

FRANCHISE DISCLOSURE DOCUMENT



RealtyScape Franchising LLC
(d/b/a LakePlace.com or LakePlace.com Realty)
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RealtyScape Franchising LLC (d/b/a LakePlace.com or LakePlace.com Realty) offers individual unit franchises for the operation of a LakePlace.com® real estate brokerage business (“Business” or “LakePlace.com® Business”), whose listings will be featured on the LakePlace.com® web site.

The total investment necessary to convert an existing real estate brokerage business to a LakePlace.com® Business is from \$16,000 to \$33,000. The total investment necessary to begin operation of a new LakePlace.com® Business is from \$50,800 to \$114,500. This includes \$10,000 that must be paid to us.

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 Dave Gooden, at 1120 East 80th Street, Suite 103, Bloomington, Minnesota 55420, and (612) 440-7076.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: September 27, 2021

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 H.
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 RealtyScape Franchising LLC 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 RealtyScape Franchising LLC franchisee?	Item 20 or Exhibit H 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 E.

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**: The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Mandatory Minimum Payment**: You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability**: Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the “State Addenda” to see whether your state requires other risks to be highlighted.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we” means RealtyScape Franchising LLC, the franchisor. “You” means the corporation, partnership, limited liability company or partnership, or other legal entity that buys the franchise. Because we require that you purchase the franchise as an entity, “you” also may mean your owners.

The Franchisor (Us) and Our Affiliates

We are a Minnesota limited liability company formed on June 25, 2015. Our principal place of business is at 1120 East 80th Street, Suite 103, Bloomington, Minnesota 55420. Our telephone number is (612) 440-7076. We conduct business under our own name, and the names “LakePlace.com” and “LakePlace.com Realty,” and we do not conduct business under any other name.

Our affiliate is RealtyScape LLC (“RealtyScape”). The principal business address of RealtyScape is 1120 East 80th Street, Suite 103, Bloomington, Minnesota 55420.

Except as described above, we have no parents, affiliates or predecessors that are required to be disclosed in this Item 1.

Our agents for service of process are disclosed in Exhibit E.

Business Experience of Us and Our Affiliates

We began offering franchises for LakePlace.com® Businesses in September 2015. We do not offer, and have not offered, franchises in any other line of business. We have never operated a business similar to those being franchised.

In 2003, David Gooden and Cameron Henkel, our and RealtyScape’s owners and executives, developed and launched the LakePlace.com® web site (www.LakePlace.com) through RealtyScape. The LakePlace.com® web site lists lake or other water-related properties for sale and vacation rental, and also provides links to resorts. RealtyScape continues to own, operate and maintain the LakePlace.com® web site.

In April 2010, RealtyScape began operating LakePlace.com real estate brokerage businesses similar to the Businesses being offered under this disclosure document. As of the issuance date of this disclosure document, RealtyScape operated 10 LakePlace.com® real estate brokerage businesses located in Minnesota and Wisconsin, which are physical offices that operate under the LakePlace.com® Marks. RealtyScape also has 9 satellite providers of real estate brokerage services that operate under the LakePlace.com® Marks, but do not have physical offices. Additionally, prior to offering franchises, RealtyScape entered into an agreement with a third-party real estate broker with 2 offices to feature its real estate listings on the LakePlace.com® web site, which did not grant the broker a license to use the LakePlace.com® Marks. This broker subsequently entered into a Franchise Agreement with us in 2015.

Except for these businesses, RealtyScape has not operated any other LakePlace.com® real estate brokerage businesses, nor offered franchises in any line of business.

RealtyScape also owns the LakePlace.com® trademark. As further described in Item 13, RealtyScape has granted to us a license to use the LakePlace.com® trademark, as well as certain other trademarks, service marks, trade names, domain names, logos and commercial symbols (the “Marks”) in

offering franchises. RealtyScape also operates a web site, LandBin.com, that features real estate listings for land sales. In addition, RealtyScape operates a web site, DaneArthur.com, that features residential real estate listings.

Franchises Offered

We offer to qualified applicants the right to operate a single LakePlace.com® real estate brokerage business (“Business” or “LakePlace.com® Business”) at a specific office site or office sites (“Office(s)”) within a specific geographic area (“Protected Territory”) under the terms of the LakePlace.com® franchise agreement (“Franchise Agreement”). A copy of our current form Franchise Agreement is attached as Exhibit B. Typically, LakePlace.com® Business franchisees will be operators of existing real estate brokerages that seek to enhance their businesses through the LakePlace.com® web site and System.

You must operate your Business from a “Primary Office” located within the Protected Territory, of which we have approved at the time you sign the Franchise Agreement. You also may operate your Business from “Additional Offices” located within the Protected Territory, of which we have approved at the time you sign the Franchise Agreement or subsequently approve during the term of the Franchise Agreement. Your Protected Territory will consist of the zip code(s) in which your Office(s) are located, as well as other designated zip codes for which you will receive certain leads, as further described below.

LakePlace.com® real estate brokerage businesses are full-service real estate brokerages that specialize in brokering the purchase and sale of lake or other water-related properties through the LakePlace.com® web site. Although multiple listing service (MLS) listings are included on the LakePlace.com® web site, LakePlace.com® Businesses’ listings will be “featured” on the web site (as defined in Section 10.1.1 of the Franchise Agreement). Further, prospective buyers or sellers of lake or other water-related property that approach us will be referred to the LakePlace.com® Business that services the Protected Territory in which the property is located. Your and our respective rights regarding your Protected Territory are discussed further in Item 12. As of the issuance date of this disclosure document, LakePlace.com® real estate brokerage businesses only offer real estate services for properties in Minnesota and Wisconsin.

Pursuant to an agreement with us, RealtyScape has agreed to host and maintain the LakePlace.com® web site and to feature our franchisees’ listings, in accordance with the terms of the Franchise Agreement. From time to time, in our sole judgment, we may enter into agreements with RealtyScape to allow LakePlace.com® real estate brokerage business listings to be listed and/or featured on the LandBin.com web site or the DaneArthur.com web site. RealtyScape or we may suspend or end this practice at any time without notice to you. Signing a Franchise Agreement with us for a LakePlace.com® Business does not provide you with any rights relating to the LandBin.com trademarks or web site, nor the DaneArthur.com trademarks or web site.

You must operate your Business under the LakePlace.com® system (“System”), and according to our standards and specifications.

Market and Competition

You will offer real estate brokerage services from your Business, with an emphasis on lake or other water-related properties in non-metropolitan areas in Minnesota and Wisconsin. The real estate market is a mature industry, and it is highly competitive. You will compete with other real estate brokers offering comparable services, including without limitation, independent real estate brokers, real estate brokers that are part of regional or national multi-brand companies, and real estate brokers that are part of regional or

national franchise systems. Because LakePlace.com® real estate brokerage businesses specialize in lake or other water-related properties, which are often recreational or vacation homes, the market for these properties is seasonal. Although LakePlace.com® real estate brokerage businesses currently feature properties only in Minnesota and Wisconsin, we may serve additional markets in the future.

Laws and Regulations

All businesses are subject to governmental regulations and you should check with state and local authorities, as well as your own attorney, concerning the laws and regulations that will affect your Business in your state. Because of the nature of your Business, it is imperative that you determine which real estate laws apply to you. These laws may be at the federal, state or local level. For example, many states require that you have a real estate broker license or that you have a managing broker in your office who has that license. In addition, you should investigate whether you will need to obtain a specific property management license, as certain state and local authorities may require such a license. You must comply with the NATIONAL ASSOCIATION OF REALTORS® REALTOR® Code of Ethics. If you have independent contractors who perform services for you, many states require that these people have real estate agent and/or property management licenses. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and cost of complying with them.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer: David Gooden

Mr. Gooden has been our Chief Executive Officer (CEO) since our founding in 2015. He is also one of our 2 Managing Members. He is also the CEO and a Managing Member of RealtyScape, our affiliate, in Bloomington, Minnesota, and he has served in that position since August 2003.

President: Cameron Henkel

Mr. Henkel has been our President since our founding in 2015. He is also one of our 2 Managing Members. He is also the President and a Managing Member of RealtyScape, our affiliate, in Bloomington, Minnesota, and he has served in that position since August 2003.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an Initial Franchise Fee of \$10,000 upon signing the Franchise Agreement. The Initial Franchise Fee is fully earned upon our receipt and is nonrefundable.

Training Tuition

As described in Item 11, we will not charge you any tuition for up to 3 individuals affiliated with you and the Business to attend our initial training program (including your Primary Owner, Broker of Record and Managing Broker). If more than 3 individuals attend our initial training program before you open your Business, however, you must pay us our then-current tuition for each additional individual who attends the program. As of the issuance date of this disclosure document, our initial training program tuition will not exceed \$500 per person.

ITEM 6

OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Royalty Fee	For each calendar year: 10% of Gross Commission Income on GCI of up to and including \$750,000; 8% of Gross Commission Income on GCI of \$750,001 to \$1,500,000; and 6% of Gross Commission Income on GCI over \$1,500,000. However, if your Gross Commission Income is less than the Minimum Royalty Fee of \$25,000 per calendar year, beginning the first full calendar year following the “Effective Date” of your Franchise Agreement, you must also pay the Royalty Fee Deficiency described below.	Payable by the 10 th of each month, for the preceding month. We reserve the right to collect the Royalty Fee on a weekly basis upon 30 days’ notice to you.	See Notes 2, 3 and 4.
Royalty Fee Deficiency	The difference between the actual Royalty Fees paid to us and \$25,000 (or the applicable pro rata amount, if the former is less than the latter).	Within 10 days of our invoice.	See Notes 2, 3 and 4.

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Transaction Fee	\$100 per transaction.	Due and payable by under same terms as the Royalty Fee.	For each sales transaction completed by the Business during the term of the Franchise Agreement, you must pay to us a Transaction Fee of \$100 for each side of the transaction in which you were involved (i.e., representing the buyer or the seller, or both, including customers and clients).
Interest Charges	Lesser of 18% per annum or maximum rate permitted by law.	As incurred.	Payable on all past due amounts to us or our affiliates.
Late Payment Services Charge	\$100 per payment.	Due if we do not receive a payment on the due date, or if there are insufficient funds in your bank account for us to collect the payment.	
Late Report Services Charge	\$100 per report, per period.	Due when the delinquent report was due.	
Transfer Fee	\$5,000.	Upon transfer.	You pay this fee when you transfer, assign or otherwise dispose of the Business, any of the Offices, substantially all or all of your assets or the assets of the Offices, the Franchise Agreement or any controlling interest in you (as defined in the Franchise Agreement).
Renewal Fee	50% of our then-current franchise fee.	Upon your request to renew the Franchise Agreement.	
Initial Training Program Tuition for Additional Attendees	Then-current tuition, which, as of the issuance date of this disclosure document, is \$500 per person.	Prior to additional person attending training.	Payable for the fourth and each subsequent individual who attends our initial training program. Does not include travel and living expenses, and other related costs. See Item 11.
Ongoing Training (Optional or Mandatory Training in Addition to Initial Training Program)	Then-current tuition, which, as of the issuance date of this disclosure document, is \$0 per person.	Prior to training.	Does not include travel and living expenses, and other related costs. See Item 11.
Franchisee Meetings	Then-current fee, which, as	Before the meetings.	Does not include travel and

Type of Fee	Amount (See Note 1)	Due Date	Remarks
	of the issuance date of this disclosure document, is \$0 per person.		living expenses, and other related costs. See Item 11
Costs and Attorneys' Fees	Will vary under circumstances.	When incurred.	Payable if we incur any costs or expenses in enforcing the Franchise Agreement or in connection with certain related actions or proceedings.
Maintenance Expenses	Will vary under circumstances.	When incurred.	See Note 5.
Remodeling Expenses	Will vary under circumstances.	When incurred.	See Note 6.
Audit Fee	If Gross Commission Income is under-reported by more than 2%, you must pay us the cost of the audit and an additional fee equal to 100% of unreported fees plus Interest Charges	Immediately payable upon receipt of invoice or as we otherwise prescribe.	See Notes 2 and 7.
Indemnification	Will vary under the circumstances.	As incurred.	You must indemnify us, our affiliates and other related parties for any claims or liabilities in connection with your development, ownership and operation of the Business and any of the Offices.
Additional Operating Assistance	As of the issuance date of this disclosure document, \$500 per person, per day, plus reasonable travel and lodging expense.	When incurred.	Upon your request, we may provide you with additional operating assistance for an agreed upon fee.
Insurance	Will vary under the circumstances.	Upon receipt of our invoice.	If you do not purchase and maintain the required insurance coverage, or to furnish to us prescribed evidence thereof, we have the right, but not the obligation, to purchase insurance coverage on your behalf and to charge the same to you, together with a fee for the expenses we incur in doing so.

Notes:

- (1) Except where otherwise noted, all fees are payable to us, are nonrefundable, and are uniformly imposed. In appropriate cases and circumstances, we may have waived some or all of these fees,

or payment terms, for a particular franchisee, and we may do so in appropriate cases in the future. We retain the right to negotiate the terms of the Franchise Agreement with certain franchisees. You must sign the Electronic Transfer of Funds Authorization attached to the Franchise Agreement as Exhibit D, as well as any other documents we periodically designate or approve, to authorize your bank to transfer—either electronically or through some other method of payment we designate or approve—directly to our account and to charge your account all amounts due to us from you. Your authorization will permit us to designate the amount to be transferred from your account. You must maintain a balance in your account sufficient to allow us to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with this transfer of funds. No cooperatives currently exist in the System.

- (2) “Gross Commission Income” or “GCI” means all money or things of value received directly or indirectly by you constituting payment to or on account of the Business or the Marks, including commissions, flat fees, administrative commissions, referral fees or other things of value, without deducting your costs or expenses, multiple listing fees, commissions, salaries, overrides or bonuses payable to your agents, salespersons or employees.
- (3) During each calendar year, the percentage of Gross Commission Income that you must pay to us as a “Royalty Fee” shall be determined as follows: 10% of Gross Commission Income on Gross Commission Income of up to and including \$750,000 for that calendar year; 8% of Gross Commission Income on Gross Commission Income of \$750,001 to \$1,500,000 for that calendar year; and 6% of Gross Commission Income on Gross Commission Income over \$1,500,000 for that calendar year. For the purpose of determining the percentage of Gross Commission Income that you must pay to us as a Royalty Fee, the Gross Commission Income will start at zero on January 1st for each calendar year.
- (4) Beginning with the first full calendar year following the Effective Date of your Franchise Agreement, you must pay us a “Minimum Annual Royalty Fee” of \$25,000 per calendar year during the term of the Franchise Agreement. The Minimum Annual Royalty will be pro-rated for any partial calendar year. If the total Royalty Fees you pay to us during any applicable calendar year or partial calendar year is less than \$25,000, or the applicable pro-rata amount, you must pay to us the difference between the Minimum Annual Royalty Fee and the actual Royalty Fees you paid to us during that full or partial calendar year, which is the “Royalty Fee Deficiency.”
- (5) Your Offices must meet the general office requirements we periodically prescribe, which at a minimum obligate you, at your expense, to maintain a clean and professional environment at each Office for meeting with clients and to promptly perform all necessary repairs to the interior and exterior of your Offices and any adjacent parking areas and grounds. This includes, but is not limited to, replacing worn out, broken and obsolete fixtures, equipment, furniture, signs, décor items, and flooring; repairing the interior and exterior of the Business; and regularly cleaning and maintaining the Business.
- (6) During the term of the Franchise Agreement, you must periodically modify the signs at your Business to comply with our specifications. Except for your obligations to make changes to the signs at each Office and to maintain the Computer System (see Items 7 and 11), during the term of the Franchise Agreement we will not require you to modernize, update or replace the equipment, signs, fixtures, furnishings, décor, furniture, flooring and trade dress of any Office for the purpose of making them consist with the standards and specifications we periodically establish for LakePlace.com® real estate brokerage offices. However, we reserve the right to expressly condition any renewal of your Franchise Agreement on your compliance, at your sole expense, with our modernization and/or replacement requirements at the time of the renewal.

These requirements may obligate you to effect such items of modernization and/or replacement of the equipment, signs, fixtures, furnishings, décor, furniture, flooring and trade dress of each Office as are necessary to conform the Office to our then-current standards and specifications for LakePlace.com® real estate brokerage offices.

- (7) You also must pay for all costs of any audit that did not occur due to your failure to produce your books and records at the time of audit if we notified you in writing of the audit at least 5 days before the scheduled date. We may estimate your Gross Commission Income and sales transactions to determine whether you under-reported Gross Commission Income and sales transactions.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TABLE 1

CONVERSION OF AN EXISTING REAL ESTATE BROKERAGE BUSINESS TO A LAKEPLACE.COM® BUSINESS (1) (2)

Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$10,000	Lump Sum.	When you sign the Franchise Agreement.	Us.
Signs	\$4,000 to \$15,000	Lump Sum.	Before Opening.	Various Suppliers, Which May Include Us or Our Affiliates.
Inventory See Note 3	\$300 to \$1,000	Paid to Vendors Prior to Opening.	As Incurred.	Various Suppliers.
Training-Related Expenses See Note 4	\$200 to \$1,000	As Incurred.	Before Opening.	Various Third Parties.
Pre-Opening Advertising Note 5	\$500 to \$1,000	As Incurred.	Before Opening.	Various Third Parties.
Professional Services See Note 6	\$1,000 to \$5,000	As Incurred.	Before Opening.	Various Third Parties.
Additional Funds – 3 months (3-month period after opening) See Note 7	Not applicable.			
TOTAL See Note (*) to both Tables 1 and 2 below.	\$16,000 to \$33,000			

Notes:

- (1) This Table 1 reflects the estimated initial investment if you are an existing operator of a real estate brokerage business who has already established and furnished an office that we have approved for use as the Primary Office for your Business. If not, you will incur additional expenses and you should consult Table 2 below, which estimates the initial investment of a conventional start-up LakePlace.com® Business. The amounts listed in Table 1 are estimates of the costs and expenses you will likely incur during the first 4 months after you sign the Franchise Agreement. This Table 1 reflects only the costs and expenses associated with the Primary Office. You will incur additional expenses if you operate any Additional Offices. Further, the figures in this Table 1 are estimates only and, because as a conversion franchisee you will have already been operating an existing real estate brokerage business before signing the Franchise Agreement, you should look to your costs and expenses in operating this existing real estate brokerage business in order to assess your initial investment in converting to and operating your LakePlace.com® Business.
- (2) Because this Table 1 assumes that you have already established and furnished an office for an existing real estate brokerage business that we have approved for use as the Primary Office, we have not included in this Table 1 separate expenses for the following items that you have likely already purchased or are already purchasing on a periodic basis for the Primary Office: (i) rent and security deposits; (ii) furniture; (iii) a Computer System (as defined below) that meets our specifications; (iv) utilities and access to the internet; (v) other office equipment, including a fax machine, copier, scanner and telephone; (vi) insurance; and (vii) business licenses. If you have not purchased any of these items, you will incur additional costs not covered on this Table 1 in converting your existing real estate brokerage business to a LakePlace.com® Business. For an estimate of the cost of any such items, see Table 2 below. Also, as further described in Note 4 to Table 2, you may be required to pay any expenses associated with any email service provider change we implement.
- (3) This estimated inventory amount includes business cards, promotional products, and other items. The amount that you spend will depend on the number of business cards that you order and the types of supplies that you choose to purchase.
- (4) Although we do not charge tuition for up to 3 individuals affiliated with you and the Business, including your Primary Owner, Broker of Record and Managing Broker, to attend our initial training program, you will be responsible for all other costs associated with attendance, including the salaries, wages, benefits, and travel and living expenses of each of your attendees. See Item 11 for more information on training. The amount expended will depend, in part, on the number of attendees you send, when they attend, the distance your attendees must travel and the type of accommodations you choose. This estimated range contemplates the training of 3 individuals for approximately 2 days. You will incur additional expenses if more than 3 individuals attend our initial training program. If more than 3 individuals attend training, you will have to pay additional tuition costs to us. See Items 5 and 6.
- (5) Although you are not obligated to purchase any pre-opening advertising under the Franchise Agreement, we encourage franchisees to publicize the opening of their LakePlace.com® Businesses. Franchisees' grand opening promotional efforts should include newspaper advertisements, post card mailers to clients and other publicity initiatives.

- (6) This amount estimates the fees you will incur for professional services, including without limitation, legal and accounting services.
- (7) Because you operate an existing real estate brokerage business, we have assumed you will not need additional working capital for initial operating expenses.

TABLE 2
CONVENTIONAL START-UP BUSINESS (1)

Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$10,000	Lump Sum.	When you sign the Franchise Agreement.	Us.
Rent and Security Deposit See Note 2	\$2,500 to \$7,500	See Note 2.	See Note 2.	Landlord; Various Third Parties.
Furniture See Note 3	\$5,000 to \$20,000	As Agreed Upon.	Before Opening.	Various Suppliers.
Signs	\$4,000 to \$15,000	Lump Sum.	Before Opening.	Various Suppliers, Which May Include Us or Our Affiliates.
Computer System See Note 4	\$2,000 to \$3,000	Lump Sum.	Before Opening.	Various Suppliers.
Utility Deposits and Fees See Note 5	\$1,000 to \$1,500	As Agreed Upon.	As Incurred.	Various Suppliers.
Equipment and Fixtures See Note 6	\$2,500 to \$10,000	Paid to Vendors Prior to Opening.	As Incurred.	Various Suppliers.
Inventory See Note 7	\$300 to \$1,000	Paid to Vendors Prior to Opening.	As Incurred.	Various Suppliers.
Training-Related Expenses See Note 8	\$200 to \$1,000	As Incurred.	Before Opening.	Various Third Parties.
Insurance	\$300 to \$500	As Agreed Upon.	As Arranged.	Insurer.
Business Licenses See Note 9	\$500 to \$1,000	As Incurred.	Before Opening.	Third Party Licensing Agency.
Pre-Opening Advertising Note 10	\$500 to \$1,000	As Incurred.	Before Opening.	Various Third Parties.

