adding the following language to the end thereof:

“Except as provided above, with regard to ECFL, its predecessors or a person identified in Item 2 of this disclosure document:

- 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 ECFL's business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Epcon Communities Franchising 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 ten-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.

ECFL has no affiliates that offer franchises under ECFL's principal trademarks.

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

“However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.”

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

“You may terminate the Franchise Agreement upon any grounds available by law.”

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

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

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this ____ day of _____, _____, between Epcon Communities Franchising, LLC ("Franchisor") and _____, ("Franchisee") to amend and revise the Franchise Agreement dated _____, _____, in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Section 12.1(c) of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"However, to the extent required by applicable law, 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 this proviso that the non-waiver provisions of General Business Law, Sections 687(4) and 687(5), be satisfied."

5. A new Section 13.8 is hereby added to the Franchise Agreement as follows:

"Franchisee may terminate this Agreement upon any grounds available by law."
6. Section 20.2 and Section 20.3 of the Franchise Agreement are hereby modified by adding the following to the end thereof:

"The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisor or Franchisee by Article 33 of the General Business Law of the State of New York."
7. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**"Article 21
Franchisee Statements**

- 21.1 By its signature set forth below, Franchisee agrees with the following statements:
 - (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
 - (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor's obligations and rights in respect to its various franchisees may differ materially in certain circumstances.
- 21.2 No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of

(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

8. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

1. Item 17 of the disclosure document is hereby modified by substitution of the following for items “q.”, “r.”, “v.” and “w.” of the first chart in Item 17 (Franchise Agreement):

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 10.6	Subject to the provisions of North Dakota Century Code Section 9-08-06, you (whether as a principal, agent, employee, officer, director or member of any corporation or other business entity, as a partner or sole proprietor) may not be involved in the ownership, development, or construction in any real estate development project that is age-restricted or for which the targeted buyers are the 55+ home buyer, and includes, without limitation, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in our Development System.
r. Non-competition covenants after the franchise is terminated or expires	Section 13.7	Subject to the provisions of North Dakota Century Code Section 9-08-06, for two (2) years after the termination or expiration of the Franchise Agreement you may have no involvement (whether as a principal, agent, employee, officer, director or member of any corporation or other business entity, as a partner or sole proprietor) in the ownership, development or construction of any real estate development project that is age-restricted or for which the targeted buyers are the 55+ home buyer and includes, but is not limited to, detached and/or attached ranch-style homes (with or without basements or a second floor) that are similar to the homes and communities depicted in our Development System, within; 10 miles of the geographic border of any “Initial Market Area” granted to any franchisee under any Initial Market Area Agreement or other agreement that is effective between that franchisee and us 10 miles of the geographic border of any “Market Area” granted to any franchisee under any Market Area Agreement or other agreement that is effective between that franchisee and us; 10 miles of the

		geographic border of any “Reserved Market Area” reserved for any franchisee or prospective franchisee under any Market Hold Agreement or other agreement that is in effect between that party and us, or 10 miles of any real estate development project of Epcon or of any business entity affiliated with Epcon.
v. Choice of forum	Section 20.3	Litigation must be filed in a federal court or state court having jurisdiction within the State of North Dakota.
w. Choice of law	Section 20.2	North Dakota law applies.

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, 20____, by and between Epcon Communities Franchising, LLC ("Franchisor") and _____ ("Franchisee") to amend and revise the Franchise Agreement between the parties, dated _____, 20____ (the "Franchise Agreement"), in the following respects:

1. All capitalized terms herein, which are not separately defined herein, shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Subsection 5.4 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"If Franchisee fails to remit to Franchisor when due any payment required under the terms of this Agreement, Franchisee agrees to pay to Franchisor all of Franchisor's costs of collection of the amount(s) of such outstanding payments, including, subject to North Dakota's Franchise Investment Law, reasonable attorney's fees and disbursements, and interest on the unpaid amounts at the lesser of eighteen percent (18%) per annum or the highest rate statutorily permissible, for the period commencing on the date such amount(s) were due to be paid to Franchisor and ending on the date such amount(s) are received by Franchisor in finally collectible funds."

5. Subsection 10.6 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"The duty contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06."

6. Section 13.7 of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"The covenant contained herein is subject to the provisions of North Dakota Century Code Section 9-08-06."

7. Section 20.2 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"20.2 Choice of Law. Except to the extent governed by the federal copyright and trademark law, this Agreement shall be deemed to have been entered into under, and for all purposes shall be interpreted, construed, and governed by, the local laws of the State of North Dakota, without application of its conflicts of laws principles."

8. Subsection 20.3 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

"Notwithstanding anything in Section 13.7 of this Agreement to the contrary, Franchisor and Franchisee agree that any litigation or legal action (including any arbitration) to enforce or relating

to this Agreement and the relationship of the parties hereunder shall, in the event of arbitration, take place within the State of North Dakota, or in the event of litigation or other legal action, be filed in a federal or state court having jurisdiction within the State of North Dakota, and each of Franchisor and Franchisee hereby consents to the jurisdiction of such courts.”

9. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

21.1 By its signature set forth below, Franchisee agrees with the following statements:

- (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
- (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor’s obligations and rights in respect to its various franchisees may differ materially in certain circumstances.

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

10. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcor Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

1. The first chart of Item 17 (Franchise Agreement) of the disclosure document is hereby modified by adding the following to the end of the "Summary" column for item "m.":

"Except for a release given in connection with the settlement of disputes, claims or civil lawsuits arising or brought under the Rhode Island Franchise Investment Act (the "Act"), the release described above may not relieve any person from liability imposed by the Act or any rule or order under the Act."

2. The first chart of Item 17 (Franchise Agreement) of the disclosure document is hereby modified by adding the following to the end of the "Summary" column for items "v." and "w.":

"Provided, however, that 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 of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement (this "Addendum") is agreed to this ____ day of _____, _____, between Epcon Communities Franchising, LLC ("Franchisor") and _____, ("Franchisee") to amend and revise the Franchise Agreement dated _____, _____, (the "Franchise Agreement") in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Subsection 12.1(c), Subsection 13.4.1 and Subsection 13.4.2 of the Franchise Agreement are hereby modified by adding the following to the end thereof:

"The release required by this section will not relieve any person from liability imposed by the Rhode Island Franchise Investment Act (the "Act") or a rule or order under the Act. However, Section 19-28.1-15 does not bar a release given in connection with the settlement of disputes, claims or civil lawsuits arising or brought under the Act."

5. Sections 20.2 and 20.3 of the Franchise Agreement are hereby modified by adding the following to the end of each section thereof:

"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 of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

6. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**"Article 21
Franchisee Statements**

- 21.1 By its signature set forth below, Franchisee agrees with the following statements:
 - (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
 - (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor's obligations and rights in respect to its various franchisees may differ materially in certain circumstances.
- 21.2 No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor,

franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

7. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF SOUTH DAKOTA**

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF SOUTH DAKOTA**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, 20____, by and between Epcon Communities Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) to amend and revise the Franchise Agreement between the parties, dated _____, _____, in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

- 21.1 By its signature set forth below, Franchisee agrees with the following statements:
 - (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
 - (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor’s obligations and rights in respect to its various franchisees may differ materially in certain circumstances.
- 21.2 No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”
9. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

1. Item 17 “h.” of the Franchise Agreement chart in Item 17 of this disclosure document is hereby modified to comply with Virginia law by adding the following disclosure at the end of the summary in the “Summary” column to item “h.”:

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

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

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF VIRGINIA**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, 20____, by and between Epcon Communities Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) to amend and revise the Franchise Agreement between the parties, dated _____, _____, in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

- 21.1 By its signature set forth below, Franchisee agrees with the following statements:
 - (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
 - (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor’s obligations and rights in respect to its various franchisees may differ materially in certain circumstances.
 - 21.2 No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”
5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN**

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

**ADDENDUM TO EPCON COMMUNITIES FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN**

This Addendum to Epcon Communities Franchising, LLC Franchise Agreement is agreed to this _____ day of _____, 20____, by and between Epcon Communities Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) to amend and revise the Franchise Agreement between the parties, dated _____, _____, in the following respects:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article 21 of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“Article 21
Franchisee Statements**

- 21.1 By its signature set forth below, Franchisee agrees with the following statements:
 - (a) As an inducement to Franchisor entering into this Agreement with Franchisee, Franchisee has made no misrepresentations in obtaining this Agreement.
 - (b) Franchisee is aware of the fact that some franchisees may operate under different forms of agreements, and consequently, that Franchisor’s obligations and rights in respect to its various franchisees may differ materially in certain circumstances.
 - 21.2 No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”
5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the date first above written.