Type of Expenditure (See Note 1)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Professional Services See Note 11	\$2,000 to \$8,000	As Incurred.	Before Opening.	Various Third Parties.
Additional Funds – 4 months (4-month period after opening) See Note 12	\$20,000 to \$35,000	As Incurred.	As Incurred.	Employees; Various Suppliers.
TOTAL See Note (*) to both Tables 1 and 2	\$50,800 to \$114,500			

Notes:

- (1) This Table 2 includes your estimated initial investment if you are establishing a new Primary Office for your Business. The amounts listed in Table 2 are estimates of the costs and expenses you will likely incur during the first 4 months after you sign the Franchise Agreement as you commence operation of your Business and during the initial period of operation. This Table 2 only reflects the costs and expenses associated with the Primary Office. You will incur additional expenses if you operate any Additional Offices.
- (2) This amount is the estimated cost of rent for 4 months and a security deposit in a non-metropolitan area in Minnesota or Wisconsin, at an estimated rate of \$500 to \$1,500 per month.
- (3) This amount includes estimated expenses for furniture, including, desks, chairs, and other typical office furniture. The cost of furniture may vary as a result of the characteristics of the Business premises, price differences between suppliers, and shipping distances from suppliers.
- (4) You must purchase, use and maintain, at your sole expense, a computer system (including all hardware, software, related equipment and associated services) for the Business and each Office (collectively, the “Computer System”), that allows you to communicate with us and operate the Business. This estimated Computer System initial investment amount includes the cost of a computer hard drive, a computer monitor, a printer, a mouse and speakers. As of the date of this disclosure document, we will provide you with Google’s Business Class email service and an email account, but we reserve the right to change our email service provider at any time and you must pay any expenses associated with any email service provider that we may designate.
- (5) Among other utilities, you must have at all times at each of your Offices, access to the internet through an established internet service provider. If you already have access to the internet and other utilities in your existing real estate brokerage office, you will not incur this additional expense. Utility deposits are not typically high expenses; however a credit check may be required by the issuing company before beginning services, or a higher deposit may be required for first time customers.
- (6) This estimated equipment amount includes typical office equipment needed to operate the Primary Office, including a fax machine, copier, scanner, telephone and other such equipment. We do not anticipate that you will need to install any fixtures if you rent a typical office space.

- (7) See Note 3 to Table 1.
- (8) See Note 4 to Table 1.
- (9) This includes business licenses and any additional broker or other licenses needed to operate your Business.
- (10) See Note 5 to Table 1.
- (11) See Note 6 to Table 1.
- (12) This amount estimates the working capital necessary to cover the initial operating expenses you will incur during the first 3 months of Business operations not covered by revenues, including employee salaries and benefits, subscription fees, taxes, supplies and interest payments on any business loans. It does not include your compensation during this 3-month period. These figures are estimates, and we cannot guarantee that you will not incur additional expenses in starting the Business. Your costs will depend on factors such as: your management skill, experience and business acumen; local economic conditions; the prevailing wage rate; competition; the amount of the initial investment you decide to finance; and the sales level reached during the initial period. You also will incur additional operating expenses in connection with the ongoing operation of the Business.

*** Note to Tables 1 and 2**

Except where otherwise noted in the Tables above, all payments to us or our affiliates are nonrefundable. Whether payments made to others will be refundable will depend on your arrangements with them. As of the issuance date of this disclosure document, we do not offer any direct or indirect financing. The estimates in the Tables do not include Royalty Fees, Transaction Fees or other fees payable to us during the operation of your Business since these fees are payable out of the Gross Commission Income of your Business or upon the occurrence of a transaction. See Item 6.

The respective totals in the Tables above are an estimate of your pre-opening initial investment and the expenses you will incur during the first 4 months after you sign the Franchise Agreement, and either convert your existing business to a LakePlace.com Business and commence operation of it (Table 1), or establish a new LakePlace.com® Business and commence operation of it (Table 2). These totals are based on our estimate of average costs and prevailing market conditions in non-metropolitan areas, and RealtyScape's 11 years of experience operating LakePlace.com® real estate brokerage businesses in Minnesota and Wisconsin. Your costs may vary based on a number of factors, including the geographic area in which you commence operation of the Business, local market conditions, and your skills at operating the Business. We strongly recommend that you review the estimates in this Item 7 carefully with a business advisor before you sign the Franchise Agreement, and use them as a guide to develop your own business plan and budget and investigate specific costs in your area. These figures are estimates only and we cannot guarantee that you will not have additional expenses in opening or operating your Business.

You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or

escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the conversion or development process.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services throughout the LakePlace.com® system and in conjunction with the System, you must maintain and comply with our quality standards.

Authorized Location of Business; Lease

Although you are not required to purchase or lease real estate from us or our affiliates, we must approve the site of the Primary Office and any Additional Offices for the Business (see Item 11). If you lease the approved site for the Primary Office or any Additional Office, you must provide us with a copy of the lease(s) upon our request. We have no responsibility for the lease(s), however, and it is your sole responsibility to evaluate, negotiate and enter into the any lease for the site of the Primary Office or any Additional Office. If you own the site of the Primary Office or any Additional Office, you must, upon our request, provide us with proof of such ownership. It is solely your responsibility to ensure that each of your Offices comply with all local, state and federal laws and building code requirements, including the Occupational Safety and Health Act and the Americans With Disabilities Act. Your Offices also must meet the general office requirements we periodically prescribe. See Item 11.

Approved Services and Products

You must offer or sell in connection with the Business all products and services, and only those products and services, we periodically approve as being suitable for sale from LakePlace.com® real estate brokerage businesses and meeting our standards of quality and uniformity for the System, including real estate brokerage services, and may not offer or sell any other product or service in connection with the Business without our prior written approval, including mortgage, appraisal, financial or insurance services. If we determine that we will no longer approve a service or product as being suitable for sale from a LakePlace.com® Business, you must cease offering that service or product upon 30 days' written notice from us.

Designated Sources

In order to ensure quality and uniformity of the Businesses, we have the right to designate, as applicable, the specific brand and/or manufacturer, and/or the single source of supply (which may be or include us or one of our affiliates), of the following: (i) signs for the Offices and yard signs; (ii) logoed materials containing the Marks, including T-shirts, mugs, stationary and business cards; and (iii) certain optional advertising, marketing and sales promotion materials we may make available to you for purchase. We also have the right to approve the suppliers of any other supplies and items used in the operation of the Business. As of the issuance date of this disclosure document, you must use Google's Business Class email, and we will provide you with this email address and email service. We reserve the right to change our email service provider at any time and you must pay any expenses associated with any email service provider that we may designate.

Approved Supplies and Suppliers

We will periodically notify you of our requirements for designated or approved suppliers, and changes to these requirements, through the Operations Manual or other means. For certain services and products, we, an affiliate or a third party manufacturer, supplier or distributor may be the only approved supplier even though we have not designated a single source of supply for those items.

If we have not designated the brand and/or manufacturer, or the source or sources, of any of the supplies used in the operation of the Business (as described above), you may request that we approve an alternative to that item, or an alternative supplier for that item. In that case, you must first notify us in writing and provide us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the alternative item complies with our specifications and standards, or the alternative supplier meets our approved supplier criteria. We will notify you in writing within 3 days as to whether or not the proposed alternative item or supplier is approved. We may develop procedures for the submission of requests for approved alternative items or suppliers, and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We will not, however, charge you or any proposed supplier a fee for evaluating, reviewing and/or testing a proposed alternative item or supplier. We may impose limits on the number of alternative items and/or suppliers to be used by you for the Business and/or in conjunction with the System. We have the right to revoke our approval of alternative items or suppliers upon written notice to you. If we revoke our approval of an alternative item or supplier, you will have 30 days from our notice to stop offering, selling or using that item or supplier.

We apply certain general criteria in approving (or revoking) a proposed supplier, including the supplier's quality and pricing of products/services, reputation, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability and insurance coverage, credit program for franchisees, freight costs and the ability to provide support to the System. To the extent we make these general criteria available to franchisees, we will do so through the Operations Manual or other written communication.

Insurance

You agree to purchase and maintain in full force and effect, at your expense, all of the insurance coverage we require in the types and amounts described in the Operations Manual. All insurance policies must: (i) be issued by an insurance carrier(s) acceptable to us; (ii) name us and our affiliates, and any other person or entity we designate by name, as additional insureds; (iii) provide that we will receive 30 days' prior written notice of a material change in or termination, expiration or cancellation of any policy; (iv) contain a waiver of the insurance company's right of subrogation against us, our affiliates and any successors and/or assigns; (v) require your insurance to be "primary" and "non-contributory" with any insurance carried by us or our affiliates, or any other person or entity we designate by name as additional insureds; and (vi) cover all of your Offices.

The required insurance coverage must commence as of the Effective Date of the Franchise Agreement. You must provide us before you commence operation of the Business and thereafter annually or at our request certificates of insurance, endorsements and other proof of insurance we prescribe evidencing the existence of such insurance coverage and your compliance with the provisions of the Franchise Agreement relating to insurance, including the requirement relating to additional insureds. In addition, you will provide us with certificates of insurance, endorsements and other proof of insurance we prescribe evidencing of the renewal or extension of all insurance policies. We also may request copies of all policies at any time.

We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation, changes in relevant circumstances, industry standards, experiences in the System, higher damage awards or changes in standards of liability. If you do not purchase and maintain the insurance coverage required by the Franchise Agreement, or furnish to us prescribed evidence thereof, we have the right, but not the obligation, to purchase insurance coverage on your behalf and to charge the same to you, together with a fee for the expenses we incur in doing so, payable by you immediately upon notice. You must promptly sign any applications or other forms or instruments required to obtain any such insurance.

Marketing and Promotional Materials

We may periodically provide to you at no cost, or make available to you for purchase from us or our affiliates, or designed or approved suppliers, certain advertising, marketing and promotional materials for use in promoting your Business. Your use and purchase of these materials, however, will be optional. Your use of these materials also may require you make additional expenditures, including the cost of ad placement, printing and mailing.

Except as described above in this Item 8, you are not required to purchase or lease any other products or services for the operation of the Business from us, our affiliates or from designated sources. In addition, except as described above in this Item 8, neither we nor our affiliates are approved suppliers for any products or services, as of the issuance date of this disclosure document.

We and our affiliates have the right to receive fees, payments, rebates, commissions or other consideration from third-party manufacturers, suppliers and/or distributors which may or may not be reasonably related to services we or our affiliates provide to these third parties. We and our affiliates have the right to receive fees and payments from third-party manufacturers, suppliers, and/or distributors of up to 10% or more of each of these third parties' sales of products, services, equipment, goods and supplies to LakePlace.com® franchisees. We and our affiliates have the right to increase or decrease this percentage in the future. We and our affiliates will retain and use any fees, payments, rebates, commissions or other consideration as we deem appropriate or as required by a particular manufacturer, supplier or distributor. As of the issuance date of this disclosure document, neither we nor our affiliates had received revenue from any required purchases described in this Item 8.

We may negotiate prices for products or services for the benefit of the System, but not on behalf of individual franchisees. There is no purchasing or distribution cooperative. We may try to receive volume discounts for the System. We do not provide material benefits to you because of your use of designated or approved suppliers.

You can expect items purchased from designated or approved suppliers will represent approximately 30% to 50% of total purchases you will make to begin operations of the Business, and approximately 5% to 10% of the ongoing costs to operate the Business.

There are no suppliers in which an officer of us owns a material interest.

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 other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2 and 7	Item 11
b. Pre-opening purchases/leases	Sections 7 and 8	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 7 and 8	Item 5, 7 and 11
d. Initial and ongoing training	Sections 10.2 and 10.3	Items 7 and 11
e. Opening	Section 7.4	Items 5 and 11
f. Fees	Sections 3.2.10, 4, 7.2–7.3, 8.11, 8.12, 10.2–10.5, 12.3, 15.1, 16.3.1, 16.7, 17.2 and 17.4	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Sections 7, 8 and 10.6	Items 11 and 16
h. Trademarks and proprietary information	Section 6	Items 13 and 14
i. Restriction on products/services offered	Section 8	Items 8 and 16
j. Warranty and customer service requirements	Section 8.5	Item 11
k. Territorial development and sales quotas	Sections 2 and 4.3	Item 12
l. Ongoing product/service purchases	Sections 7.2–7.3, 8	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 3.2.8, 7.2–7.3 and 7.7	Item 11
n. Insurance	Section 8.11	Items 6, 7 and 8
o. Advertising	Section 5	Items 6, 7 and 11
p. Indemnification	Section 15	None

Obligation	Section in Agreement	Disclosure Document Item
q. Owner's participation/ management/staffing	Section 9	Items 11 and 15
r. Records and reports	Section 11	Item 6
s. Inspections and audits	Section 12	Item 6
t. Transfer	Section 16	Items 6 and 17
u. Renewal	Section 3	Items 6 and 17
v. Post-termination obligations	Sections 19	Item 17
w. Non-competition covenants	Section 14	Item 17
x. Dispute resolution	Section 17	Item 17

ITEM 10

FINANCING

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

ITEM 11

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

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

Pre-Opening Assistance. Before you commence operation of your Business, we will:

- (1) Provide you with our general office requirements and review and approve the proposed site for your Primary Office and any Additional Offices in writing, assuming the site meets our requirements (Franchise Agreement – Section 7.1). We must have approved the site of your Primary Office as of the Effective Date of the Franchise Agreement. You are solely responsible for securing a site for the Primary Office and any Additional Offices that meets our general office requirements and which we have approved in writing.
- (2) Provide on loan to you, through the web site or otherwise, during the term of the Franchise Agreement, the confidential Operations Manual (Franchise Agreement – Section 10.6).
- (3) Notify you of requirements relating to designated and approved supplies and suppliers (Franchise Agreement – Section 8.3). For example, the signs at each Office must comply with our specifications and be purchased from any supplier we designate (Franchise Agreement – Section 7.3).
- (4) Provide you with Social Media Site guidelines (Franchise Agreement – Section 5.3).

- (5) Notify you in writing when you have completed all of our pre-commencement obligations (Franchise Agreement – Section 7.4).

Ongoing Assistance. During the operation of your Business, we (or in some cases RealtyScape) will:

- (1) Provide the initial training program described below (Franchise Agreement – Section 10.2). We will provide training prior to or within 6 months of the date your Business commences operation.
- (2) Host and maintain, or maintain an agreement with RealtyScape that requires it to host and maintain, the LakePlace.com® web site, on which we or RealtyScape will include and feature your and your agents' listings, provided that you properly enter the listings in the MLS, the listings you enter fit within one of the types of real estate properties that are listed on LakePlace.com® web site and you remain in compliance with the Franchise Agreement (Franchise Agreement – Section 10.1.1).
- (3) Develop and maintain, or maintain an agreement with RealtyScape that requires it to develop and maintain, a web page for your Business on the LakePlace.com® web site (Franchise Agreement – Section 10.1.2). Your web page will include certain information relating to the Business, including the location of each of your Offices, and identification of all agents associated with you, which we will periodically update.
- (4) Assign you an email account, which you must maintain. (Franchise Agreement – Section 8.2). We or RealtyScape will also list your corporate email address on the LakePlace.com® web site (Franchise Agreement – Section 10.1.2).
- (5) Provide the initial training program to any new Primary Owner, Broker of Record and Managing Broker (as described below in this Item 11). You will have to pay our then-current tuition for each additional attendee and all related training costs, including salaries, wages, benefits, and travel and living expenses (Franchise Agreement – Section 10.2).
- (6) Offer ongoing training programs in addition to the initial training program, and hold or sponsor franchisee meetings, as we deem necessary. You will have to pay our then-current tuition or fee, if any, for each attendee and all related costs, including salaries, wages, benefits, and travel and living expenses (Franchise Agreement – Sections 10.3 and 10.4).
- (7) Advise you on operational issues and provide assistance in operating the Business, as we deem appropriate. We will provide operating assistance, in our sole judgment, through our Operations Manual, bulletins or other written materials, telephone conversations and/or meetings at our office or at one of the Offices. We are not involved in establishing prices at your Business. At your request, we may also provide additional assistance to you for a fee (Franchise Agreement – Section 10.5).
- (8) Review any advertising that you propose to use in promoting your Business. We may also provide to you at no cost, or make available to you for purchase, certain advertising, marketing and promotional materials for use in promoting your Business (Franchise Agreement – Section 5.2).
- (9) Provide you with any updated and revised materials for the Operations Manual (Franchise Agreement – Section 10.6).

- (10) Review your written request for approval of any proposed site for an Additional Office (Franchise Agreement – Section 7.1) and/or any request to relocate any Office (Franchise Agreement – Section 7.6).
- (11) Review your request that we approve alternative items or suppliers, in accordance with our approval process (Franchise Agreement – Section 8.4). We also may notify you of any updates relating to designated and approved supplies and suppliers.

Advertising

We do not require you to spend a minimum amount on advertising, and we do not require you to contribute to any local, regional, or national advertising fund. We are also not obligated to spend any amount of money on advertising, including in the Protected Territory where your Business is located. There is no advertising council that advises us on advertising policies. Under the Franchise Agreement, we do not have the power to form, change, or dissolve an advertising council. In addition, you are not required to participate in any advertising cooperatives. Under the Franchise Agreement, we also do not have the power to form, change, or dissolve an advertising cooperative.

You must participate in any social media, social and professional networking, or geolocation platforms (“Social Media Sites”) that we prescribe in the Operations Manual or in any other written communications with you. We have the right to determine the content and use of any Social Media Site, and will establish the rules under which you must participate. Any Social Media Sites developed for the operation of your Business may not link, directly or indirectly, to your personal information or any social media you personally participate in outside of the operation of your Business. Since your reputation is important to the operation of your LakePlace.com® Business, you also must adhere to our Social Media Site guidelines for any social media pages you participate in or operate, including pages you maintain individually.

We encourage you to advertise and promote your Business on a local level and take advantage of any materials we make available to you, as further described in Item 8. You may prepare or have prepared for you advertising, marketing and promotional materials for use in promoting your Business. Prior to using these materials, however, you must submit them to us for our approval. Any marketing, advertising or promotional materials not approved by us within 3 business days of submission to us shall be deemed to be disapproved. At any time, we may require you to stop any marketing, advertising or promotion if we determine it is not in line with our requirements. You must use marketing, advertising and promotional materials that depict any of the Marks only in connection with your sale of approved real estate brokerage services in connection with the Business. Any marketing, advertising and promotional materials used by you must be factually correct, in good taste and in good condition, and accurately depict the Marks.

We retain the right to advertise the System on the internet and to create, operate, maintain and modify, or discontinue the use of, web sites and/or an intranet/extranet system using the Marks. As of the issuance date of this disclosure document, we advertise the LakePlace.com® web site and System through Social Media Sites, like Twitter and Facebook, as well as through billboard and trade shows. We anticipate that media coverage will be local or regional. We will create this advertising in-house.

You may develop, maintain and use your own web site or web sites for the Business, provided you comply with any written standards we prescribe. You will not have the right, however, to register, as internet domain names, any of the Marks now or hereafter owned by us or our affiliates or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, without our prior written approval. In addition, without our prior written approval, you may not

link your web sites to our or RealtyScape's web sites or any of your web pages on these web sites. Further, any marketing, advertising or promotion of your Offices or Business, any related business you conduct on the internet or through other online communications, including using Social Media Sites, must meet any requirements we periodically establish in the Operations Manual or otherwise.

You must participate in the LakePlace.com® web site, and any other web sites using the Marks or any intranet/extranet we or RealtyScape develop and maintain in accordance with our written standards, which we have the right to periodically modify. You must provide to us or RealtyScape, as we direct, an electronic feed of your listings in the format we or RealtyScape require for display on the LakePlace.com® web site. We and RealtyScape have the right to determine the content and use of the LakePlace.com® web site and other of our or its web sites, your web pages on our or its web sites, any intranet/extranet system, and any Social Media Sites, and will establish the rules under which franchisees may or must participate. Without our prior written approval, you may not link or frame our or RealtyScape's web sites or your web pages on these web sites, or use any email address which we have not authorized for use in operating the Business. We and RealtyScape retain all rights relating to our and RealtyScape's web sites, your web pages on these web sites, any intranet/extranet system and any Social Media Sites you use to promote your Business, including all rights to the data stored therein, and may periodically alter or terminate our and RealtyScape's web sites, your web pages on these web sites, any intranet/extranet system we or RealtyScape develop, or any information posted or uploaded to any Social Media Sites, including all registration and account information. We and RealtyScape also have the right to access, at all times, all information and data contained on our and RealtyScape's web sites, including your separate web pages that are part of these web sites, and any intranet/extranet system we or RealtyScape develop, including information and data relating to you and your Business. We and RealtyScape retain all rights relating to our and RealtyScape's web sites and any intranet/extranet system we or RealtyScape develop and may alter or terminate the web sites or intranet/extranet system upon 30 days' notice to you.

Computer System

You must purchase, use and maintain, at your sole expense, a Computer System that allows you to communicate with us and operate the Business. You must keep all information stored on the Computer System secure at all times. Although we do not require that you allow us direct or independent access to your Computer System, we may require you to submit reports and other requested information through an intranet/extranet system we develop. (Franchise Agreement – Section 8.2) At each of your Offices, you must at all times have access to the internet through an established service provider. As of the issuance date of this disclosure document, you must use Google's Business Class email, and we will provide you with this email address and email service. We may change the designated email provider at any time, at your expense.

If you operate an existing real estate brokerage business, you may not need to purchase a new Computer System or additional technology, provided it meets our specifications. We estimate that the cost to purchase a new Computer System is \$2,000 to \$3,000. This includes the cost of a computer hard drive, a computer monitor, a printer, a mouse and speakers. You may be required to obtain ongoing maintenance and repairs to the Computer System, as well as upgrades or updates respecting any software. You must ensure that your Computer System is generally in good repair such that you are able to serve clients. There are no contractual limitations on the frequency and cost of additional maintenance or repair. We estimate that you may spend \$200 per year on routine maintenance or replacement of components due to normal wear and tear.

You are not required to purchase any electronic cash register.

Site Selection and Lease

You are solely responsible for selecting a site for your Primary Office and any Additional Offices. The site of your Primary Office and any Additional Offices must meet our general office requirements and be approved by us in writing. In deciding whether to approve a site, we generally consider the location and the condition of the premises. The site for the Primary Office and any Additional Offices we have approved as of the Effective Date of the Franchise Agreement will be identified in Exhibit A to the Franchise Agreement. If after the Effective Date and during the term of the Franchise Agreement you desire to establish an Additional Office within the Protected Territory, you must submit to us a written request for approval that contains the information specified in the Operations Manual or we otherwise request for the proposed site of the Additional Office. We will notify you in writing within 30 days after we receive your request and any other requested materials whether we approve or disapprove the proposed site of the Additional Office.

You must construct, build out, equip, furnish, maintain and repair the Primary Office and each Additional Office, so that these Offices may serve as LakePlace.com® real estate brokerage offices and provide real estate brokerage services to clients consistent with the standards and specifications we periodically prescribe. It is solely your responsibility to ensure that each of your Offices comply with all local, state and federal laws and building code requirements, including the Occupational Safety and Health Act and the Americans With Disabilities Act. Your Offices also must meet the general office requirements we periodically prescribe, which at a minimum obligate you, at your expense, to maintain a clean and professional environment at each Office for meeting with clients and to promptly perform all necessary repairs to the interior and exterior of Offices and any adjacent parking areas and grounds. Except for your obligation to make changes to the signs at each Office within 12 months of receiving notice from us, and your obligation maintain the Computer System, during the term of the Franchise Agreement we will not require you to modernize, update or replace the equipment, signs, fixtures, furnishings, décor, furniture, flooring and trade dress of any Office for the purpose of making them consist with the standards and specifications we periodically establish for LakePlace.com® real estate brokerage offices.

If you lease the approved site for the Primary Office or any Additional Office, you must provide us with a copy of the lease(s) upon our request. We have no responsibility for the lease(s), however, and it is your sole responsibility to evaluate, negotiate and enter into the any lease for the site of the Primary Office or any Additional Office. If you own the site of the Primary Office or any Additional Office, you must, upon our request, provide us with proof of such ownership. Our identification of a site, review of a site or site lease, or approval of a site does not constitute a guarantee, recommendation or assurance as to the suitability of the site for a LakePlace.com® real estate brokerage office, or the sales potential or success of the site or the Business.

Development Time

The typical length of time between our acceptance of the Franchise Agreement and the commencement of the operation of your Business ranges from 30 to 45 days. This period may be longer or shorter, depending on the time of year, availability of signs, availability of financing or other factors. You must complete your pre-commencement obligations and commence operation of the Business from the Primary Office within 45 days following the Effective Date of the Franchise Agreement. If you fail to commence operation of your Business from the Primary Office within this 45-day period, we have the right terminate your Franchise Agreement.

Training

Prior to or within 6 months of the opening of the Business, we will provide an initial training program on the operation of LakePlace.com® real estate brokerage businesses to up to 3 individuals affiliated with you and the Business, including your Primary Owner, Broker of Record and Managing Broker (as defined in Item 15). We anticipate that the initial training program will last approximately 2 days, although we have the right to determine the duration of the program.

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

TRAINING PROGRAM

Subject (1) (2)	Days of Classroom Training	Days of On-the-Job Training	Location
Recruiting Presentation	1/2 day	0	Our principal office, or at another location we designate.
Scripts	1/2 day	0	Our principal office, or at another location we designate.
Listing Presentation	1/2 day	0	Our principal office, or at another location we designate.
Handling Internet Leads	1/2 day	0	Our principal office, or at another location we designate.
Totals	2 days	0	

Notes:

- (1) The instructional materials for all training programs include the Operations Manual, handouts and visual aids, as well as lecture and classroom discussion. We will provide additional training to orient trainees to the LakePlace.com® web site and preparation of the “transaction report” (as defined in Section 11 of the Franchise Agreement).
- (2) Training is conducted by Dave Gooden, our CEO; Cameron Henkel, our President; and Randy Johnson. Mr. Gooden and Mr. Henkel both have over 14 years of experience in the real estate brokerage industry and have worked for us since our founding in June 2015. Randy Johnson has over 30 years of experience in the real estate brokerage industry and he has served as a consultant of our affiliate, RealtyScape, since January 1, 2015. Additional biographical information for Mr. Gooden and Mr. Henkel can be found in Item 2. Any other individuals involved in the training program will have at least one year of experience in the subject that they teach.
- (3) The initial training program will take place at our principal office or at another place that we designate. We plan to offer the training program on a quarterly basis. We have the right, however, to determine when training takes place.

Your Primary Owner, Broker of Record and Managing Broker must attend and complete the initial training program to our satisfaction. Any replacement or additional Primary Owner, Broker of Record and Managing Broker also must attend and successfully complete this training program to our satisfaction within a reasonable period of time after assuming his or her position with you.

We may periodically offer optional or mandatory ongoing training to you and certain of your owners and management employees. We may require your Primary Owner, Broker of Record and Managing Brokers to attend, at your expense, any mandatory ongoing training. We have the right to determine when and where ongoing training takes place, and the cost and duration of the training. We may also elect to offer ongoing training by telephone or over the internet.

We may periodically hold or sponsor meetings relating to the operation of LakePlace.com® Businesses. These meetings may be optional or mandatory, as we designate. Your Primary Owner, Broker of Record and at least one Managing Broker must attend, at your expense, all mandatory meetings we may hold. If your Primary Owner, Broker of Record or a Managing Broker is not able to attend a meeting, you must so notify us before meeting and must have a substitute person acceptable to us attend the event.

We do not pay any salaries or wages, nor offer any benefits to any of your attendees for their participation in any initial and ongoing training, or meetings. You are solely responsible for the applicable tuition, if any, and the salaries, wages, benefits, travel and living expenses, and other related costs for all individuals affiliated with you and the Business who attend any initial and ongoing training, and meetings, as described in this Item 11. You are not required, however, to pay training tuition for up to 3 individuals affiliated with you and the Business who attend the initial training program, including your Primary Owner, Broker of Record and Managing Broker. The training tuition for these individuals is included in the Initial Franchise Fee. Training tuition, travel and living expenses and other expenses relating to our initial and ongoing training, and meetings are further described in Items 6 and 7.

You are solely responsible for the management and control of your Offices under the Franchise Agreement, including their daily operations, hiring, managing and directing employees, agents and independent contractors, and paying all costs and expenses of the Offices. None of your employees, agents or independent contractors shall be deemed our employee, agent or independent contractor, and each employee, agent and independent contractor shall be so notified by you. All personnel decisions relating to your Offices and your Business will be made by you, without any influence or advice from us, and your decisions and actions are not a decision or action of ours.

Operations Manual

We will furnish or make available to you, through the web site or otherwise, our operations manual (the "Operations Manual"). The Operations Manual at all times is our sole property and is only on loan to you during the term of the Franchise Agreement. You must at all times treat the Operations Manual, and the information it contains, as secret and confidential, and must use all efforts to maintain such information as secret and confidential, as stated in Item 14 of this disclosure document. The Operations Manual contains mandatory and suggested standards, procedures, techniques, management systems and other items relating to the operation of a LakePlace.com® real estate brokerage business. We may periodically revise the contents of the Operations Manual and you agree to comply with each new or changed requirement. You must at all times insure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of your copy of the Operations Manual, the terms of the master copy of the Operations Manual that we maintain are controlling. You acknowledge and agree that the Operations Manual and other system communications may only be available on the internet or other online or computer communications. As of the issuance date of this disclosure document, the Operations Manual contains a total of 27 pages, and its Table of Contents is included in Exhibit D. The Operations Manual covers the following topics: (1) Introduction To The Manual (2 pages); (2) Introduction To The System (5 pages); (3) Pre-Opening Procedures (4 pages); (4) Daily Operating Procedures (5 pages); (5) Personnel (2 pages); (6) Sales Procedures (3 pages); and (7) Marketing (5 pages).

ITEM 12

TERRITORY

Under the Franchise Agreement, we grant to you the right to own and operate a LakePlace.com® Business from a Primary Office and Additional Offices located at sites that we have approved within the Protected Territory (explained below). Typically, you will already be an operator of an existing real estate brokerage business with one or more offices that will be used as Offices for your Business. The site of your Primary Office, and the site of any Additional Office we have approved as of the Effective Date of the Franchise Agreement, will be identified on Exhibit A to the Franchise Agreement.

After the Effective Date and during the term of the Franchise Agreement, you may periodically request that we approve the proposed site of an Additional Office within the Protected Territory from which you may operate the Business, provided (i) you are in compliance with the Franchise Agreement at the time of the request, and (ii) you submit to us a written request for approval that contains the information specified in the Operations Manual or as we otherwise request. We will notify you within 30 days of receiving your request and any other requested materials of whether we approved or disapprove the proposed site of the Additional Office. If we approve the proposed site for an Additional Office, you will have the right to establish an Additional Office at that site, provided you sign an updated version of Exhibit A to the Franchise Agreement with us that identifies the Additional Office and agree to operate the Additional Office in accordance with the Franchise Agreement. We will not unreasonably withhold our approval of any proposed Additional Office site within the Protected Territory if it meets our then-current general office requirements. We will not charge you an additional fee for any Additional Office we approve.

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

However, you will be granted a “Protected Territory,” which will consist of a geographic area surrounding your Primary Office that covers certain designated zip codes. Your Protected Territory will also include additional zip codes for which you may obtain real estate “leads” from the LakePlace.com® web site. Your Protected Territory will be identified on Exhibit A of the Franchise Agreement. During the term of the Franchise Agreement, we will not directly establish or operate or franchise another to establish or operate any other LakePlace.com® real estate brokerage business at a location within the Protected Territory, provided that you are in compliance with the Franchise Agreement and subject to the limitations described below.

Continuation of your Protected Territory does not depend on the achievement of a certain sales volume, market penetration or other contingency. So long as you are in compliance with the Franchise Agreement, we will not modify your Protected Territory during the initial term of the Franchise Agreement. We may modify your Protected Territory, however, as a condition of any renewal.

At all times during the term of the Franchise Agreement, you must maintain the Primary Office. If you close your Primary Office and do not have a plan we have approved to reopen or relocate it, we have the right to immediately terminate the Franchise Agreement. You must not, without our prior written approval, offer at or from the premises of any Office any products or services we have not then authorized for use or sale at or from LakePlace.com® real estate brokerage offices, nor will the Offices or the premises of each Office be used for any purpose other than the operation of a LakePlace.com® real estate brokerage office in compliance with the Franchise Agreement.

You may relocate your Primary Office and Additional Offices within the Protected Territory only with our written consent. We will not unreasonably withhold our consent to a proposed relocation, provided (1) we have received at least 60 days' written notice prior to the closing of the Business at the existing location; (2) you have obtained a site within the Protected Territory acceptable to us that we approve within 30 days before closing the prior office; (3) you have opened the new Office for business within 60 days of closing the prior office; and (4) you otherwise comply with any other conditions that we may require. If you must relocate the Office because the Office was destroyed, condemned or otherwise became untenable by fire, flood or other casualty, you must reopen the Business at the new site within the Protected Territory of which we approve, as long as the new Office is open and operating within 60 days after you discontinue operation at the existing site.

The license granted to you under the Franchise Agreement is personal in nature, may not be used from any locations other than from the Offices, and does not include the right to offer or sell real estate brokerage services identified by the Marks, or any other names, trademarks, service marks, logos or other commercial symbols, from any locations other than from the Offices. Notwithstanding the preceding sentence, the license granted to you under the Franchise Agreement includes the right to offer and sell real estate brokerage services identified by the Marks through any other channels of distribution, including the internet. Your right to offer and sell real estate brokerage services under the Franchise Agreement is subject to the limitations set forth in the Operations Manual or as we otherwise periodically prescribe. You may not establish or operate any LakePlace.com® real estate brokerage office outside the Protected Territory, unless we permit you to do so under a separate franchise agreement. You may not subfranchise or sublicense any of your rights under the Franchise Agreement. In addition, we generally will not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within or outside of your Protected Territory.

We and our affiliates, and our and their respective franchisees and licensees, as well as our agents and the agents of any of these parties, have the right (without compensation to you) to offer and sell real estate brokerage services under the Marks to clients located within the Protected Territory and for real estate located within the Protected Territory, provided such real estate brokerage services are offered and sold from offices of LakePlace.com® real estate brokerage businesses outside of the Protected Territory. In turn, you and your agents have the right to offer and sell real estate brokerage services under the Marks to clients located outside the Protected Territory and for real estate located outside the Protected Territory, provided such real estate brokerage services are offered and sold from the Offices. In addition, as further described in Section 10.1 of the Franchise Agreement, your and your agent's MLS listings, along with the MLS listings of ours and our affiliates, and our and their respective franchisees, licensees and grantees, as well as our agents and the agents of any of these parties, will be included and the listing party featured on the LakePlace.com® web site, regardless of where the property for these listings is located. This means that if one of the other parties described in the preceding sentence is the listing party for property within your Protected Territory, that party (and not you) will be featured on the LakePlace.com® web site for that property, and that if you or one of your agents are the listing party for property located with the protected territory of one of the parties described in the preceding sentence, you or your agent will be featured on the LakePlace.com® web site for that property. Except for the limitations described herein, you do not have any right to exclude, control or impose conditions on our development of future franchised, company- or affiliate-owned LakePlace.com® real estate brokerage businesses at any time or at any location.

We (for ourselves and our affiliates) specifically reserve the right, without any compensation to you or any other franchisee and regardless of whether they compete with the Business: (1) to own and operate, and grant franchises or licenses to others to own and operate, LakePlace.com® real estate brokerage offices outside of the Protected Territory; (2) to own and operate, and grant franchises or licenses to others to own and operate, any business of any kind (other than an office located within your

Protected Territory selling the same services as a LakePlace.com® real estate brokerage business) under the Marks at any locations within or outside your Protected Territory, including businesses offering mortgage, appraisal, financial or insurance services under the Marks; (3) to own and operate, and grant franchises or licenses to others to own and operate, any business of any kind, including a real estate brokerage business selling the same or similar services as a LakePlace.com® real estate brokerage business, under any names, trademarks, service marks, logos and other commercial symbols other than the Marks, including without limitation LandBin.com, within and outside your Protected Territory; (4) to acquire businesses that are the same or similar to a LakePlace.com® real estate brokerage business and operate or license others to operate such businesses regardless of where the businesses are located, including within the Protected Territory, and to be acquired by any third party which operates businesses that are the same or similar to a LakePlace.com® real estate brokerage business regardless of where such businesses are located, including within the Protected Territory; (5) to advertise the System on the internet, and to create, operate, maintain and modify, or discontinue the use of web sites and an intranet/extranet system using the Marks; (6) to promote and sell advertisements on web sites using the Marks to resort and cabin owners, and other businesses (except for other real estate brokerage businesses) located within or outside of the Protected Territory; and (7) to promote, sell and distribute the real estate brokerage services authorized for sale from LakePlace.com® real estate brokerage businesses under the Marks, or under trademarks and service marks other than the Marks, through other channels of distribution within and outside the Protected Territory.

Notwithstanding the above, if we or any affiliate of ours receives a client lead as the direct result of one of your listings on the LakePlace.com® web site, we or our affiliate will send this lead to you at no cost. In addition, if we or any affiliate of ours receives a client lead that is not the direct result of one of your listings on the LakePlace.com® web site and it is for lake or other water-related property located within your Protected Territory, we or our affiliate will send this lead to you at no cost. If you do not accept or reject a lead on the same day it is sent to you, we or our affiliate may work directly with that lead without violating this provision or any other provision of the Franchise Agreement. We or our affiliate may also work directly with any lead rejected by you at any time. We make no promises or guarantees to you as to the number of leads we or our affiliates may send to you or how many of these leads will result in a sale.

From time to time, in our sole judgment, we may enter into agreements with RealtyScape to allow LakePlace.com® Businesses to have their real estate listings listed and “featured” on the LandBin.com web site in a similar fashion to how they are listed and “featured” on the LakePlace.com® web site. We or RealtyScape may suspend or end this practice at any time without notice to you. Signing a Franchise Agreement with us for a LakePlace.com® Business does not provide you with any rights relating to the LandBin.com trademarks or web site.

From time to time, in our sole judgment, we may enter into agreements with RealtyScape to allow LakePlace.com® Businesses to have their real estate listings listed and “featured” on the DaneArthur.com web site in a similar fashion to how they are listed and “featured” on the LakePlace.com® web site. We or RealtyScape may suspend or end this practice at any time without notice to you. Signing a Franchise Agreement with us for a LakePlace.com® Business does not provide you with any rights relating to the DaneArthur.com trademarks or web site.

As of the issuance date of this disclosure document, neither we nor any affiliate operated or franchised, or had any current plans to operate or franchise, any business selling the products and services authorized for sale at a LakePlace.com® real estate brokerage business under any other trademark or service mark. We and our affiliates reserve the right, however, to engage in the activities described above, both within and outside of the Protected Territory.

ITEM 13

TRADEMARKS

The Franchise Agreement licenses you to use the Marks, which include the trademark LakePlace.com®, as well as other trademarks, service marks, trade names, domain names, logos and other commercial symbols we may use and register in the future for the System. We and RealtyScape also claim common law trademark rights for the LakePlace.com® trademark, and will claim common law trademark rights in all other Marks.

The following table lists only the principal Mark that you are licensed to use. We or RealtyScape has filed all required affidavits for this principal Mark.

Principal Trademark	U.S. Registration Or Serial No.	Registration Or Application Date	Principal/Supplemental Register
LakePlace.com®	Registration No.: 4985584	Registration Date: June 21, 2016	Principal

RealtyScape owns the Marks. RealtyScape has licensed us the perpetual right to use the Marks, including the principal Mark listed above, and to sublicense the use of the Marks to operate LakePlace.com® Businesses under a trademark license agreement (the “Trademark License Agreement”). RealtyScape may terminate the Trademark License Agreement if we fail to cure a breach under it within 30 days of RealtyScape’s notice to us of that breach. Breaches under the Trademark License Agreement include (i) our failure or refusal to perform a required duty under the Trademark License Agreement, (ii) our use of the Marks in a manner that RealtyScape reasonably believes threatens the validity or integrity, or the goodwill, of the Marks, and (iii) our failure or refusal to comply with any other provision of the Trademark License Agreement or any instruction of RealtyScape concerning quality control standards for the Marks. If the Trademark License Agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses, provided that the franchisees comply with all other terms of their Franchise Agreements. The Trademark License Agreement contains no other limitations.

We will designate the Marks that you are licensed to use under the Franchise Agreement. We have the right at any time to modify, discontinue, add to or substitute the Marks that you are licensed to use under the Franchise Agreement.

Your use of the Marks and any goodwill is to our and RealtyScape’s exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You may not use any Mark, any modified version or derivative of any Mark, or any commercial identification confusingly similar to the Marks, as part of any corporate or any trade name or in the sale of any unauthorized product or service, or in any unauthorized manner. We have the right to approve your name. You may not use any Mark or portion of any Mark on any web site without our prior written approval. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We and RealtyScape have the right at any time to modify or discontinue use of any Mark, or to require you to use one or more additional or substitute trademarks, service marks or trade names. In this event, you must, at your expense, comply with those modifications, discontinuances or substitutions upon receipt of our written notice to you. We will not reimburse you for any costs associated with modifying or substituting the use of any Mark, for any loss of goodwill associated with any modified or discontinued Mark (which RealtyScape owns) or for any

expenditures made by you to promote a modified or substitute trademark or service mark. We will have no liability or obligation as to your modification, discontinuance or substitution of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office (“USPTO”), the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. Other than as described above, there are currently no effective agreements that significantly limit our rights to use or license the use of any Marks listed in this Item 13 in any manner material to the franchise. We are not aware of any infringing uses or superior rights that could materially affect your use of the principal Mark.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, or any claim by any person of any rights in any Mark or any similar trade name, Mark or service mark of which you become aware. We and RealtyScape may take any action including, without limitation, no action, we and RealtyScape deem appropriate, and have the right to exclusively control any administrative proceeding, litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark.

Neither we nor RealtyScape are obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We and RealtyScape have the right to control any litigation related to the Marks, and we and RealtyScape have the right to decide to pursue or settle any infringement actions related to the Marks. You must immediately notify us promptly of any infringement or unauthorized use of the Marks of which you become aware, and will, at your expense, cooperate in all respects with us and RealtyScape in any court or other proceedings involving the Marks. We and/or RealtyScape will pay the cost and expense of all litigation we and RealtyScape incur, including attorneys’ fees, specifically relating to the Marks, unless the litigation results from your misuse of the Marks in violation of the Franchise Agreement. If we and RealtyScape determine that a Mark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense, and will have no further rights to the Marks that were changed or substituted.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

As of the issuance date of this disclosure document, there are no patents or copyrights registered or pending, and no patent applications, that are material to the franchise, although we do claim copyright ownership and protection for our LakePlace.com® Franchise Agreement, Operations Manual, training materials, web site and internet-related materials, advertising, marketing and sales promotion materials, and various other materials we periodically furnish or make available to you, through the web site or otherwise.

There are no currently effective determinations of the Copyright Office (Library of Congress), USPTO, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. Other than as described above, there are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. We are not aware of any patent or copyright infringement that could materially affect you.

Neither we nor RealtyScape are obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense

or indemnify you. We and RealtyScape have the right to control any litigation related to any patents and copyrights and we and RealtyScape have the right to decide to pursue or settle any infringement or unauthorized use actions related to the patents or copyrights. You must immediately notify us of any infringement or unauthorized use of the patents or copyrights of which you become aware, and will, at your expense, cooperate in all respects with us and RealtyScape in any court or other proceedings involving the patents and copyrights. We and/or RealtyScape will pay the cost and expense of all litigation we and RealtyScape incur, including attorneys' fees, specifically relating to any patents and copyrights, unless the litigation results from your misuse of the patents and copyrights in violation of the Franchise Agreement. If we and RealtyScape determine that any infringement action requires changes or substitutions to any patents or copyrights, you must make the changes or substitutions at your own expense, and will have no further rights to the patents or copyrights that were changed or substituted.

You must keep confidential during and after the term of the Franchise Agreement all confidential and proprietary information and trade secrets, including the Operations Manual and all other Confidential Information (as defined in Section 1.6 of the Franchise Agreement). Upon termination or expiration of your Franchise Agreement, you must return to us all proprietary information and trade secrets, including the Operations Manuals and all other copyrighted material. You must notify us immediately if you learn about an unauthorized use of proprietary information or trade secrets. We are not obligated to take any action and we have the right to decide the appropriate response to any unauthorized use of proprietary information or trade secrets. You must comply with all changes to the System and Operations Manual at your cost.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must own your Business as an entity; you may not own your Business as an individual. At all times during the Franchise Agreement, you must have a "Primary Owner" who (1) has an ownership interest in you, (2) serves as the Broker of Record for the Business or has the responsibility for designating the Broker of Record, (3) serves as the Managing Broker for the Business or has the responsibility of hiring and overseeing the Managing Broker, (4) oversees the general management and operations of the Business, (5) meets any qualifications we periodically establish, and (6) has authority to sign on your behalf all contracts and commercial documents. As an entity, you must designate as the Primary Owner an individual that owns at least 51% (or some lower percentage we approve) of the entity. Your Primary Owner is identified on the Ownership and Management Addendum attached to the Franchise Agreement as Exhibit B. Your Primary Owner must ensure that the Business and each Office is operated in accordance with the terms and conditions of the Franchise Agreement, although this in no way relieves you of your responsibility to do so. The Primary Owner also must be readily and continuously available to us.

At all times during the Franchise Agreement, you must also have a "Broker of Record" designated by you or your Primary Owner who (1) is a licensed broker in the state in which the Primary Office is located, (2) is authorized under applicable law to serve as the broker of record for the Business, and (3) agrees to serve as the broker of record for the Business. Your Broker of Record is identified on the Ownership and Management Addendum attached to the Franchise Agreement as Exhibit B. If at any time during the term of the Franchise Agreement the individual designated as your Broker of Record no longer desires to serve or is unable to continue to serve as your Broker of Record, you must designate a new Broker of Record within 3 business days of the date the individual ceases to serve as your Broker of Record, or we may immediately terminate the Franchise Agreement.

In addition, you must have at least one “Managing Broker,” who is an individual you or your Primary Owner hire who (1) personally invests his or her full time and attention and devotes his or her best efforts to the general management of the day-to-day operations of the Offices and the Business, (2) is authorized under applicable law to supervise all of your agents engaged in the Business, (3) actively supervises all of your agents engaged in the Business, (4) meets any broker and management experience requirements we periodically establish, (5) does not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or that otherwise may conflict with the Managing Broker’s obligations, and (6) has authority to sign on your behalf on all contracts and commercial documents.

Your Managing Broker(s) must personally invest his or her full time and attention and devote his or her best efforts to the general management of the day-to-day operations of the Offices and the Business, and actively supervise all of your agents engaged in the Business. We have the right to periodically prescribe the maximum number of agents a Managing Broker may supervise and, if your total number of agents exceeds this maximum, you will be required to hire additional Managing Brokers to supervise your agents. Your Managing Broker(s) are identified on the Ownership and Management Addendum attached to the Franchise Agreement as Exhibit B.

A single, qualified individual, may serve as your Primary Owner, Managing Broker and Broker of Record, or may serve 2 of these roles. Your Primary Owner, Broker of Record and Managing Broker must attend and complete our training program to our satisfaction, including initial training and any ongoing training. Any replacement or additional Primary Owner, Broker of Record and Managing Broker also must attend and successfully complete our training program to our satisfaction within a reasonable period of time after assuming his or her position with you.

You will have sole responsibility for all employment decisions and functions related to the Business, including hiring, firing, compensation, benefits, work hours, scheduling, work rules, record-keeping, supervision, and discipline of employees, notwithstanding any suggestions, advice, guidelines, programs or training that we may offer. You and your employees must comply with all federal, state and local laws and regulations regarding employment-related matters. All personnel decisions must be made by you, and all decisions will be made without any influence or advice from us.

Because you are an entity, each of your “Principal Owners” (any person who directly or indirectly owns a 10% or greater interest in the you, as further defined in Section 1.14 of the Franchise Agreement) must sign the form Guaranty and Assumption of Obligations (“Guaranty Agreement”) attached to the Franchise Agreement. A spouse of a Principal Owner and any other person we designate, including any person who co-signed a loan or was involved in obtaining financing for the Business, must also sign the Guaranty Agreement. In addition, all of your Principal Owners must sign the Acknowledgment Addendum attached to the Franchise Agreement.

Your Primary Owner, the other Principal Owners, the Broker of Record, Managing Brokers and any other of your owners, managers, and other employees and agents with access to Confidential Information must sign our Non-Compete and Confidentiality Agreement, attached as Exhibit C, or some other agreement satisfactory to us. Further, we may require you to obtain from your Primary Owner, Broker of Record, Managing Brokers, key employees and other individuals a signed non-competition agreement and/or a non-solicitation agreement in a form satisfactory to us, which may be the same as the Non-Compete and Confidentiality Agreement described above.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 describes our requirements for approved services and products, designated sources and approved supplies and suppliers. You must offer and sell from your Offices all of the products and services that we periodically require for LakePlace.com® real estate brokerage businesses and offices. You may not, without our prior written approval, offer at or from the premises of any Office any products or services we have not then authorized for use or sale at or from LakePlace.com® real estate brokerage offices, nor will you be allowed to use the Offices or the premises of each Office for any purpose other than the operation of a LakePlace.com® real estate brokerage office in compliance with the Franchise Agreement. We have the unlimited right to change the System and other items, equipment and related accessories and other products and services you may offer and sell from or use at the Offices or as part of your Business. Except as described above, you are not otherwise limited in the customers to whom you may offer and sell products or services.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3	Initial term is 5 years.
b. Renewal or extension of the term	Section 3	May be granted additional 5-year renewal terms, unless we have announced that we are no longer regularly offering LakePlace.com® real estate brokerage franchises in the state or region in which the Business is located, and we have not awarded LakePlace.com® real estate brokerage franchises in your state or region for the 12 months after the date of such announcement.
c. Requirements for you to renew or extend	Section 3	Provide notice of your intention to renew at least 6 months but not more than 12 months prior to the end of the expiring term; you are not in default of Franchise Agreement or any other agreement with us or our affiliates, and have substantially complied with these agreements during their terms; you have timely satisfied all monetary obligation due to us or our affiliates; comply with our then-current training requirements; you and your Principal Owners and guarantors sign a general release; you are current in payments with your landlord and other suppliers; provide proof you will maintain possession of the Offices during the renewal term; comply with any modernization and replacement requirements we request; sign our then-current form of franchise agreement (which may contain materially different terms and conditions than your original Franchise

Provision	Section in Franchise Agreement	Summary
		Agreement, including higher fees, modification of your Protected Territory, and sourcing requirements); and pay renewal fee.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 18	We may terminate the Franchise Agreement or only if you default.
g. “Cause” defined – curable defaults	Sections 18.1 and 18.2	<p>You have 30 days to cure a failure to complete training, failure to use approved supplies, failure to comply with System standards, failure to conform to the System and a violation of any material provision of the Franchise Agreement.</p> <p>You have 10 days to cure a failure to pay amounts due us or any creditors, or a failure to submit to us any required reports.</p> <p>You have 24 hours to cure a default under the Franchise Agreement that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your or our reputation or the goodwill associated with any of the Marks or the Business; violates any health, safety or sanitation law, regulation, code or ordinance; violates any system standard as to cleanliness, health and sanitation; or if the operation of any Office presents a health or safety hazard to your employees, clients or to the public.</p>
h. “Cause” defined – non-curable defaults	Section 18.2.2	Any material misrepresentation or omission in your franchise application; the falsification of financial data; your voluntary abandonment of the Franchise Agreement or the Business; the closing of any Office by any state or local authorities for health or public safety reasons; you fail to meet the Minimum Annual Royalty Fee for 2 consecutive calendar years or partial calendar years (even if you pay the applicable Royalty Fee Deficiencies); you fail to designate a new Broker of Record we approve within 3 business days of the date your previous Broker of Record ceases to serve in that capacity; any unauthorized use of the Confidential Information, insolvency of you, a Principal Owner (including the Primary Owner) or guarantor; you, a Principal Owner (including the Primary Owner) or guarantor make an assignment or enter into any similar arrangement for the benefit of creditors; conviction of you, any Principal Owners (including the Primary Owner) or guarantors of (or pleading no contest to) any felony or misdemeanor, or any licensing statute, that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your or our reputation or the goodwill of the Marks or the Business, including any impairment to the goodwill associated with the Marks

Provision	Section in Franchise Agreement	Summary
		through web sites, social media, blogs, micro-blogs or any other online or electronic format (or if we have evidence that any such individuals have committed any of those crimes or offenses); violation by you, or any Principal Owners (including the Primary Owner), of the REALTOR® Code of Ethics; intentionally understating or underreporting Gross Commission Income or sales transactions; any unauthorized transfer or assignment in violation of Section 16 of the Franchise Agreement; your use of the Business or any Office for any illegal or unauthorized use; you are a suspected terrorist or otherwise associated directly or indirectly with terrorist activities; or any default by you that is the 2 nd same or similar default within any 12-month consecutive period or the 4 th default of any type within any 24-month consecutive period.
i. Your obligations on termination/nonrenewal	Section 19.1	Cease operation of the Business and use of Marks; remove all signs, posters, equipment, fixtures, decals, wall coverings and other materials that are distinctive of the Business or bear the name “LakePlace.com®” or other Marks; pay all amounts due us, our affiliates or designees within 10 days; stop using and return Operations Manual and other materials; disassociate from the LakePlace.com® Mark or any other Marks all telephone numbers for the Business in all telephone listings; assign to us the Business email address, approved web site or web page, URL, or any Social Media Sites for the Business and each Office; cancel or (at our option) assign to us all fictitious or assumed name filings; cease using and return to us Confidential Information; and comply with post-term non-solicitation and confidentiality provisions.
j. Assignment of contract by us	Section 16.8	We have the right to sell or assign in whole or in part, our interest in the Franchise Agreement
k. “Transfer” by you-defined	Section 16.1	Includes any voluntary or involuntary transfer, assignment or disposition of, in one or more transactions, the Business, any of the Offices, substantially all or all of your assets or the assets of the Offices, the Franchise Agreement or any controlling interest in you (“controlling interest” to include a proposed transfer of fifty percent (50%) or more of the common (voting) stock of a corporation or of the ownership interest in a limited liability company or partnership).
l. Our approval of transfer by franchisee	Section 16	We have the right to approve all transfers, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 14.3	Tender right of first refusal to us; pay transfer fee; assignee meets our then-current requirements for the franchise program; all amounts owed to us and our affiliates and other third parties are paid; you have provided all required reports; in the case of an installment sale we consent to, you, Principal Owners and guarantors retaining a security interest

Provision	Section in Franchise Agreement	Summary
		<p>or other financial interest sign a guaranty covering the installment period; each Principal Owner and guarantor executes a general release; assignee complies with our training requirements; you furnish all financial reports and other data relating to the Business to the assignee; neither you or assignee are in default of any other agreements with us or our affiliates; assignee signs an agreement in a form we approve assuming existing Franchise Agreement; assignee's principal owners sign a personal guaranty; you and assignee establish a client transition plan acceptable to us; the purchase price and terms of the sale will not negatively impact the capability of the Business to profit after the transfer; you transfer all Offices under the Franchise Agreement; and we approve transfer agreement and terms; and other conditions that we periodically require as part of our transfer policies.</p>
<p>n. Our right of first refusal to acquire your business</p>	<p>Section 16.6</p>	<p>We have the right, exercisable by written notice delivered to you or your Principal Owners within 30 days following receipt of the proposed offer, to purchase the items or ownership interest in you being sold or assigned for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment.</p>
<p>o. Our option to purchase your business</p>	<p>Not applicable</p>	<p>Not applicable</p>
<p>p. Your death or disability</p>	<p>Sections 16.4 and 16.5</p>	<p>If your Primary Owner dies or becomes permanently disabled, a new Primary Owner must be appointed within 3 months. If one of your Principal Owners who is not your Primary Owner dies or becomes permanently disabled, that person's interest must be transferred within a reasonable period of time not to exceed 6 months. In both cases, you must comply with all applicable transfer requirements.</p>
<p>q. Non-competition covenants during the term of the franchise</p>	<p>Section 14.2</p>	<p>You will not directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business (including any e-commerce or internet-based business) that offers for sale real estate brokerage services, or any other related business that is competitive with or similar to a LakePlace.com® real estate brokerage business, except: (i) with our prior written consent; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities.</p>
<p>r. Non-competition covenants after the franchise is terminated or expires</p>	<p>Not applicable</p>	<p>Not applicable.</p>

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	Sections 6.7, 8.1, 8.12, 10.6, 20.04	No modifications except in writing and signed by the Primary Owner and our President or Chief Executive Officer. We may modify Operations Manual, Marks, System and products/services to be offered from your Business.
t. Integration/merger clause	Section 20.2	Only the terms of the Franchise Agreement (including Exhibits) are binding (subject to federal and state law). Any other promises may not be enforceable. Nothing in the Franchise Agreement (including Exhibits) is intended to disclaim any representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 17.2 and 17.3	Except for actions we bring for monies owed, injunctive or extraordinary relief, or your competitive activities, all disputes first will be subject to non-binding mediation in the city in which our corporate headquarters is located at the time the mediation is commenced, then (if not resolved within 60 days after conferring with the mediator) either party may submit such claim, controversy or dispute to the appropriate court, as described below.
v. Choice of forum	Section 17.1	Any cause of action, claim, suit or demand allegedly arising from or related to the terms of the Franchise Agreement or the relationship of the parties must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota (subject to state law).
w. Choice of law	Section 20.8.1	Laws of the state where the Primary Office of the Business is located (subject to federal and state law).

ITEM 18

PUBLIC FIGURES

As of the issuance date of this disclosure document, we do not use any public figure to promote our franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 is based on historical real estate sales data from all LakePlace.com® real estate brokerage businesses and satellite providers during the 2018, 2019, and 2020 calendar years, including businesses and satellite providers that were operated by or through our affiliate RealtyScape and businesses that were operated by franchisees. See Item 1. Specific details regarding each calendar year’s sales are noted below.

Calendar Year(5)	Sales (1)	Sides Closed (2)	Percentage of Sales Generated from LakePlace.com® Leads(3)(4)
2018 (6)	\$233,862,079	1219 Sides Closed	40%
2019 (7)	\$225,837,582	1238 Sides Closed	28%
2020 (8)	\$266,060,301	1344 Sides Closed	25%

Notes:

- (1) “Sales” (Column 2) mean the total amount of sales of real estate of any type by LakePlace.com® real estate brokerage businesses and satellite providers for each calendar year, where they represented one “side” or both “sides” of the transaction (i.e., the buyer’s “side” or the seller’s “side,” or both “sides” if they represented both the buyer and seller in the same transaction). In those cases where the business or satellite provider represented both sides of the same transaction, the sales generated by that transaction are included twice in the above table—once for the buyer’s side and once for the seller’s side. For instance, if an agent listed and procured a buyer for a property that sells for \$1,000,000, the agent’s total sales would be \$2,000,000 because the agent represented both the buyer’s side and the seller’s side.
- (2) “Sides Closed” (Column 3) mean the total number of sides closed by LakePlace.com® real estate brokerage businesses and satellite providers for each calendar year, with the understanding that a given transaction has been included twice in the table above if the business or satellite provider represented both the buyer and seller and closed both sides of the transaction.
- (3) “Sales Generated from LakePlace.com® Leads” mean closed real estate sales where the buyer or seller first contacted a LakePlace.com® agent via email or phone after viewing the LakePlace.com web site.
- (4) “Percentage of Sales Generated from LakePlace.com® Leads” (Column 4) for each calendar year was derived by dividing the Sales Generated from LakePlace.com® Leads by LakePlace.com® real estate brokerage businesses and satellite providers for that calendar year, by the total Sales generated by the same businesses and satellite providers for that year.
- (5) The chart above includes all LakePlace.com® real estate brokerage businesses and satellite providers that were in operation at any time during a given calendar year.
- (6) By the end of 2018, the following LakePlace.com® real estate brokerage businesses were in operation:

- RealtyScape operated 9 total LakePlace.com® real estate brokerage businesses, 6 of which were in Minnesota (Crosslake, Longville, Detroit Lakes, the Twin Cities, Alexandria and Walker) and 3 of which were in Wisconsin (Birchwood, Siren and Shell Lake).
 - RealtyScape also had 8 satellite providers of real estate brokerage services that operated under the LakePlace.com® Marks, but did not have physical offices.
 - Franchisees operated 5 LakePlace.com® real estate brokerage businesses, 1 of which was in Minnesota (Pelican Rapids) and 4 of which were in Wisconsin (Minocqua, Tomahawk, Turtle Lake, and Cumberland).
- (7) By the end of 2019, the following LakePlace.com® real estate brokerage businesses were in operation:
- RealtyScape operated 11 total LakePlace.com® real estate brokerage businesses, 6 of which were in Minnesota (Crosslake, Longville, Detroit Lakes, the Twin Cities, Alexandria, Breezy Point, Owatonna, Pine River) and 3 of which were in Wisconsin (Birchwood, Siren and Shell Lake).
 - RealtyScape also had 10 satellite providers of real estate brokerage services that operated under the LakePlace.com® Marks, but did not have physical offices.
 - Franchisees operated 5 LakePlace.com® real estate brokerage businesses, 1 of which was in Minnesota (Pelican Rapids) and 4 of which were in Wisconsin (Minocqua, Tomahawk, Turtle Lake, and Cumberland).
- (8) By the end of 2020, the following LakePlace.com® real estate brokerage businesses were in operation:
- RealtyScape operated 10 total LakePlace.com® real estate brokerage businesses, 8 of which were in Minnesota (Crosslake, Longville, the Twin Cities, Alexandria, Nisswa, Owatonna, Duluth, Park Rapids) and 2 of which were in Wisconsin (Birchwood and Siren).
 - RealtyScape also had 9 satellite providers of real estate brokerage services that operated under the LakePlace.com® Marks, but did not have physical offices.
 - Franchisees operated 7 LakePlace.com® real estate brokerage businesses, 2 of which were in Minnesota (Pelican Rapids and Pine River) and 5 of which were in Wisconsin (Minocqua, Tomahawk, Turtle Lake, Cumberland and Shell Lake).

Between them, these 26 businesses and satellite providers had 532 total zip codes assigned to them. The 2020 figures in the table above reflect information for these businesses and satellite providers during the 2020 calendar year.

The information in the table above reflects Sales, and not Gross Commission Income, as defined in Item 6. In addition, information in the table above does not reflect costs and expenses relating to the operation of a LakePlace.com® Business, including, without limitation: Royalty Fees, Transaction Fees, and other fees paid to us; rent; advertising; insurance; utilities; labor and payroll costs; as well as the costs of complying with the laws and regulations applicable to operating a LakePlace.com® Business. These costs, along with your Gross Commission Income must be taken into account in order to determine your net income or profit. We recommend that you consult with an attorney and other advisors before signing any Franchise Agreement. Further, if you are a conversion franchisee, you should look to your costs and expenses in operating your existing real estate brokerage business to assist you in assessing the costs and expenses you will incur in operating your LakePlace.com® Business.

Many factors will be unique to each Business and may significantly impact the financial performance of that Business. You are responsible for developing your own business plan for your

LakePlace.com® Business. In developing a business plan, you are cautioned to make necessary allowances for changes in financial results to income, expenses, or both, that may result from operation of a LakePlace.com® Business during periods of, or in geographic areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

Some LakePlace.com® businesses and satellite providers have achieved the Sales, Sides Closed and Percentage of Sales Generated from LakePlace.com® Leads listed above. Your individual results may differ. There is no assurance you'll achieve these results.

We will, upon reasonable request, provide you with written substantiation for the information provided in this Item 19.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dave Gooden, at 612-440-7076, 1120 East 80th Street, Suite 103, Bloomington, Minnesota 55420.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary (1)(2)
For Years 2018 to 2020**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	5	5	0
	2019	5	5	0
	2020	5	7	+2
Company-Owned (3)	2018	9	10	+1
	2019	10	11	+1
	2020	11	10	-1
Total Outlets	2018	14	15	+1
	2019	15	16	+1
	2020	16	17	+1

Table No. 2
Transfers of Outlets From Franchisees to New Owners (1)
(Other than the Franchisor)
For Years 2018 to 2020

State	Year	Number of Transfers
Total	2018	0
	2019	0
	2020	0

Table No. 3
Status of Franchised Outlets (1)
For Years 2018 to 2020

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Minnesota	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
Wisconsin	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	1	0	0	0	0	5
Total	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	2	0	0	0	0	7

Table No. 4
Status of Company-Owned Outlets (1)(2)(3)
For Years 2018 to 2020

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Minnesota	2018	6	1	0	0	0	7
	2019	7	1	0	0	0	8
	2020	8	1	0	0	1	8
Wisconsin	2018	3	0	0	0	0	3
	2019	3	0	0	0	0	3
	2020	3	0	0	0	1	2
Total	2018	9	1	0	0	0	10
	2019	10	1	0	0	0	11
	2020	11	1	0	0	2	10

Table No. 5
Projected Opening as of May 31, 2021 (1)

State	Franchised Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Current Fiscal Year	Projected New Company-Owned Outlets in Current Fiscal Year
Minnesota	0	1	0
Wisconsin	0	0	0
Total	0	1	0

Footnotes to Tables 1 and 4 Above:

- (1) All numbers are as of May 31 of the following year for each year listed in the tables to be consistent with our fiscal year end.
- (2) As further described in Item 1, these LakePlace.com® real estate brokerage businesses are owned and operated by RealtyScape.
- (3) These charts do not include the 10 satellite providers of real estate brokerage services that operate under the LakePlace.com® Marks, but do not have physical offices.

Attached as Exhibit H is a complete list of the names, business addresses, and business telephone numbers of all LakePlace.com® franchisees as of May 31, 2021.

As of May 31, 2021, we had no franchisees who have had a LakePlace.com® franchise terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement nor transferred a LakePlace.com® real estate brokerage business franchise, and no franchisee has failed to communicate with us within the 10-week period before the issuance date of the disclosure document.

If you buy a LakePlace.com® real estate brokerage business franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 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 System.

There are no trademark-specific franchisee organizations required to be disclosed in this Item.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit A are our audited financial statements for the periods ending May 31, 2019, May 31, 2020 and May 31, 2021.

ITEM 22

CONTRACTS

This disclosure document includes a sample of the following contracts:

- Exhibit B - Franchise Agreement (and Exhibits)
- Exhibit C - Non-Compete and Confidentiality Agreement
- Exhibit F - State Addenda
- Exhibit G - Form Release of Claims

ITEM 23

RECEIPTS

The last 2 pages of this disclosure document are copies of a detachable acknowledgment of receipt. Please sign and return to us our copy of the receipt (Copy for RealtyScape Franchising LLC), and sign and retain for your records your copy of the receipt (Copy for Prospective Franchisee).

EXHIBIT A
FINANCIAL STATEMENTS

REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)

FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)

FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

(952) 946-7900

FAX (952) 946-7901

MEMBERS

Minnesota Society of
Certified Public Accountants

American Institute of
Certified Public Accountants

MICHAEL A. CASEY, RETIRED
JOHN F. MENDEN, C.P.A.
DOUGLAS J. FAUST, C.P.A.
JOHN C. NELSON, C.P.A.
MICHAEL A. CASEY, JR., C.P.A.
SCOTT M. CALLAHAN, C.P.A.
DONALD G. LANGEWISCH, C.P.A.
PAULA M. MIEDL, C.P.A.
MICHAEL P. MENDEN, C.P.A.
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PAUL J. MCDONALD, C.P.A.
MICHAEL B. ANDERSON, C.P.A.
STEPHEN R. AUCHSTETTER, C.P.A.
BRADLEY D. BREEGGEMANN, C.P.A.
ANDREW M. CASEY
CATHY L. DALRYMPLE
BRENDA L. NAASZ
KIMBERLY A. PETTIT

INDEPENDENT AUDITOR'S REPORT

To the Members
Realtyscape Franchising, LLC
(d/b/a LakePlace.com)
Bloomington, Minnesota

We have audited the accompanying financial statements of Realtyscape Franchising, LLC, d/b/a LakePlace.com, a Minnesota limited liability company, which comprise the balance sheets as of May 31, 2021, 2020 and 2019, and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Realtyscape Franchising, LLC, d/b/a LakePlace.com as of May 31, 2021, 2020 and 2019, and the results of its operations and cash flows for the for the years the ended in accordance with accounting principles generally accepted in the United States of America.

Casey, Menden, Faust & Nelson, P.A.

September 27, 2021

REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)

BALANCE SHEETS

MAY 31, 2021, 2020 AND 2019

<u>ASSETS</u>	2021	2020	2019
Current assets:			
Cash	\$ 6	\$ 3,243	\$ 69
Trade receivables	33,489	8,824	22,498
Prepaid expenses	-	-	-
Total current assets	33,495	12,067	22,567
Property and equipment	-	-	-
Less accumulated depreciation	-	-	-
Net property and equipment	-	-	-
Total assets	\$ 33,495	\$ 12,067	\$ 22,567

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue - franchise fees	17,833	-	-
Due to related party	-	-	-
Total current liabilities	17,833	-	-
Total liabilities	17,833	-	-
Members' equity (deficit)	15,662	12,067	22,567
Total liabilities and members' equity (deficit)	\$ 33,495	\$ 12,067	\$ 22,567

The accompanying notes are an integral part of these financial statements

REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)

STATEMENTS OF OPERATIONS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES			
Franchise fees	\$ 2,167	\$ -	\$ -
Royalties	220,369	139,813	190,465
Transaction fees	29,000	19,636	28,400
Total revenues	<u>251,536</u>	<u>159,449</u>	<u>218,865</u>
EXPENSES			
Operating expenses:			
Marketing	-	-	-
Bookkeeping fees	-	-	-
Office and related	-	-	-
Management fees	240,477	155,486	195,658
Total operating expenses	<u>240,477</u>	<u>155,486</u>	<u>195,658</u>
Franchisor expenses:			
Professional fees	7,464	14,463	15,941
Total franchisor expenses	<u>7,464</u>	<u>14,463</u>	<u>15,941</u>
Income (loss) before income tax expense	3,595	(10,500)	7,266
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	<u>\$ 3,595</u>	<u>\$ (10,500)</u>	<u>\$ 7,266</u>

The accompanying notes are an integral part of these financial statements

**REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)**

STATEMENTS OF MEMBERS' EQUITY (DEFICIT)

YEARS ENDED MAY 31, 2021, 2020 AND 2019

BALANCE, June 1, 2018	\$ 15,301
Contributions	-
Distributions	-
Net income (loss)	<u>7,266</u>
BALANCE, May 31, 2019	22,567
Contributions	-
Distributions	-
Net income (loss)	<u>(10,500)</u>
BALANCE, May 31, 2020	12,067
Contributions	-
Distributions	-
Net income (loss)	<u>3,595</u>
BALANCE, May 31, 2021	<u><u>\$ 15,662</u></u>

The accompanying notes are an integral part of these financial statements

**REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)**

STATEMENTS OF CASH FLOWS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

	2021	2020	2019
Cash flows from operating activities:			
Net income (loss)	\$ 3,595	\$ (10,500)	\$ 7,266
Adjustments to reconcile net income (loss) to net cash provided from operating activities:			
Trade receivables	(24,665)	13,674	(7,410)
Prepaid expenses	-	-	-
Accounts payable	-	-	-
Deferred revenue - franchise fees	17,833	-	-
Due to related party	-	-	-
Net cash from operating activities	(3,237)	3,174	(144)
Cash flows from investing activities:			
Purchases of property and equipment	-	-	-
Net cash from investing activities	-	-	-
Cash flows from financing activities:			
Member contributions	-	-	-
Member distributions	-	-	-
Net cash from financing activities	-	-	-
Net increase (decrease) in cash	(3,237)	3,174	(144)
Cash:			
Beginning of period	3,243	69	213
End of period	\$ 6	\$ 3,243	\$ 69
Supplemental disclosure:			
Income taxes paid	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

**REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION

Business

Realtyscape Franchising, LLC, d/b/a LakePlace.com (the “Company”) was formed on June 25, 2015. The Company is a Minnesota Limited Liability Company. The Company offers individual unit franchises for the operation of a LakePlace.com® real estate brokerage business (“Business” or “LakePlace.com® Business”), whose listings will be featured on the LakePlace.com® web site. The total investment necessary to begin operations of a LakePlace.com® business is estimated to be \$16,000 to \$33,000, for conversion of an existing real estate brokerage business to a LakePlace.com® business. The total investment necessary to begin operations of a LakePlace.com® business is estimated to be \$50,800 to \$114,500, for a conventional start up business. This includes a franchise fee of \$10,000 that must be paid to the franchisor (the Company) or its affiliates.

The Company's operations from inception through October 2015 were funded by capital contributions from the members. Franchise sales commenced in October 2015.

Ownership of the Company is as follows:

- Cameron Henkel - 50% member
- David Gooden - 50% member

Net income (losses) will be allocated to the Members pro rata based on their Membership Units in the Company. The Company has no stated termination date and will continue in existence until terminated as a result of the occurrence of certain events as defined in the Member Control Agreement.

Cash Equivalents

For purposes of reporting cash flows, cash equivalents include investment instruments purchased with a maturity of three months or less. There were no cash equivalents as of May 31, 2021, 2020, or 2019.

The Company adopted ASU 2016-18, which requires that restricted cash and cash equivalents be included in the beginning and ending cash and cash equivalents in the statements of cash flows. The adoption of ASU 2016-18 did not result in any material changes to the statement of cash flows since the Company has no restricted cash.

(Continued)

REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER
INFORMATION (Continued)

Adoption of New Accounting Standards

ASU 2014-09 Revenue from Contracts with Customers

On January 1, 2019, the Company would have been required to adopt and implement ASU 2014-09 and all subsequent amendments to the ASU (collectively, “ASC 606”), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. In April 2020, the Financial Accounting Standards Board (FASB) delayed the effective dates of its standards on revenue recognition (ASC 606) by one year due to challenges related to the COVID-19 Pandemic. In 2021, the one-year deferral period ended and the Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of June 1, 2020. Results for reporting periods beginning after June 1, 2020 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The Company recorded a net change in beginning members equity of \$ -0- due to all franchise agreements entered into prior to June 1, 2020 were complete. The adoption of ASC 606 did result in a change to the accounting for franchise fees but did not result in a change to the accounting for the in-scope revenue streams such royalties and transaction fees.

A description of the Company’s revenue streams accounted for under ASC 606 follows:

Franchise Fees: Upon executing a LakePlace.com® business franchise agreement a \$10,000 franchise fee is due and payable. The franchise agreement considers the fee earned upon receipt and is nonrefundable. Under legacy GAAP, the franchise fee was recognized as revenue in the period the agreement was executed. The franchise agreement requires Realtyscape to provide various services for the term of the 5-year agreement. Adoption of ASC 606, the franchise fee revenue is amortized and recognized over the 5-year term of the franchise agreement. 2 franchise agreements were entered into during 2021. Under legacy GAAP franchise fees of \$20,000 would have been recognized in 2021. Under current reporting, \$2,267 is recognized as revenue and \$17,833 is reflected as deferred revenue – franchise fees.

Royalties: LakePlace.com® Businesses pay a 7% or 10% royalty fee of gross commission income for each sales transaction completed during the term of the franchise agreement and is recognized as revenue at the time of closing.

(Continued)

**REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER
INFORMATION (Continued)**

Adoption of New Accounting Standards (Continued)

ASU 2014-09 Revenue from Contracts with Customers (Continued)

Transaction Fees: For each sales transaction completed during the term of the franchise agreement a \$100 transaction fee is due for each side of the transaction and is recognized as revenue at the time of closing.

Property and Equipment

Property and equipment will be stated at cost. Depreciation will be computed using the straight-line method over the estimated useful life of the related asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments. Through May 31, 2021, 2020 and 2019 the Company has no property and equipment (See Note 3).

Advertising Expenses

Advertising expenses are grouped in marketing expenses and are recognized in the period incurred. Advertising expenses totaled \$ -0- in the years ended May 31, 2021, 2020 and 2019.

Concentrations, Risks and Uncertainties

Use of Estimates

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

(Continued)

**REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER
INFORMATION (Continued)

Concentrations, Risks and Uncertainties (Continued)

Trade Receivables

Franchises are required to submit royalties and transaction fees monthly. In addition, the Company, at its discretion, can collect franchisee fees in installments. These receivables are unsecured, but failure of a franchisee to pay these receivables could result in termination of the franchise agreement. Management believes all receivables are collectible and has not recorded an allowance for doubtful accounts. This assessment was based on a number of factors including a review of outstanding receivables, franchise owners' ability to pay their obligations, and existing economic conditions. Due to uncertainties in the collection process, however, it is reasonably possible management estimate will change during the next year. That change cannot be estimated.

Uncertainties

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Company's operations. Future potential impacts may include disruptions or restrictions on home sales and vacation rental. Property management or maintenance functions may be affected.

Comprehensive Income

FASB ASC 22-10-20: Comprehensive Income establishes standards for the reporting and disclosure of comprehensive income and its components which will be presented in association with a company's financial statements. Comprehensive income is defined as the change in a business enterprise's equity during a period arising from transactions, events or circumstances relating to non-owner sources, such as foreign currency translation adjustments and unrealized gains or losses on available for-sale securities. It includes all changes in equity during a period except those resulting from investments by or distributions to owners. Through May 31, 2021, 2020, and 2019, net income and comprehensive income were equivalent.

(Continued)

**REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (Continued)

Income Taxes

The Company is a limited liability company and has elected to be treated as a partnership for income tax purposes. Revenues and expenses pass directly to the members for inclusion in their tax returns. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Federal and state taxing authorities generally have the right to examine returns for three periods from the date of filing. Any interest or penalties incurred by the Company would be included in operating expenses in the accompanying financial statements. No interest or penalties are reflected in the accompanying financial statements.

Long-Lived Assets

In accordance with FASB ASC 360-10: Accounting for The Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, the Company reviews its long-lived assets and intangibles related to those assets periodically to determine potential impairment by comparing the carrying value of the long-lived assets outstanding with estimated future cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future cash flows be less than the carrying value, the Company would recognize an impairment loss. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets and intangibles. Management determined that no impairment of long-lived assets existed as of May 31, 2021, 2020, and 2019.

NOTE 2 - RELATED PARTIES

In 2003, the Realtyscape LLC's members developed and launched the LakePlace.com® web site (www.LakePlace.com) through Realtyscape LLC. The web site lists lake or other water-related properties for sale and vacation rental, and also provides links to resorts. Realtyscape LLC continues to own, operate and maintain the LakePlace.com® web site.

In April 2010, Realtyscape LLC began operating LakePlace.com real estate brokerage businesses similar to the business being offered under the disclosure document. As of May 2021, 2020, and 2019, Realtyscape LLC operated 10, 11, and 10 LakePlace.com® real estate brokerage businesses located in Minnesota and Wisconsin, which are physical offices that operate under the LakePlace.com® Marks. Realtyscape LLC also has 9 satellite providers of real estate brokerage services that operate under LakePlace.com® Marks, but do not have physical offices.

(Continued)

**REALTYSCAPE FRANCHISING, LLC
(D/B/A LAKEPLACE.COM)**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2021, 2020 AND 2019

NOTE 2 - RELATED PARTIES (Continued)

Realtyscape LLC: employs all operating personnel and oversees day-to-day operations of Realtyscape Franchising, LLC; provides supervision through its owners; and incurs costs to maintain shared facilities. During 2017 Realtyscape LLC and Realtyscape Franchising, LLC entered into a management agreement to cover Realtyscape Franchising, LLC's portion of these costs. The management fees paid to Realtyscape LLC totaled \$240,477 in 2021, \$155,486 in 2020, and \$195,658 in 2019.

NOTE 3 - FRANCHISE AGREEMENT

Realtyscape Franchising, LLC (d/b/a LakePlace.com) offers individual unit franchises for the operation of a LakePlace.com® real estate brokerage business in Minnesota and Wisconsin. Details of the franchises and the related fees are defined in the Company's franchise disclosure document. Realtyscape Franchising, LLC's affiliate, Realtyscape LLC owns the Marks, including LakePlace.com® service Mark and other Marks used in connection with the System, and owns, operates and maintains the LakePlace.com® website (see Note 2). Realtyscape LLC has granted a license to Realtyscape Franchising, LLC for the perpetual right to use and sublicense the Marks, including the principal Mark LakePlace.com®.

NOTE 4 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2021, which is the date the financial statements were available to be issued.

EXHIBIT B
FRANCHISE AGREEMENT

LakePlace.com® Franchise Agreement

Franchisee:

Primary Office:

Street

City

State

Zip Code

Telephone/Facsimile

Email

Effective Date:

(To be completed by us)

Confidential
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LAKEPLACE.COM® FRANCHISE AGREEMENT

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EXHIBITS

A – OFFICES AND PROTECTED TERRITORY

B – OWNERSHIP AND MANAGEMENT ADDENDUM

C – GUARANTY AND ASSUMPTION OF OBLIGATIONS

D – ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

E – ACKNOWLEDGMENT ADDENDUM

LAKEPLACE.COM® FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made and entered into between RealtyScape Franchising LLC, a Minnesota limited liability company, with a principal place of business at 1120 East 80th Street, Suite 103, Bloomington, Minnesota 55420 (“we” or “us”), and _____, a _____ formed and operating under the laws of the State of _____, with a principal place of business at _____ (“you”), and shall become effective on the “Effective Date,” as described in Section 20.13. Because you must be an Entity, and not an individual or individuals, certain provisions to this Agreement also apply to your owners. Capitalized terms shall have the meaning given to them in Section 1 or elsewhere throughout this Agreement.

RECITALS

A. We and our Affiliates, as the result of the expenditure of considerable time, effort, skill and financial resources, have developed, and continue to develop, the System, which includes the LakePlace.com® web site;

B. Our Affiliate, RealtyScape LLC (“RealtyScape”), owns the Marks, including the LakePlace.com® service mark and other marks used in connection with the System, and owns, operates and maintains the LakePlace.com® web site and the Dane Arthur™ web site;

C. RealtyScape uses the Marks and the LakePlace.com® web site in connection with LakePlace.com® real estate brokerage businesses and other related businesses it owns and operates;

D. RealtyScape has granted us the right to use, and sublicense the right to use, the Marks in connection with the development and operation of LakePlace.com® real estate brokerage businesses using the System, and has agreed to include and feature certain of our franchisees’ properties on the LakePlace.com® web site;

E. We grant qualified Entities the right to develop, own and operate a LakePlace.com® real estate brokerage business within a specific protected territory; and

F. You desire to obtain the right to develop, own and operate a LakePlace.com® real estate sales brokerage business using the System within a specific protected territory, and we, in reliance on your representations, have approved your franchise application.

1. DEFINITIONS

1.1 “Additional Offices” mean any offices, in addition to the Primary Office, located at a site within the Protected Territory we approve from which you may conduct the Business (each an “Additional Office”). Each Additional Office is identified on Exhibit A.

1.2 “Affiliate” means an Entity which is controlled by or under common control with another Entity.

1.3 “Broker of Record” means the individual you or your Primary Owner designate who (i) is a licensed broker in the state in which the Primary Office is located, (ii) is authorized under applicable law to serve as the broker of record for the Business, and (iii) agrees to serve as the broker of record for the Business. Your Broker of Record is identified on the Ownership and Management Addendum attached as Exhibit B.

1.4 “Business” means the LakePlace.com® real estate sales brokerage business you develop and operate under this Agreement.

1.5 “Client Data” means lists of all former, current and prospective clients of the Business, as well as all other data, information and materials you or we collect or receive from, or which relate to, these individuals.

1.6 “Confidential Information” means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, materials, systems, processes, know-how, and knowledge of and experience in operating and franchising a LakePlace.com® business that we communicate to you in writing, verbally or through the internet or other online or computer communications, or that you otherwise acquire in operating the Business under the System, including the Operations Manual (as defined in Section 10.5), and the Client Data. “Confidential Information” includes our trade secrets. “Confidential Information” does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you or your owners, employees or agents.

1.7 “Entity” means a corporation, a general or limited partnership, limited liability company, or other legal entity.

1.8 “Gross Commission Income” or “GCI” means all money or things of value received directly or indirectly by you constituting payment to or on account of the Business or the Marks, including commissions, flat fees, administrative commissions, referral fees or other things of value, without deducting your costs or expenses, multiple listing fees, commissions, salaries, overrides or bonuses payable to your agents, salespersons or employees.

1.9 “Managing Broker” means an individual you or your Primary Owner hire who (i) personally invests his or her full time and attention and devotes his or her best efforts to the general management of the day-to-day operations of the Offices and the Business, (ii) is authorized under applicable law to supervise all of your agents engaged in the Business, (iii) actively supervises all of your agents engaged in the Business, (iv) meets any broker and management experience requirements we periodically establish, (v) does not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or that otherwise may conflict with the Managing Broker’s obligations, and (vi) has authority to sign on your behalf on all contracts and commercial documents. Your Managing Brokers are identified on the Ownership and Management Addendum attached as Exhibit B.

1.10 “Marks” mean the LakePlace.com® service mark and other trademarks, service marks, trade names, domain names, logos and commercial symbols that we own, or have a license from RealtyScape or one of our other Affiliates to use and sublicense the right to use, and that we have designated, or may in the future designate, for use in the System, with the understanding that we may at any time modify, discontinue, add to or substitute the Marks used in connection with the System.

1.11 “Offices” mean the Primary Office and any Additional Offices.

1.12 “Primary Office” means the primary office located at a site within the Protected Territory we approve from which you may conduct the Business. The Primary Office is identified on Exhibit A.

1.13 “Primary Owner” means the individual who (i) has an ownership interest in you, (ii) serves the Broker of Record for the Business or has the responsibility for designating the Broker of Record, (iii) serves as the Managing Broker for the Business or has the responsibility of hiring and

overseeing the Managing Broker, (iv) oversees the general management and operations of the Business, (v) meets any qualifications we periodically establish, and (vi) has authority to sign on your behalf all contracts and commercial documents. As an Entity, you must designate as the Primary Owner an individual that owns at least 51% (or some lower percentage we approve) of the Entity. Your Primary Owner is identified on the Ownership and Management Addendum attached as Exhibit B.

1.14 “Principal Owner” means any person or Entity who directly or indirectly owns a 10% or greater interest in you. If any Entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a 10% or greater interest in such Entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is a legal Entity, each owner of a 10% or greater interest in such general partner. You must have at least one Principal Owner. Your Principal Owner(s) are identified on the Ownership and Management Addendum attached as Exhibit A. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

1.15 “Protected Territory” means the geographic area surrounding the Primary Office identified on Exhibit A.

1.16 “System” means the LakePlace.com® system which consists of the offer and sale of real estate brokerage services and products under the Marks utilizing certain distinctive types of standards and specifications, sales and business techniques, methods and procedures and technology, including the LakePlace.com® web site owned, operated and maintained by RealtyScape, offices, equipment, supplies, the Confidential Information, and the advertising, marketing and sales promotion programs and materials, all of the components of which we and our Affiliates periodically may change, improve and further develop. “System” shall also mean, where appropriate, all LakePlace.com® real estate brokerage businesses authorized to use the System.

2. GRANT OF FRANCHISE

2.1 Grant of Franchise; Primary Office. Subject to the provisions contained in this Agreement, we grant to you the right and license to own, establish and operate a LakePlace.com® Business within the Protected Territory from the Primary Office and any Additional Offices, the sites of which we approve, and to use the Marks and other aspects of the System, including the LakePlace.com® web site, in operating the Business. The location of the Primary Office is identified on Exhibit A. The location of any Additional Office, the site of which we have approved as of the Effective Date, also is identified on Exhibit A. You accept the license and undertake the obligation to operate the Business from the Primary Office and any Additional Offices within the Protected Territory using the Marks and the System in compliance with the terms and conditions of this Agreement.

2.2 Additional Offices. After the Effective Date and during the term of this Agreement (as described in Section 3), you may periodically request that we approve the proposed site of an Additional Office within the Protected Territory from which you may operate the Business, provided (i) you are in compliance with this Agreement at the time of the request, and (ii) you submit to us a written request for approval that contains the information specified in the Operations Manual or we otherwise request. If we approve your proposed site for an Additional Office, you will have the right to establish an Additional Office at that site, provided you sign an updated version of Exhibit A with us that identifies the Additional Office and agree to operate the Additional Office in accordance with this Agreement. We will not unreasonably withhold our approval of any proposed Additional Office site within the Protected Territory if it meets our then-current general office requirements. We will not charge you an additional fee for any Additional Office we approve.

2.3 Nature of the Protected Territory. Except as described below, neither we nor our Affiliates will establish and operate, or grant franchises or licenses to others to establish and operate, any other office of a LakePlace.com® real estate brokerage business within the Protected Territory during the term of this Agreement, provided you are in compliance with this Agreement. The license granted to you under this Agreement is personal in nature, may not be used from any locations other than from the Offices, and does not include the right to offer or sell real estate brokerage services identified by the Marks, or any other names, trademarks, service marks, logos or other commercial symbols, from any locations other than from the Offices. Notwithstanding the preceding sentence, the license granted to you under this Agreement includes the right to offer and sell real estate brokerage services identified by the Marks through any other channels of distribution, including the internet). Your right to offer and sell real estate brokerage services under this Agreement is subject to the limitations set forth in the Operations Manual or as we otherwise periodically prescribe. You may not establish or operate any LakePlace.com® real estate brokerage office outside the Protected Territory, unless we permit you to do so under a separate franchise agreement. You may not subfranchise or sublicense any of your rights under this Agreement. We and our Affiliates, and our and their respective franchisees and licensees, as well as our agents and the agents of any of these parties, have the right (without compensation to you) to offer and sell real estate brokerage services under the Marks to clients located within the Protected Territory and for real estate located within the Protected Territory, provided such real estate brokerage services are offered and sold from offices of LakePlace.com® real estate brokerage businesses outside of the Protected Territory. In turn, you and your agents have the right to offer and sell real estate brokerage services under the Marks to clients located outside the Protected Territory and for real estate located outside the Protected Territory, provided such real estate brokerage services are offered and sold from the Offices. In addition, as further described in Section 10.1, your and your agent's MLS listings, along with the MLS listings of ours and our Affiliates, and our and their respective franchisees, licensees and grantees, as well as our agents and the agents of any of these parties, will be included and the listing party featured on the LakePlace.com® web site, regardless of where the property for these listings is located. This means that if one of the other parties described in the preceding sentence is the listing party for property within your Protected Territory, that party (and not you) will be featured on the LakePlace.com® web site for that property, and that if you or one of your agents are the listing party for property located within the protected territory of one of the parties described in the preceding sentence, you or your agent will be featured on the LakePlace.com® web site for that property. Except for the limitations described in this Section, you acknowledge and agree that you do not have any right to exclude, control or impose conditions on our development of future franchised, company or Affiliate owned LakePlace.com® real estate brokerage businesses at any time or at any location.

2.4 Rights Reserved to Us. We reserve any and all rights not expressly granted to you under this Agreement. Without limiting the preceding sentence, we (for ourselves and our Affiliates) specifically reserve the right, from any location at any time, without any compensation to you or any other franchisee and regardless of whether it competes with the Business:

2.4.1 To own and operate, and grant franchises or licenses to others to own and operate, LakePlace.com® real estate brokerage offices outside of the Protected Territory;

2.4.2 To own and operate, and grant franchises or licenses to others to own and operate, any business of any kind (other than an office located within your Protected Territory selling the same services as a LakePlace.com® real estate brokerage business) under the Marks at any locations within or outside your Protected Territory, including businesses offering mortgage, appraisal, financial or insurance services under the Marks;

2.4.3 To own and operate, and grant franchises or licenses to others to own and operate, any business of any kind, including a real estate brokerage business selling the same or

similar services as a LakePlace.com® real estate brokerage business, under any names, trademarks, service marks, logos and other commercial symbols other than the Marks, including without limitation LandBin.com and DaneArthur.com, within and outside your Protected Territory;

2.4.4 To acquire businesses that are the same or similar to a LakePlace.com® real estate brokerage business and operate or license others to operate such businesses regardless of where the businesses are located, including within the Protected Territory, and to be acquired by any third party which operates businesses that are the same or similar to a LakePlace.com® real estate brokerage business regardless of where such businesses are located, including within the Protected Territory;

2.4.5 To advertise the System on the internet, and to create, operate, maintain and modify, or discontinue the use of web sites and an intranet/extranet system using the Marks;

2.4.6 To promote and sell advertisements on web sites using the Marks to resort and cabin owners, and other businesses (except for other real estate brokerage businesses) located within or outside of the Protected Territory; and

2.4.7 To promote, sell and distribute the real estate brokerage services authorized for sale from LakePlace.com® real estate brokerage businesses under the Marks, or under trademarks and service marks other than the Marks, through other channels of distribution within and outside the Protected Territory.

2.5 Leads. Notwithstanding the above, if we or our Affiliates receive a client lead as the direct result of one of your listings on the LakePlace.com® web site, we or our Affiliate will send this lead to you at no cost. In addition, if we or our Affiliates receive a client lead that is not the direct result of one of your listings on the LakePlace.com® web site and it is for lakefront property located within your Protected Territory, we will send this lead to you at no cost. If you do not accept or reject a lead on the same day it is sent to you, we or our Affiliate may work directly with that lead without violating this provision or any other provision of this Agreement. We or our Affiliate may also work directly with any lead rejected by you at any time. WE MAKE NO PROMISES OR GUARANTEES TO YOU AS TO THE NUMBER OF LEADS WE OR OUR AFFILIATES MAY SEND TO YOU OR HOW MANY OF THESE LEADS WILL RESULT IN A SALE.

3. TERM AND RENEWAL

3.1 Term. The term of this Agreement commences upon the Effective Date (as defined in Section 20.14) and shall continue for a period of five years, unless it is sooner terminated in accordance with Section 18.

3.2 Renewal. Subject to Section 3.3, you will have the right to renew your license for the Business for additional five-year renewal terms, provided you meet the following conditions with respect to each renewal:

3.2.1 Notice. You have given us written notice of your intention to renew at least six months but not more than 12 months prior to the end of the expiring term;

3.2.2 Not in Default and History of Compliance. You are not in default of any provision of this Agreement or any other agreement between you and us or our Affiliates, and

have, on a timely basis, substantially complied with all of the terms and conditions of this Agreement and any of these other agreements during their respective terms;

3.2.3 Monetary Obligations. You have satisfied all monetary obligations owed by you to us and our Affiliates, and have timely met those obligations throughout the term of this Agreement and any other agreement between you and us or our Affiliates;

3.2.4 Training. You comply with our then-current training requirements, at your sole expense;

3.2.5 General Release. You and your Principal Owners and guarantors execute a general release of claims in a form we prescribe;

3.2.6 Third Party Payments. You are current in your payments to any landlord, lessor, suppliers and any others with whom you do business;

3.2.7 Office Premises. You provide documentation satisfactory to us that you have the right to maintain possession of the Primary Office premises and any approved Additional Offices premises during the renewal term;

3.2.8 Modernization and Replacement. At our request and at your expense, you have complied with any modernization and/or replacement requirements for each Office, as further described in Section 7.7;

3.2.9 New Franchise Agreement. You sign our then-current form of franchise agreement at the time of the renewal. The terms of any then-current form franchise agreement you sign upon a renewal may contain materially different terms and conditions than this Agreement, including higher fees, modification of your Protected Territory, and sourcing requirements; and

3.2.10 Renewal Fee. You pay us a renewal fee equal to one half of our then-current initial franchise fee.

3.3 Discontinuation of System. If we have announced that we are no longer regularly offering LakePlace.com® real estate brokerage franchises in the state or region in which the Business is located, and we have not awarded LakePlace.com® real estate brokerage franchises in your state or region for the 12 months after the date of such announcement, then we will not be required to renew your license for the Business under Section 3.2, provided we have given you at least six months written notice of our intention not to renew your license for the Business prior to the end of the expiring term. You acknowledge and agree that the preceding sentence is commercially reasonable and that our compliance with it constitutes “good cause” under those states’ laws that require good cause for nonrenewal.

4. FEES AND PAYMENTS

4.1 Initial Franchise Fee. You must pay to us a nonrefundable initial franchise fee of \$10,000 (“Initial Franchise Fee”). The Initial Franchise Fee is payable in full when you sign this Agreement and is fully earned by us upon our receipt.

4.2 Royalty Fee. During the term of this Agreement and in consideration of the rights granted to you, you must pay to us a nonrefundable royalty fee (“Royalty Fee”). During each calendar year, the percentage of Gross Commission Income that you must pay to us as a Royalty Fee shall be

determined as follows: 10% of Gross Commission Income on Gross Commission Income of up to and including \$750,000 for that calendar year; 8% of Gross Commission Income on Gross Commission Income of \$750,001 to \$1,500,000 for that calendar year; and 6% of Gross Commission Income on Gross Commission Income over \$1,500,000 for that calendar year. The table below summarizes the Royalty Fee due for each calendar year. For the purpose of determining the percentage of Gross Commission Income that you must pay to us as a Royalty Fee under this Section, the Gross Commission Income will start at zero on January 1st for each calendar year. The applicable Royalty Fee is due and payable on or before the 10th day of each month based on the Gross Commission Income for the preceding calendar month, pursuant to the method of payment we designate. We reserve the right to collect the Royalty Fee on a weekly basis upon 30 days' written notice to you. THIS SECTION IS IN NO WAY INTENDED TO IMPLY THAT YOU WILL EXPERIENCE GROSS COMMISSION INCOME OF ANY PARTICULAR LEVEL DURING ANY CALENDAR YEAR.

Gross Commission Income For Each Calendar Year	Royalty Fee
Up to and including \$750,000	10% of Gross Commission Income
\$750,001 to \$1,500,000	8% of Gross Commission Income
Over \$1,500,000	6% of Gross Commission Income

4.3 Minimum Annual Royalty Fee. Beginning with the first full calendar year following the Effective Date, you must pay us a “Minimum Annual Royalty Fee” of \$25,000 per calendar year during the term of this Agreement. The parties agree that the amount of the Minimum Annual Royalty will be pro-rated for any partial calendar year. If the total Royalty Fees you pay to us under Section 4.2 during any applicable calendar year or partial calendar year is less than \$25,000, or the applicable pro-rata amount, you must pay to us the difference between the Minimum Annual Royalty Fee and the actual Royalty Fees you paid to us during that full or partial calendar year (the “Royalty Fee Deficiency”). The Royalty Fee Deficiency is due and payable to us within 10 days of our invoice to you. Nothing in this Section should be construed to limit in any way the amount of Royalty Fees that you must pay to us under Section 4.2. THE MINIMUM ANNUAL ROYALTY FEE IS IN NO WAY INTENDED TO IMPLY THAT YOU WILL EXPERIENCE GROSS COMMISSION INCOME OF ANY PARTICULAR LEVEL.

4.4 Transaction Fee. For each sales transaction completed by the Business during the term of this Agreement, you must pay to us a “Transaction Fee” of \$100.00 for each side of the transaction in which you were involved (i.e., representing the buyer or the seller, or both, including customers and clients). Transaction Fees are due and payable under the same terms as the Royalty Fee.

4.5 Electronic Transfer of Funds. You must sign the Electronic Transfer of Funds Authorization attached as Exhibit D, as well as any other documents we periodically designate or approve, to authorize your bank to transfer, either electronically or through some other method of payment we designate or approve, directly to our account and to charge your account all amounts due to us from you. Your authorization will permit us to designate the amount to be transferred from your account. You must maintain a balance in your account sufficient to allow us to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section.

4.6 Computations and Remittances. We will compute the amount of Royalty Fees and Transaction Fees due and owing to us at the end of each calendar month's operation, and the amount of Minimum Annual Royalty Fees due and owing to us at the end of each calendar year or partial calendar year, as applicable, and collect these amounts from your account, electronically or through some other method of payment we designate, on the day the fees are due. With your prior consent, we may also collect from your account, electronically or through some other method of payment we designate, any

other amounts that become due and owing to us or our Affiliates under this Agreement. All calculations will be based on figures you provide to us and/or we acquire electronically or otherwise. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we require to verify the accuracy of amounts we collect from your account. If you do not provide us with required Gross Commission Income reports and sales transaction reports as required under Section 11, we have the right to estimate the Gross Commission Income and sales transactions for the Business for the missing period and collect from your account an amount equal to the Royalty Fees and Transaction Fees that would be due based on such estimation. In making our estimate, we may consider prior Gross Commission Income reports and sales transaction reports that we received from you, any System-wide averages and other pertinent information available to us.

4.7 Interest Charges; Late Payment Service Charges. All Royalty Fees, Transaction Fees, Minimum Annual Royalty Fees and other amounts that you owe to us or our Affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late fee payments, you must pay to us a service charge of up to \$100 for each delinquent payment, due when the delinquent payment is due, and up to \$100 for each delinquent report, due when the delinquent report is due. We will continue to charge a late fee for each period that the report remains delinquent. A payment is delinquent for any of the following reasons: (i) we do not receive the payment on or before the date due; or (ii) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due. A report is delinquent if we do not receive it on or before the due date and remains delinquent for each designated period until we receive it. The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

4.8 Application of Payments. To the extent you owe any amount of money to us or any of our Affiliates, we have the right to: (i) apply against such amount, in any manner we determine, any payments we receive from you, and (ii) offset from such amount any amounts we or our Affiliates owe you.

4.9 Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Transaction Fees, Minimum Annual Royalty Fees or any other amount due to us or our Affiliates under this Agreement, and that the alleged non-performance or breach of any of our obligations under this Agreement or any other agreement does not establish a right at law or in equity to withhold payment to us of these fees.

4.10 Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our Affiliates, vendors, suppliers, manufacturers, distributors, landlords, lessors, federal, state and local governments, and creditors in connection with your Business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Offices and the Business; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Business. In the event you default in making any such payment, you must notify us within 30 days and we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

5. ADVERTISING

5.1 Advertising Materials from Us. We may periodically provide to you at no cost, or make available to you for purchase from us or our Affiliates, or designed or approved suppliers, certain advertising, marketing and promotional materials for use in promoting your Business. Your use and

purchase of these materials, however, will be optional. Your use of these materials also may require you make additional expenditures, including the cost of ad placement, printing and mailing.

5.2 Local Advertising; Approval of Your Advertising Materials. Although we do not require you to spend a minimum amount on advertising, we encourage you to advertise and promote your Business on a local level and take advantage of any materials we make available to you. You may prepare or have prepared for you advertising, marketing and promotional materials for use in promoting your Business. Prior to using these materials, however, you must submit them to us for our approval. Any marketing, advertising or promotional materials not approved by us within three business days of submission to us shall be deemed to be disapproved. At any time, we may require you to stop any marketing, advertising or promotion if we determine it is not in line with the requirements of this Section. You must use marketing, advertising and promotional materials that depict any of the Marks only in connection with your sale of approved real estate brokerage services in connection with the Business. Any marketing, advertising and promotional materials used by you must be factually correct, in good taste and in good condition, and accurately depict the Marks.

5.3 Social Media Participation. You must participate in any social media, social and professional networking, or geolocation platforms (“Social Media Sites”) that we prescribe in the Operations Manual or in any other written communications with you. We have the right to determine the content and use of any Social Media Site, and will establish the rules under which you must participate. Any Social Media Sites developed for the operation of your Business may not link, directly or indirectly, to your personal information or any social media you personally participate in outside of the operation of your Business. Since your reputation is important to the operation of your LakePlace.com® Business, you also must adhere to our Social Media Site guidelines for any social media pages you participate in or operate, including pages you maintain individually.

6. TRADEMARK STANDARDS AND REQUIREMENTS

6.1 Trademark Ownership. You acknowledge and agree that the Marks are RealtyScape’s valuable property and that RealtyScape has licensed the use of the Marks to us with the right to sublicense to others. You further acknowledge and agree that as owner of the Marks, RealtyScape is the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the Business and of the business conducted at or from the Offices that is associated with or attributable to the Marks. Your use of the Marks will inure to our and RealtyScape’s exclusive benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm, contest, or be injurious or prejudicial to our or RealtyScape’s rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including print or electronic media. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the term of this Agreement.

6.2 Trademark Use. You may not use, or permit the use of, any trademarks, service marks, trade names, domain names, logos or commercial symbols in connection with the Business except for the Marks or as we otherwise direct in writing. You may use the Marks only in connection with such services and products as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Marks only in association with services and products approved by us and that meet our standards or requirements, including those relating to quality, condition, image and performance.

6.3 Business Identification. You must use the name LakePlace.com®, along with any other name, description or tagline we designate, as the trade name of the Business and any other name in conjunction with it as we approve. You may not use the words LakePlace.com®, any of the other Marks, any modified version or derivative of any Mark, or any commercial identification confusingly similar to the Marks, as part of the name of your Entity. You may use the Marks on various materials, such as business cards, stationery, checks, client contract and other forms, provided you (i) accurately depict the Marks on the materials as we describe in our Operations Manual or otherwise, (ii) include a statement on the materials indicating that the Business is independently owned and operated by you, (iii) do not use the Marks in connection with any other trademarks, trade names or service marks without our prior written approval, and (iv) provide to us, for our approval, a copy of any materials depicting the Marks before you use those materials. You must post a prominent sign at each Office identifying you as a LakePlace.com® real estate brokerage franchisee in a format we deem acceptable, including an acknowledgment that you independently own and operate the Office and the Business.

6.4 Restrictions on Internet and Web Site Use. We and RealtyScape retain the right to advertise the System on the internet and to create, operate, maintain and modify, or discontinue the use of, web sites and/or an intranet/extranet system using the Marks, as further described in Sections 8.8 and 10.1. You will not register, as internet domain names, any of the Marks now or hereafter owned by us or our Affiliates or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, without our prior written approval. Further, any marketing, advertising or promotion of your Offices or Business, or any related business, you conduct on the internet or through other online communications, including using Social Media Sites, must meet any requirements we periodically establish in the Operations Manual or otherwise.

6.5 Notification of Infringements and Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, patent or copyright we license to you, or any claim by any person of any rights in any Mark, patent or copyright we license to you, or any similar trade name, trademark or service mark, of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We and RealtyScape may take any action we and RealtyScape deem appropriate, and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark, patent or copyright. You will sign all documents, provide assistance and take all action as we may request to protect and maintain our and RealtyScape's interests in any litigation or other proceeding or to otherwise protect and maintain our and RealtyScape's interests in the Marks and any patents and copyrights we license to you.

6.6 Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks, patents or copyrights we license to you in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and any patents and copyrights we license to you, and will, at your expense, cooperate in all respects with us and RealtyScape in any court or other proceedings involving the Marks and any patents and copyrights we license to you. We and/or RealtyScape will pay the cost and expense of all litigation we and RealtyScape incur, including attorneys' fees, specifically relating to the Marks and any patents and copyrights we license to you, unless the litigation results from your misuse of the Marks, patents or copyrights in violation of this Agreement. We and RealtyScape, and our respective legal counsel, will have the right to control any litigation related to the Marks and any patents and copyrights we license to you, and we and RealtyScape have the right to decide to pursue or settle any infringement actions related to the Marks, and any patents and copyrights we license to you.

6.7 Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We and RealtyScape have the right at any time to modify or discontinue use of any Mark, or to require you to use one or more additional or substitute trademarks, service marks or trade names. In such event, you will, at your expense, comply with such modification, discontinuance or substitution upon receipt of our written notice to you. We will have no liability or obligation as to your modification, discontinuance or substitution of any Mark.

7. DEVELOPMENT AND MAINTENANCE OF OFFICES; COMMENCEMENT OF THE BUSINESS

7.1 Offices; Leases. You are solely responsible for securing a site for the Primary Office and any Additional Office that meets our general office requirements and which we have approved in writing. As of the Effective Date, we have approved the site of the Primary Office identified on Exhibit A, and the site of any Additional Office identified on Exhibit A. If after the Effective Date and during the term of this Agreement you desire to establish an Additional Office within the Protected Territory, you must submit to us a written request for approval that contains the information specified in the Operations Manual or we otherwise request for the proposed site of the Additional Office. We will notify you in writing within 30 days after we receive your request and any other requested materials whether we approve or disapprove the proposed site of the Additional Office. If you lease the approved site for the Primary Office or any Additional Office, you must provide us with a copy of the lease(s) upon our request. We have no responsibility for the lease(s), however, and it is your sole responsibility to evaluate, negotiate and enter into the any lease for the site of the Primary Office or any Additional Office. If you own the site of the Primary Office or any Additional Office, you must, upon our request, provide us with proof of such ownership. Our identification of a site, review of a site or site lease, or approval of a site does not constitute a guarantee, recommendation or assurance as to the suitability of the site for a LakePlace.com® real estate brokerage office, or the sales potential or success of the site or the Business.

7.2 Office Construction, Maintenance and Repair. You must construct, build out, equip, furnish, maintain and repair the Primary Office and each Additional Office, so that these Offices may serve as LakePlace.com® real estate brokerage offices and provide real estate brokerage services to clients consistent with the standards and specifications we periodically prescribe. It is solely your responsibility to ensure that each of your Offices complies with all local, state and federal laws and building code requirements, including the Occupational Safety and Health Act and the Americans With Disabilities Act. Your Offices also must meet the general office requirements we periodically prescribe, which at a minimum obligate you, at your expense, to maintain a clean and professional environment at each Office for meeting with clients and to promptly perform all necessary repairs to the interior and exterior of Offices and any adjacent parking areas and grounds. Except for your obligations to make changes to the signs at each Office under Section 7.3 and maintain the Computer System under Section 8.2, however, during the term of this Agreement we will not require you to modernize, update or replace the equipment, signs, fixtures, furnishings, décor, furniture, flooring and trade dress of any Office for the purpose of making them consist with the standards and specifications we periodically establish for LakePlace.com® real estate brokerage offices.

7.3 Signs. The signs at each Office must comply with our specifications, which we may periodically modify and change due to modifications to the System, including changes to the Marks. As further described in Section 8.3, we have the right to designate the supplier from whom you must purchase signs. You must, at your expense, make such changes to the signs as we require. Your failure to replace the signs within 12 months from the date of notification will constitute a default of this Agreement under Section 18.1.

7.4 Commencement of the Business and Offices. You may not commence operation of the Business until we have notified you in writing that you have satisfied all of your pre-commencement obligations. You agree to complete your pre-commencement obligations and commence operation of the Business from the Primary Office within 45 days after the Effective Date. Time is of the essence. If you do not timely commence operation as set forth in this Section, we have the right to terminate this Agreement in accordance with Section 18.2.

7.5 Maintenance of Primary Office. At all times during the term of this Agreement, you must maintain the Primary Office. If you close your Primary Office and do not have a plan we have approved to reopen or relocate it, we have the right to immediately terminate this Agreement under Section 18.2. In the alternative, if you are otherwise in compliance with this Agreement and are operating an Additional Office, we have the right, but not the obligation, to allow you to designate an existing Additional Office as your Primary Office.

7.6 Relocation and Reopening of Offices.

7.6.1 Required Relocations. If you need to relocate an Office because of condemnation, destruction, or expiration or cancellation of your lease, we will grant you authority to do so at a site we approve that is within your Protected Territory, provided that the new Office is open and operating within 60 days after you cease operating the Business from the Office and you comply with our then-current standards.

7.6.2 Voluntary Relocations. If you desire to voluntarily relocate an Office, we will allow you to do so provided (i) you have given us notice of your intent to relocate not less than 60 days prior to closing the Office, (ii) have procured a site within your Protected Territory that we approve within 30 days before closing the prior Office, (iii) have opened the new Office for business within 60 days of such closure, and (iv) complied with any other conditions that we require. You must pay the costs of any relocation.

7.6.3 Reopening of Damaged Office. In the event an Office is destroyed or damaged and you repair the Office at its current site (rather than relocate the Office), you must repair and reopen the Office at its current site in accordance with our then-current standards within 180 days of the date of occurrence of the destruction or damage.

7.7 Modernization and Replacement. We reserve the right to expressly condition any renewal under Sections 3.2 on your compliance, at your sole expense, with our modernization and/or replacement requirements at the time of the renewal. These requirements may obligate you to effect such items of modernization and/or replacement of the equipment, signs, fixtures, furnishings, décor, furniture, flooring and trade dress of each Office as are necessary to conform the Office to our then-current standards and specifications for LakePlace.com® real estate brokerage offices.

8. SERVICES AND PRODUCTS, OPERATIONS STANDARDS AND REQUIREMENTS

8.1 Approved Services and Products. You must offer or sell in connection with the Business and only from the Offices, all services and products, and only those services and products, we periodically approve as being suitable for sale from LakePlace.com® real estate brokerage businesses and meeting our standards of quality and uniformity for the System, including real estate brokerage services, and may not offer or sell any other service or product in connection with the Business without our prior written approval, including mortgage, appraisal, financial or insurance services. If we determine that we will no longer approve a service or product as being suitable for sale from a LakePlace.com® real estate brokerage business, you must cease offering that service or product upon 30 days written notice from us.

8.2 Computer System. You must purchase, use and maintain, at your sole expense, a computer system (including all hardware, software, related equipment and associated services) for the Business and each Office (collectively, the “Computer System”), that allows you to communicate with us and operate the Business. You must keep all information stored on the Computer System secure at all times. Although we do not require that you grant us direct access to your Computer System, we may require you to submit reports and other requested information through an intranet/extranet system we develop, as further described in Section 8.8. You must have, at all times at each of your Offices, access to the internet through an established service provider. We will assign you and you must maintain the email account(s) we designate on the internet.

8.3 Designated and Approved Supplies and Suppliers.

8.3.1. We have the right to designate, as applicable, the specific brand and/or manufacturer, and/or the single source of supply (which may be or include us or one of our Affiliates), of the following: (i) signs for the Offices and yard signs; (ii) logoed materials containing the Marks, including T-shirts, mugs, stationary and business cards; and (iii) certain optional advertising, marketing and sales promotion materials we may make available to you for purchase. We also have the right to approve the suppliers of any other supplies and items used in the operation of the Business. We will periodically notify you of our requirements for designated or approved suppliers, and changes to these requirements, through the Operations Manual or other means. For certain services and products, we, an Affiliate or a third party manufacturer, supplier or distributor may be the only approved supplier even though we have not designated a single source of supply for those items.

8.3.2 If we have not designated the brand and/or manufacturer, or the source or sources, of any of the items in Section 8.3.1 above, you may request that we approve an alternative to that item, or an alternative supplier for that item. In such case, you must first notify us in writing and provide us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the alternative item complies with our specifications and standards, or the alternative supplier meets our approved supplier criteria. We will notify you in writing as to whether or not the proposed alternative item or supplier is approved. We may develop procedures for the submission of requests for approved alternative items or suppliers, and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We may impose limits on the number of alternative items and/or suppliers to be used by you for the Business and/or in conjunction with the System.

8.3.3 **ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE AND NON-INFRINGEMENT, WITH RESPECT TO ALL SERVICES, PRODUCTS, EQUIPMENT, SUPPLIES OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM. WE MAKE NO PROMISES OR GUARANTEES AS TO THE EFFECTIVENESS OF ANY SERVICES AND PRODUCTS PROVIDED UNDER THIS AGREEMENT, EITHER WITH RESPECT TO YOU OR ANY OF YOUR CLIENTS.**

8.4 Specifications, Standards and Procedures. You acknowledge and agree that we have the right to establish quality standards regarding the operation of LakePlace.com® real estate brokerage businesses and offices to protect the distinction, goodwill and uniformity symbolized by the Marks, and

the System. You agree to maintain the highest standards of quality and service in the operation of your Offices and the Business, and agree to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to you) we periodically establish relating to the operation of LakePlace.com® real estate brokerage businesses and offices. You acknowledge and agree that we may periodically modify and add to these specifications, standards and operating procedures, and that you are obligated to conform to any mandatory modified or additional specification, standard or operating procedure. You also acknowledge and agree that any required specifications, standards and operating procedures exist to protect our interests in the 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 you.

8.5 Standards of Service. You must at all times give prompt, courteous and efficient service to your clients. You must, in all dealings with your clients, your suppliers, your referral sources, and the general public, adhere to the highest standards of honesty, integrity and fair dealing.

8.6 Period of Operation. Subject to any contrary requirements of local law, each Office must, at a minimum, be open and operated during the traditional business hours for real estate brokerage offices located within your market area. You acknowledge and agree that if an Office is closed for a period of seven consecutive days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of that Office and we have the right, in addition to other remedies provided for herein, to terminate this Agreement if the Office is your Primary Office, or terminate your right and license to operate the Business from that Office, if that Office is an Additional Office. Natural disasters, strikes, wars, riots, acts of government or other force majeure cause preventing you temporarily from complying with the foregoing will suspend compliance for the duration of such interference, provided such interference does not last more than 30 consecutive days.

8.7 Restriction on Use of Office Premises. You agree that you will not, without our prior written approval, offer at or from the premises of any Office any products or services we have not then authorized for use or sale at or from LakePlace.com® real estate brokerage offices, nor will the Offices or the premises of each Office be used for any purpose other than the operation of a LakePlace.com® real estate brokerage office in compliance with this Agreement.

8.8 Participation in Web Sites and Intranet/Extranet Systems. You must participate in the LakePlace.com® web site, and any other web sites using the Marks or any intranet/extranet we or RealtyScape develop and maintain in accordance with our written standards, which we have the right to periodically modify. You must provide to us or RealtyScape, as we direct, an electronic feed of your listings in the format we or RealtyScape require for display on the LakePlace.com® web site. We and RealtyScape have the right to determine the content and use of the LakePlace.com® web site and other of our or its web sites, your web pages on our or its web sites, any intranet/extranet system, and any Social Media Sites, and will establish the rules under which franchisees may or must participate. Without our prior written approval, you may not link or frame our or RealtyScape's web sites or your web pages on these web sites, or use any email address which we have not authorized for use in operating the Business. We and RealtyScape retain all rights relating to our and RealtyScape's web sites, your web pages on these web sites, any intranet/extranet system and any Social Media Sites you use to promote your Business, including all rights to the data stored therein, and may periodically alter or terminate our and RealtyScape's web sites, your web pages on these web sites, any intranet/extranet system we or RealtyScape develop, or any information posted or uploaded to any Social Media Sites, including all registration and account information. We and RealtyScape also have the right to access, at all times, all information and data contained on our and RealtyScape's web sites, including your separate web pages that are part of these web sites, and any intranet/extranet system we or RealtyScape develop, including information and data relating to you and your Business. Your general conduct on our and RealtyScape's

web sites, your web pages on these web sites, any intranet/extranet system and any Social Media Sites is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our and RealtyScape's web sites, your web pages on these web sites or any intranet/extranet system may be considered Confidential Information, including access codes and identification codes. We and RealtyScape retain all rights relating to our and RealtyScape's web sites and any intranet/extranet system we or RealtyScape develop and may alter or terminate the web sites or intranet/extranet system upon 30 days' notice to you. Your right to participate in our and RealtyScape's web sites, any intranet/extranet system we or RealtyScape develop, or any Social Media Sites relating to your Business, or otherwise use the Marks or the System on the internet will terminate when this Agreement expires or terminates.

8.9 Use of Your Own Web Sites and Other Online Communications. During the term of this Agreement, you may develop, maintain and use your own web site or web sites for the Business, provided you comply with any written standards we prescribe. You will not have the right, however, to register, as internet domain names, any of the Marks now or hereafter owned by us or our Affiliates or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, without our prior written approval. In addition, without our prior written approval, you may not link your web sites to our or RealtyScape's web sites or any of your web pages on these web sites. Further, any marketing, advertising or promotion of your Offices or Business, any related business you conduct on the internet or through other online communications, including using Social Media Sites, must meet any requirements we periodically establish in the Operations Manual. Your general conduct on web sites, Social Media Sites, or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement.

8.10 Compliance with Law; Licenses and Permits.

8.10.1 You must at all times maintain the Business and Offices, and conduct Business operations in compliance with: (i) all applicable federal, state and local laws, regulations, codes and ordinances, including consumer credit acts and other laws and regulations that apply to credit transactions, other consumer laws, laws that regulate real estate brokerage businesses, usury laws, privacy laws, tax laws, and safety and security laws; and (ii) the REALTOR® Code of Ethics. You must also secure and maintain in force all required licenses, permits and certificates relating to the Business and each Office.

8.10.2 You have had an opportunity to obtain legal advice regarding, and currently comply with, all applicable legal requirements that prohibit unfair, fraudulent or corrupt business practices, including U.S. and other legal requirements that are designed to combat terrorism and terrorist activities. In addition, neither you nor any holder of an ownership interest in you is named as a "specially designated national" or "blocked person" as designated by the United States Department of the Treasury's Office of Foreign Assets Control.

8.10.3 You acknowledge that you are an independent business and responsible for control and management of the Business, including the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters. You also acknowledge that you are not our employee, but an independent business owner.

8.11 Insurance. You agree to purchase and maintain in full force and effect, at your expense, all of the insurance coverage we require in the types and amounts described in the Operations Manual. All insurance policies must: (i) be issued by an insurance carrier(s) acceptable to us; (ii) name us and our

Affiliates, and any other person or entity we designate by name, as additional insureds; (iii) provide that we will receive 30 days' prior written notice of a material change in or termination, expiration or cancellation of any policy; (iv) contain a waiver of the insurance company's right of subrogation against us, our Affiliates and any successors and/or assigns; (v) require your insurance to be "primary" and "non-contributory" with any insurance carried by us or our Affiliates, or any other person or entity we designate by name as additional insureds; and (vi) cover all of your Offices. The required insurance coverage must commence as of the Effective Date. You must provide us before you commence operation of the Business and thereafter annually or at our request certificates of insurance, endorsements and other proof of insurance we prescribe evidencing the existence of such insurance coverage and your compliance with the provisions of this Section, including the requirement relating to additional insureds. In addition, you will provide us with certificates of insurance, endorsements and other proof of insurance we prescribe evidencing the renewal or extension of all insurance policies. We also may request copies of all policies at any time. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation, changes in relevant circumstances, industry standards, experiences in the System, higher damage awards or changes in standards of liability. If you do not purchase and maintain the insurance coverage required by this Agreement, or to furnish to us prescribed evidence thereof, we have the right, but not the obligation, to purchase insurance coverage on your behalf and to charge the same to you, together with a fee for the expenses we incur in doing so, payable by you immediately upon notice. You agree to promptly sign any applications or other forms or instruments required to obtain any such insurance.

8.12 System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. Subject to the limitations described in Section 7.2, you must comply with these modifications, additions or rescissions at your expense, and any other express limitations set forth in this Agreement.

8.13 Best Efforts. You agree that during the term of this Agreement you will use your best efforts to promote the Business and to conduct the Business pursuant to the System.

9. MANAGEMENT AND SUPERVISION STANDARDS; BROKER OF RECORD

9.1 Management of Offices; Supervision of Agents. You must at all times faithfully, honestly and diligently perform your obligations and continuously use your best efforts to promote and enhance the Business. You must have a Primary Owner at all times during the term of this Agreement. In addition, you must have a Managing Broker at all times after you commence operation of the Business. A single, qualified individual, may serve as your Primary Owner, Managing Broker and Broker of Record, or may serve two of these roles. Your Primary Owner must ensure that the Business and each Office is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibility to do so. The Primary Owner also must be readily and continuously available to us. Your Managing Broker must personally invest his or her full time and attention and devote his or her best efforts to the general management of the day-to-day operations of the Offices and the Business, and actively supervise all of your agents engaged in the Business. We have the right to periodically prescribe the maximum number of agents a Managing Broker may supervise and, if your total number of agents exceeds this maximum, you will be required to hire additional Managing Brokers to supervise your agents. Your Primary Owner and each Managing Broker must attend and successfully complete all required training.

9.2 Broker of Record. You must have a designated Broker of Record at all times during the term of this Agreement. Your Broker of Record must attend and successfully complete all required

training. If at any time during the term of this Agreement the individual designated as your Broker of Record no longer desires to serve or is unable to continue to serve as your Broker of Record, you must designate a new Broker of Record within three business days of the date the individual ceases to serve as your Broker of Record, or we may immediately terminate this Agreement in accordance with Section 18.2.

10. WEB SITE, TRAINING AND OPERATING ASSISTANCE

10.1 Requirements:

10.1.1 Listings on Web Sites. Pursuant to an agreement with us, RealtyScape has agreed to host and maintain the LakePlace.com® web site on which it will include and feature your and your agents' listings, provided that you properly enter the listings in the MLS, the listings you enter fit within one of the types of real estate properties that RealtyScape lists on the web site and you remain in compliance with this Agreement. For purposes of this Agreement, "feature" means the method that we and/or RealtyScape, in our/its sole judgment, periodically designate for distinguishing the real estate listings of ours and our Affiliates, and our and their respective franchisees, licensees and grantees, as well as our agents and the agents of any of these parties, on the LakePlace.com® web site, which may include the use of orange flags. We and RealtyScape have the right to determine the types of real estate properties that are listed on the LakePlace.com® web site, the content, format, placement of all listings, and the manner in which they are displayed and featured, all of which we and RealtyScape may periodically modify as we and it deem appropriate. We and RealtyScape will use our reasonable best efforts to maintain and continuously operate the LakePlace.com® web site, and limit any time it is offline due to maintenance and repairs. In addition, we and RealtyScape will use our reasonable best efforts to accurately include and feature on the LakePlace.com® web site all of your and your agents' listings in accordance with this Section, and promptly correct any errors you bring to our attention. Provided that we and RealtyScape comply with the two preceding sentences, you acknowledge and agree that we will not be in default of this Agreement and you will not bring any claims against us or RealtyScape relating to our or its failure to continuously operate the LakePlace.com® web site or to accurately include or feature on the web site all of your and your agents' listings in accordance with this Section. From time to time, in our sole judgment, we may enter into an agreement with RealtyScape to allow certain listings of LakePlace.com® real estate brokerage businesses to be included and/or featured on the LandBin.com web site or the DaneArthur.com web site. We may suspend or end this practice at any time without notice to you. You are not granted any rights to the LandBin.com trademarks, web site or system under this Agreement, and you are not granted any rights to the DaneArthur.com trademarks, web site or system under this Agreement. WE AND REALTYSCAPE MAKE NO PROMISES OR GUARANTEES, EITHER TO YOU OR ANY OF YOUR CLIENTS, AS TO THE EFFECTIVENESS OF THE LAKEPLACE.COM WEB SITE OR THE LANDBIN.COM WEB SITE OR THE DANEARTHUR.COM WEB SITE, OR THAT ANY OF YOUR LISTINGS ON THESE WEB SITES WILL RESULT IN A SALE OR WILL RESULT IN A SALE WITHIN A CERTAIN PERIOD OF TIME.

10.1.2 Web Page on Web Site. As a part of the LakePlace.com® web site, we or RealtyScape will develop and maintain a web page for the Business. Your web page will include certain information relating to the Business, including the location of each of your Offices, and identification of all agents associated with you, which we or RealtyScape will periodically update. We and RealtyScape have the right to determine the content and use of your web page on the LakePlace.com® web site. In addition, we or RealtyScape will host on the LakePlace.com® web site our corporate email address, as well as the corporate email address for you and each of

our other franchisees. In addition to the LakePlace.com® web site, we or RealtyScape may develop and maintain, in our sole judgment, an intranet/extranet. Your required participation in, and our and RealtyScape's rights relating to, the LakePlace.com® web site and any intranet/extranet we or RealtyScape develop and maintain, is described in Section 8.8.

10.2 Training. Prior to or within six months of the date you commence operation of the Business, we will provide a training program on certain aspects of the operation of a LakePlace.com® real estate brokerage business to up to three individuals affiliated with you and the Business, including your Primary Owner, Broker of Record and Managing Broker. We will not charge you any tuition for three individuals to attend the training program. If you request to have more than three individuals attend our training program and we approve your request, you must pay us our then-current tuition, if any, for each of these additional individuals to attend the training program. Your Primary Owner, Broker of Record and Managing Broker must attend and complete this training program to our satisfaction. Any replacement or additional Primary Owner, Broker of Record and Managing Broker also must attend and successfully complete this training program to our satisfaction within a reasonable period of time after assuming his or her position with you. We have the right to determine when and where training takes place and the cost and duration of the training. You are solely responsible for the applicable tuition, if any, and the salaries, wages, benefits, travel and living expenses, and other related costs for all individuals affiliated with you and the Business who attend any initial and ongoing training and meetings, as described in this Section.

10.3 Ongoing Training. We may periodically offer optional or mandatory ongoing training to you and certain of your owners and management employees. We may require the Primary Owner, Broker of Record and Managing Brokers to attend, at your expense, any mandatory ongoing training. We have the right to determine when and where ongoing training takes place, and the cost and duration of the training. We may also elect to offer ongoing training by telephone or over the internet.

10.4 Meetings. We may periodically hold or sponsor meetings relating to the operation of LakePlace.com® real estate brokerage businesses. These meetings may be optional or mandatory, as we designate. Your Primary Owner, Broker of Record and at least one Managing Broker must attend, at your expense, all mandatory meetings we may hold. If your Primary Owner, Broker of Record or a Managing Broker is not able to attend a meeting, you must so notify us before the meeting and must have a substitute person acceptable to us attend the event.

10.5 Operating Assistance. We will advise you on operational issues and provide assistance in operating the Business as we deem appropriate. We will provide operating assistance, in our sole judgment, through our Operations Manual, bulletins or other written materials, telephone conversations and/or meetings at our office or at one of the Offices. At your request, we may also provide additional assistance to you for a fee.

10.6 Operations Manual. We will furnish or make available to you, through the LakePlace.com® web site or otherwise, our operations manual (the "Operations Manual"). The Operations Manual at all times is our sole property and is only on loan to you during the term of this Agreement. You must at all times treat the Operations Manual, and the information it contains, as secret and confidential, and must use all efforts to maintain such information as secret and confidential. The Operations Manual contains mandatory and suggested standards, procedures, techniques, management systems and other items relating to the operation of a LakePlace.com® real estate brokerage business. We may periodically revise the contents of the Operations Manual and you agree to comply with each new or changed requirement. You must at all times insure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of your copy of the Operations Manual, the terms of the master copy of the Operations Manual that we maintain are

controlling. You acknowledge and agree that the Operations Manual and other system communications may only be available on the internet or other online or computer communications.

11. RECORDS AND REPORTS

11.1. Accounting and Records. During the term of this Agreement, you will, at your expense, maintain at the Office premises and retain for a minimum of 5 years from the date of their preparation, complete and accurate books, records and accounts that you determine necessary in the normal course of the operation of the Business or that we otherwise require. At a minimum, these records will include the following: (1) daily, weekly and monthly Gross Commission Income reports, (2) daily, weekly and monthly transaction closing reports; (3) HUD reports (or similar or successor reports); (4) purchase agreements; (5) listing agreements; and (6) such other records and information as we periodically may request. You will be permitted to preserve the records and submit reports electronically, consistent with our requirements.

11.2. Reports, Tax Returns and Financial Statements. Within five days after the end of each calendar month, you must submit to us a Gross Commission Income report, a sales transaction report (“Transaction Report”) with respect to the preceding calendar month in the form and containing the information we periodically prescribe. In addition, we have the right to require you to submit any of the items listed above or any of the information contained in the reports on a weekly basis. At a minimum, your reports must include the amount of Gross Commission Income of the Business (with a breakout between the Offices), sales transaction information, and the computation of the Royalty Fee, Transaction Fee or any other fees payable to us or our Affiliates under this Agreement for the preceding month or week (as applicable). We also have the right to require you, upon our request, to provide us with additional reports or information, in a form and manner we specify, including: (1) an annual profit and loss statement and source and use of funds statement for the Business for the year and a balance sheet for the Business as of the end of the year, reviewed by an independent certified public accountant; and (2) all tax returns relating to the Business and of each of the Principal Owners. You also will provide to us copies of all records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms we approve and signed and verified by you.

11.3. Our Use and Disclosure of Your Records. We have the right to share any reports you provide to us with other franchised and Affiliate owned LakePlace.com® real estate broker businesses, as well as our Affiliates. Except for this right, we will keep your financial books, records, reports and financial statements confidential, unless the information is: (i) requested by tax authorities; (ii) used as part of a legal proceeding; (iii) used in a manner as set forth in Section 16.3.8; or (iv) included in a financial performance representation included in our Franchise Disclosure Document.

12. INSPECTION AND AUDITS

12.1. Our Right to Inspect and Evaluate the Offices. To determine whether you are complying with this Agreement, we or our authorized representative may, at any time during regular business hours without prior notice to you, enter the premises of any or all of the Offices for the purpose of making periodic evaluations and inspections of the Offices and the operation of the Business at the Offices. You will fully cooperate with our representatives making any inspection.

12.2. Our Right to Examine Books and Records. You will allow us or our authorized representatives, at any time during regular business hours and without prior notice to you, to enter the premises of any or all of the Offices to inspect, audit and photocopy the books and records of the Offices and the Business. Instead of or in addition to the foregoing, you will, upon our written request, make photocopies of all books and records we request and forward them to us or our authorized representatives

at such address as we designate in writing. We will reimburse you for the reasonable cost of photocopying documents that we request. You agree that we shall have the right to examine your books and records, and to perform such audits, inspections, and other analyses as we deem appropriate to verify Gross Commission Income. You must allow us electronic and manual access to any and all records relating to the Business and each Office.

12.3 Result of Audit; Under-Reported Gross Commission Income. If we or our authorized representatives determine that you under-reported Gross Commission Income for any period, you will pay us all Royalty Fees that were not reported, plus interest as provided in Section 4.7. In addition, if we or our authorized representatives determine that you did not report all sales transactions for any period, you will pay to us all Transaction Fees that were not reported, plus interest as provided in Section 4.7. If any examination or audit results in a determination that Gross Commission Income for any period was under-reported by more than 2%, you will reimburse us for all costs of the investigation, including salaries, outside accountant fees, outside attorneys' fees, travel, meals, and lodging. In addition, if any examination or audit results in a determination that Gross Commission Income for any period was under-reported by more than 5%, we may immediately terminate this Agreement without giving you an opportunity to cure. You agree to pay for all costs of any audit that did not occur due to your failure to produce your books and records at the time of audit if we notified you in writing of the audit at least five days before the scheduled date. The foregoing remedies are in addition to all of our other remedies and rights under applicable law.

13. CONFIDENTIAL INFORMATION; IMPROVEMENTS

13.1 Confidential Information. You understand and agree that you will come into possession of certain of our trade secrets concerning the manner in which we conduct business including, but not necessarily limited to: methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; software; and our materials clearly marked or labeled as trade secrets. You agree that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us. You agree that we derive independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. You also acknowledge and agree that these trade secrets are part of our "Confidential Information," as that term is defined in Section 1.6. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Business pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is disclosed to you solely on the condition that you agree that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any Confidential Information disclosed in written form; (iv) will adopt and implement all procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Office employees and what materials may not leave Offices with certain employees; and (v) will sign a nondisclosure and confidentiality agreement, and will require the Primary Owner, the other Principal Owners, the Broker of Record, Managing Brokers and any other of your owners, managers, and other employees and agents with access to Confidential Information to sign a nondisclosure and confidentiality agreement, in a form satisfactory to us. You must provide executed copies of all of the agreements described above to us prior to commencing operations of the Business and each Office, and following the addition of new or replacement owners, employees or agents. The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best

efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

14. COVENANTS

14.1 Non-Solicitation of Clients. You covenant that, during the term of this Agreement, and for a period of 18 months thereafter, you will not, directly or indirectly divert or attempt to divert any business, account or clients of the Business or any other LakePlace.com® real estate broker business or the System to any competing business. Unless otherwise specified, the term “you” as used in this Section and in Section 14.2 includes, collectively and individually, your Primary Owner, all other Principal Owners, your Broker of Record, your Managing Brokers, your guarantors, officers, directors, members, managers and partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your Primary Owner, Broker of Record, Managing Brokers, key employees and other individuals identified in the preceding sentence a signed non-solicitation agreement in a form satisfactory to us that contains the non-solicitation provisions of this Section. You agree that the length of time in this Section 14.1 will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement.

14.2 Covenants Not To Compete During Term. You will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in any business (including any e-commerce or internet-based business) that offers for sale real estate brokerage services, or any other related business that is competitive with or similar to a LakePlace.com® real estate brokerage business, except: (i) with our prior written consent; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities. We may require you to obtain from your Primary Owner, Broker of Record, Managing Brokers, key employees and other individuals identified in Section 14.1 a signed non-competition agreement in a form satisfactory to us that contains the non-compete provisions of this Section.

14.3 Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section 14 or of your obligations described in Section 13.1 in that injunctive relief is essential for our protection. You therefore agree that we are entitled to injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section 14, or your obligations under Section 13.1. The covenants stated in this Section 14 will survive the termination or expiration of this Agreement.

15. INDEMNIFICATION

15.1 Your Indemnification Obligations. You agree to indemnify, defend and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees, agents and assignees harmless against, and to reimburse us or them for, any loss, liability or damages arising out of or relating to this Agreement, the relationship between you and us, your development, ownership or operation of the Business and any of the Offices, and all reasonable costs of defending any claim brought against us or any of them or any action in which we or any of them is named as a party (including reasonable attorneys’ fees) unless the loss, liability, damage or cost is solely due to the our breach of this Agreement, gross negligence or willful misconduct. You must pay all losses, liability or damages we incur pursuant to your obligations of indemnity under this Section regardless of any settlement, actions or defense we undertake or the subsequent success or failure of any settlement, actions or defense. Further, you agree to give us

immediate notice of any such action, proceeding, demand or investigation brought against you or the Business. We may, at our option, designate counsel, at your expense, to defend or settle such action, proceeding, demand or investigation brought against you or the Business. This obligation does not diminish your indemnification obligations under this Section.

15.2 Our Indemnification Obligations. We agree to indemnify and hold you and your officers, directors and agents harmless against, and to reimburse you and them for, any loss, liability or damage solely arising from or relating to our breach of this Agreement, gross negligence or willful misconduct, and all reasonable costs of defending any claim brought against you or them or any action in which you or they are named as a party (including reasonable attorneys' fees).

15.3 Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

16. TRANSFER OF FRANCHISE

16.1 Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Business. Consequently, you (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, the Business, any of the Offices, substantially all or all of your assets or the assets of the Offices, this Agreement or any controlling interest in you ("controlling interest" to include a proposed transfer of fifty percent (50%) or more of the common (voting) stock of a corporation or of the ownership interest in a limited liability company or partnership) unless you obtain our prior written consent and comply with the other transfer conditions in this Section 16.

16.2 Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Section 16 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in Section 16.6 must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information. The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in Section 16.3.1.

16.3 Conditions of Transfer. We condition our consent to any proposed transfer upon the following:

16.3.1 Transfer Fee. You must pay to us a non-refundable transfer fee equal to \$5,000.

16.3.2 Assignee Requirements. The assignee must meet all of our then-current requirements for the franchise program we are offering at the time of the proposed transfer, including that the assignee must be an Entity.

16.3.3 Payment of Amounts Owed. All amounts you owe to us or any of our Affiliates, your suppliers or any landlords in connection with the Business or Offices, or upon which we or any of our Affiliates have any contingent liability must be paid in full.

16.3.4 Reports. You must have provided all required reports to us in accordance with Sections 11 and 12.

16.3.5 Guaranty. In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated thereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

16.3.6 General Release. You, each Principal Owner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, the Business or the parties' business relationship, in the form we designate, releasing us and our Affiliates.

16.3.7 Training. The assignee must, at your or assignee's expense, comply with our training requirements.

16.3.8 Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Business and the operation of the Offices as we deem necessary or appropriate for assignee and/or us to evaluate the Business and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Business, the operation of the Offices and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Business, the operation of the Offices and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or financial performance representations, or claims of success or failure.

16.3.9 Not in Default of Any Other Agreements. Neither you nor the assignee are in default of any agreement with us or our Affiliates.

16.3.10 Agreement. The assignee must sign an agreement in a form we approve agreeing to assume and perform all of your duties and obligations under this Agreement, and the assignee's principal owners must sign a personal guaranty.

16.3.11 Acceptable Client Transition Plan. You and the assignee must work out a transition plan to address the needs of your current and prospective clients, which is acceptable to us.

16.3.12 Success of Business. The purchase price and terms of the sales may not negatively impact the capability of the Business to profit after the transfer.

16.3.13 All Offices. You must transfer to the assignee all Offices you own and operate under this Agreement at the time of the proposed transfer.

16.3.14 Other Conditions. You must have complied with any other conditions that we periodically require as part of our transfer policies.

16.4 Death, Disability or Incapacity of Primary Owner. If your Primary Owner dies or becomes disabled or incapacitated, the decedent's or disabled or incapacitated person's heir or successor-in-interest must (i) find another person who wants to become the Primary Owner for the Business and have assigned to him or her the prior Primary Owner's rights and obligations under this Agreement, (ii) apply for our consent under Section 16.2 to the proposed assignment, (iii) pay the applicable transfer fee under Section 16.3.1, and (iv) satisfy the transfer conditions under Section 16.3, as in any other case of a proposed transfer, all within three months of the death or event of disability or incapacity of the prior Primary Owner. If the new Primary Owner and assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in Section 16.6. Fees for training may apply.

16.5 Death, Disability or Incapacity of Principal Owner Other than Primary Owner. If any individual who is a Principal Owner, but not the Primary Owner, dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or Entity must apply for our consent under Section 16.2, pay the applicable transfer fee under Section 16.3.1, and satisfy the transfer conditions under Section 16.3, as in any other case of a proposed transfer, all within 180 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Business still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in Section 16.6. Such terms apply to transfers to family trusts. Fees for training may apply.

16.6 Right of First Refusal. If you or your Principal Owners at any time desire to sell or assign for consideration the Business, any of the Offices, substantially all or all of your assets or the assets of the Offices, this Agreement or an ownership interest representing (in the aggregate) 50% or more of the ownership in you, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within 30 days following receipt of the proposed offer, to purchase the items or ownership interest in you being sold or assigned for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of 60 days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 16. If the sale to the proposed purchaser is not completed within 120 days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again will have the right of first refusal.

16.7 Public Or Private Offerings. Subject to Section 16.1, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any of your Affiliates, you agree to submit any written information to us before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our Affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we, in our sole judgment, object to any reference to us or any of our Affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn.

We assume no responsibility for the offering. We also have the right to require you to reimburse us for all of the costs we incur with respect to this Section.

The prospectus or other literature utilized in any offering must contain the following language in boldface type on the first textual page:

“NEITHER REALTYSCAPE FRANCHISING LLC NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER REALTYSCAPE FRANCHISING LLC NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN. NEITHER REALTYSCAPE FRANCHISING LLC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

16.8 Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement.

17. DISPUTE RESOLUTION

17.1 Consent to Jurisdiction and Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

17.2. Mediation. Except as otherwise stated in this Section, the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to a court. The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of disputes between you and us, agreed upon by the parties. If the parties do not agree upon a mediator or mediation services organization within 15 days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association pursuant to its rules governing mediation, in the city in which our corporate headquarters is located at the time the mediation is commenced. The costs and expenses of mediation, including compensation of the mediator, will be borne equally by the parties. If the parties cannot resolve the claim, controversy or dispute within 60 days after conferring with the mediator, either party may submit such claim, controversy or dispute to the appropriate court as described in Section 17.1. Either party may bring an action under the applicable provisions of this Section 17 without first submitting the action to mediation under this Section: (1) for injunctive relief, or (2) involving the possession or disposition of, or other relief relating to, real property. In addition, we may bring an action under the applicable provisions of this Section 17 without first submitting the action to mediation hereunder for monies you owe us.

17.3 Injunctive Relief. Notwithstanding Section 17.2, you recognize that the Business is one of a number of businesses identified by the Marks and similarly situated and selling to the public similar services and products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and our Affiliates, and/or to some or all of our other franchisees. Therefore, notwithstanding anything to the contrary contained in Sections 17.1 and 17.2, we

have the right to: (i) in a proper case, including your breach or threatened breach of any of the terms of this Agreement, obtain specific performance, eviction from the Offices, temporary restraining orders and temporary or preliminary injunctive relief from any court, wherever located, having competent jurisdiction; (ii) seek monies owed and enforce judgments obtained in state or federal courts in Minnesota, and/or the courts in the state(s) where you are domiciled and/or the Primary Office is located; and (iii) seek to enforce the provisions of this Agreement which relate to restrictions on your (and your Principal Owners') competitive activities in the courts of the state(s) where you are domiciled, the Primary Office is located and/or the competitive activities are occurring. You agree that we are entitled to temporary or preliminary injunctive relief without showing or proving any actual damage or providing a bond, but upon due notice, and your sole remedy in the event of the entry of such injunctive relief will be a request for dissolution of the injunctive relief, if warranted. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that we might otherwise have by virtue of your breach of this Agreement.

17.4 Attorneys' Fees. You will pay to us all costs and expenses, including payroll and travel expenses for our employees, and investigation and attorneys' and expert witness fees, incurred by us in enforcing any provisions of this Agreement. You will reimburse us for the attorneys' and expert witness fees and costs we incur in connection with any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, the Business or any of the Offices.

17.5 Waiver to Right of Jury Trial. ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT. THIS WAIVER IS DONE VOLUNTARILY AND KNOWINGLY, AND WITH THE OPPORTUNITY TO REVIEW THIS PROVISION WITH AN ATTORNEY.

17.6 Waiver of Punitive Damages. YOU AND US AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED, EXCEPT THAT WE AND OUR AFFILIATES WILL BE FREE TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY APPLICABLE LAWS.

17.7 Rights of Parties Are Cumulative. Our and your rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement which it is entitled by law or this Agreement to exercise or enforce.

18. DEFAULT AND TERMINATION

18.1 Defaults. You are in default if we determine that you or any Principal Owner (including the Primary Owner), or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our Affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting Gross Commission Income or sales transactions, failure to pay when due any amounts required to be paid to us or any of our Affiliates, failure to comply with reporting and audit requirements, failure to comply with our mandatory

specifications, standards and operating procedures and systems, failure to meet training requirements, failure to use Approved Supplies, violation of the REALTOR® Code of Ethics, any act by or conviction of you, a Principal Owner, or a guarantor of (or pleading no contest to) any misdemeanor or violation of any licensing statute that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your or our reputation or the goodwill of any of the Marks or the Business or any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency, or making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

18.2 Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

18.2.1 Termination After Opportunity to Cure. Except as otherwise provided in this Section 18.2, you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults. If you fail to cure a default within the 30-day or 10-day period, this Agreement will terminate, without further notice at midnight on the 30th or 10th day, as specified in the notice of default.

18.2.2 Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: any material misrepresentation or omission in your franchise application, the falsification of financial data, your voluntary abandonment of this Agreement or the Business, the closing of any Office by any state or local authorities for health or public safety reasons, you fail to meet the Minimum Annual Royalty Fee for two consecutive calendar years or partial calendar years as described in Section 4.3 (even if you pay the applicable Royalty Fee Deficiencies), you fail to designate a new Broker of Record we approve within three business days of the date your previous Broker of Record ceases to serve in that capacity as described in Section 9.2, any unauthorized use of the Confidential Information, insolvency of you, a Principal Owner (including the Primary Owner) or guarantor, you, a Principal Owner (including the Primary Owner) or guarantor make an assignment or enter into any similar arrangement for the benefit of creditors, conviction of you, any Principal Owners (including the Primary Owner) or guarantors of (or pleading no contest to) any felony or misdemeanor, or any licensing statute, that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your or our reputation or the goodwill of the Marks or the Business, including any impairment to the goodwill associated with the Marks through web sites, social media, blogs, micro-blogs or any other online or electronic format (or if we have evidence that any such individuals have committed any of those crimes or offenses), violation by you, or any Principal Owners (including the Primary Owner), of the REALTOR® Code of Ethics, intentionally understating or underreporting Gross Commission Income or sales transactions, any unauthorized transfer or assignment in violation of Section 16, your use of the Business or any Office for any illegal or unauthorized use, you are a suspected terrorist or otherwise associated directly or indirectly with terrorist activities, or any default by you that is the second same or similar default within any 12-month consecutive period or the 4th default of any type within any 24-month consecutive period.

18.2.3 Immediate Termination After No More than 24 Hours to Cure. Except as otherwise provided in this Section 18.2, in the event that a default under this Agreement occurs that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your or our reputation or the goodwill associated with any of the Marks or the Business, violates any health, safety or sanitation law, regulation, code or ordinance, violates any system standard as to

cleanliness, health and sanitation or if the operation of any Office presents a health or safety hazard to your employees, clients or to the public: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) this Agreement will terminate effective immediately on our issuance of written notice of termination.

18.2.4 Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

18.3 Revocation of Rights During Period of Default. During the period from the date any default occurs until expiration of any applicable cure period or ultimate termination, we have the option to revoke your right to use, and to have listings included and featured on, the LakePlace.com® web site, to use any intranet/extranet system, or otherwise use the Marks or System on the internet or other online communications.

19. POST-TERM OBLIGATIONS

Upon the expiration or termination of this Agreement:

19.1 Reversion of Rights; Discontinuation of Mark Use. All of your rights to the use of the Marks and all other rights and licenses granted herein and the right and license to conduct business under the Marks in the Protected Territory will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Your right to participate in our and RealtyScape's web sites, including without limitation the LakePlace.com® web site, and any intranet/extranet system, or otherwise use the Marks or System on the internet or other online communications, will immediately terminate, and you will have no further rights in or to the data or other information contained therein. Further, you must:

19.1.1 Immediately cease all use and display of the Marks and of any proprietary material (including the Operations Manual);

19.1.2 Remove from the Offices all signs, posters, equipment, fixtures, decals, wall coverings and other materials that are distinctive of the Business or bear the name "LakePlace.com®" or other Marks;

19.1.3 Within 10 days after termination, pay all sums due to us, our Affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our Affiliates, including all fees and payments due to us under this Agreement;

19.1.4 Immediately discontinue using, and return to us by first class prepaid United States mail, any hard copies of the Operations Manual, advertising materials, and all other printed materials relating to the operation of the Business then in your possession or control or previously disseminated to your employees, agents or independent contractors;

19.1.5 Immediately cease using, and return to us by first class prepaid United States mail, all documents in your possession that contain Confidential Information;

19.1.6 Disassociate from the LakePlace.com® Mark or any other Marks all telephone numbers for the Business in all telephone listings. You appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to change listings if you fail to do so within 10 business days of termination;

19.1.7 Assign to us or, at our option, disable any email address, approved web site or web page, URL, or any Social Media Sites for the Business and each Office. You acknowledge that we and RealtyScape, as applicable, have the sole right to and interest in all email addresses and web sites and web pages associated with the Marks, and you authorize us, and appoint us as your attorney-in-fact, to direct any electronic traffic from email addresses or web sites, web pages or Social Media Sites associated with the Marks to us;

19.1.8 Cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities; and

19.1.9 Comply with all other applicable provisions of this Agreement, including the post-term non-solicitation and confidentiality provisions.

19.2 Continuing Obligations. All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination.

19.3 Claims. Any Claim arising out of or relating to this Agreement, the relationship of the parties, our operation of the System, or your operation of the Business or the Offices will be barred unless filed before the expiration of the earlier of: (i) the time period for bringing an action under any applicable state or federal statute of limitations; (ii) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged Claim; or (iii) two years after the first act or omission giving rise to an alleged Claim. Claims by us for the underreporting of Gross Commission Income, Claims by us for indemnification, Claims by us relating to insurance, and Claims by us related to our rights under any of the Marks shall be subject only to the applicable state or federal statute of limitations. As used in this Section 19.3, "Claims" means any allegation, challenge, demand, cause of action, lawsuit, arbitration, dispute, controversy, investigation or administrative proceeding.

20. GENERAL PROVISIONS

20.1 Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

20.2 Waiver/Integration. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute a waiver by us to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement. Subject to our rights to modify Exhibits and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the Exhibits and any addenda hereto and the application form

executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. You represent and warrant that you have conducted an independent investigation of the Business, and you recognize that the Business involves risks and that its success will be largely dependent upon your ability as an independent businessperson. You acknowledge and agree that you have not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of the Business. There are no representations or warranties of any kind, express or implied, except as contained herein and in the aforesaid application. Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we provided to you.

20.3 Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by registered or certified mail or by reputable overnight service, and addressed as follows:

20.3.1 If intended for us, addressed to President or Chief Executive Officer, RealtyScape Franchising LLC, 1120 East 80th Street, Suite 103, Bloomington, Minnesota 55420;

20.3.2 If intended for you, addressed to you at _____ ; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Section.

20.4 Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by the Primary Owner or, if on behalf of us, in writing executed by our President or our Chief Executive Officer.

20.5 References/Construction. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement. The word “including” in this Agreement means “including without limitation.”

20.6 Guaranty and Assumption of Obligations. All of your Principal Owners must execute the form of Guaranty and Assumption of Obligations attached hereto as Exhibit B. Any person or Entity that at any time after the Effective Date of this Agreement becomes a Principal Owner pursuant to the provisions of Section 16 or otherwise must execute the form of Guaranty and Assumption of Obligations attached hereto as Exhibit B. In addition, a spouse of a Principal Owner and any other person we designate, including any person who co-signed a loan or was involved in obtaining financing for the Business, must execute the form of undertaking and guarantee at the end of this Agreement. In connection with the Guaranty and Assumption of Obligations, we have the right to require you to provide us with additional information, including loan documents.

20.7 Successors/Assigns. Subject to the terms of Section 16, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

20.8 Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties’ rights under this Agreement, and the relationship between the parties:

20.8.1 Applicable Law and Waiver. Subject to our rights under federal trademark laws, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Primary Office is located, irrespective of any conflict of laws. The parties agree that any state law or regulation relating to franchises or business opportunities will not apply unless the jurisdictional provisions are independently met. You waive, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

20.8.2 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. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

20.8.3 Our Reasonable Business Judgment. Whenever we reserve or are deemed to have reserved discretion in a particular area or where we agree or are deemed to be required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our 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 our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Marks, improving client service and satisfaction, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System. Neither you nor any third party (including a court of competent jurisdiction), shall substitute its judgment for our Reasonable Business Judgment.

20.9 Relationship of the Parties. We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of each of the Offices and in all dealings with clients, lessors, contractors, suppliers, public officials and others as the owner of the Office and the Business under a franchise agreement from us, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require. You are solely responsible for the management and control of the Offices under this Agreement, including their daily operations, hiring, managing and directing employees, agents and independent contractors, and paying all costs and expenses of the Offices. None of your employees, agents or independent contractors shall be deemed our employee, agent or independent contractor, and each employee, agent and independent contractor shall be so notified by you. All personnel decisions relating to your Offices and your Business will be made by you, without any influence or advice from us, and your decisions and actions are not a decision or action of ours.

20.10 Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, natural disasters, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement. The above causes shall suspend compliance with those impacted terms of this Agreement for the period the cause continues to prevent compliance or for a shorter period specifically provided for elsewhere in this Agreement.

20.11 Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the System and other standards, specifications, and requirements for any franchised LakePlace.com® real estate brokerage business or franchisee based upon the customs or circumstances of a particular franchise or franchise agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such LakePlace.com® real estate brokerage business, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from the System, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that future franchisees may operate under different forms of franchise agreement, and that, consequently, the obligations and rights of the parties to future franchise agreements may differ materially in certain instances from your rights and obligations under this Agreement.

20.12 Notice of Potential Profit. We and/or our Affiliates may periodically make available to you goods, products and/or services for use in the Business on the sale of which we and/or our Affiliates may make a profit. Further, we and/or our Affiliates may periodically receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. The consideration may or may not be related to services performed. You agree that we and/or