FRANCHISOR: Epcon Communities Franchising, LLC

By: _____
Joseph R. Karpowicz, Assistant General Counsel

FRANCHISEE: NAME

By: _____
[Name, Title]

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 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
Illinois	Pending
Indiana	Pending
Maryland	April 26, 2023 (Exempt)
Michigan	March 18, 2023, as amended April 11, 2023
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	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.

EXHIBIT U TO FRANCHISE DISCLOSURE DOCUMENT

RECEIPT (Copy 1)

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

If Epcon Communities Franchising, LLC offers you a franchise, Epcon Communities Franchising, LLC 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 Epcon Communities Franchising, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that Epcon Communities Franchising, LLC 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 Epcon Communities 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 your state agency, if one is listed in Exhibit N of this disclosure document.

The franchisor is Epcon Communities Franchising, LLC, located at 500 Stonehenge Parkway, Dublin, Ohio 43017. Its telephone number is (614) 761-1010.

Issuance Date: April 17, 2023

The franchise sellers for this offering are: Epcon Communities Franchising, LLC and Ed Bacome, Jad Buckman, Phil Fankhauser, Jennifer Dimel, Paul Hanson and Robert Krohn, each having principal business offices at 500 Stonehenge Parkway, Dublin, Ohio 43017 and a telephone number of (614) 761-1010. The name(s), principal business address(es) and telephone number(s) of additional franchise sellers, if any, are:

I received a disclosure document dated April 17, 2023 that included the following Exhibits:

- A. Financial Statements for Epcon Communities Franchising, LLC
- B. Franchise Agreement
- C. Initial Market Area Agreement
- D. Market Area Agreement
- E. Personal Covenants and Agreement of Principal, Officer, Director, Owner, Investor or Partner
- F. Personal Covenants and Agreement of One Provided Detailed Knowledge of the Development System
- G. Market Hold Agreement
- H. Sublicense Agreement
- I. Lender Assignment Agreement
- J. Mortgage
- K. Non-Disclosure and On-Line Information Access Agreements
- L. Copyright Assignment and Agreement
- M. Security Agreement
- N. List of Franchisees
- O. List of State Administrators
- P. List of Agents for Service of Process
- Q. List of Copyrights
- R. Termination and Release Agreement
- S. Technology Royalty Addendum to Franchise Agreement
- T. State Addenda to the Franchise Disclosure Document and Agreements
- U. Receipt Page

RECEIPT (Copy 1)

_____ Date: _____
Signature of Prospective Franchisee,
Individually or as an Officer or Partner of:

Name Printed: _____

Please sign and date this Receipt as of the date you received the disclosure document. Please return the signed, dated Receipt to Epcon Communities Franchising, LLC, 500 Stonehenge Parkway, Dublin, Ohio 43017.

Epcon Communities Franchising, LLC Franchise Disclosure Document No.:

EXHIBIT U TO FRANCHISE DISCLOSURE DOCUMENT CONT'D

RECEIPT (Copy 2)

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

If Epcon Communities Franchising, LLC offers you a franchise, Epcon Communities Franchising, LLC 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 Epcon Communities Franchising, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that Epcon Communities Franchising, LLC 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 Epcon Communities 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 your state agency, if one is listed in Exhibit N of this disclosure document.

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- F. Personal Covenants and Agreement of One Provided Detailed Knowledge of the Development System
- G. Market Hold Agreement
- H. Sublicense Agreement
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- J. Mortgage
- K. Non-Disclosure and On-Line Information Access Agreements
- L. Copyright Assignment and Agreement
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- N. List of Franchisees
- O. List of State Administrators
- P. List of Agents for Service of Process
- Q. List of Copyrights
- R. Termination and Release Agreement
- S. Technology Royalty Addendum to Franchise Agreement
- T. State Addenda to the Franchise Disclosure Document and Agreements
- U. Receipt Pages

RECEIPT (Copy 2)

_____ Date: _____
Signature of Prospective Franchisee,
Individually or as an Officer or Partner of:

Name Printed: _____

Please sign and date this Receipt as of the date you received the disclosure document. Please return the signed, dated Receipt to Epcon Communities Franchising, LLC, 500 Stonehenge Parkway, Dublin, Ohio 43017.

Epcon Communities Franchising, LLC Franchise Disclosure Document No.:
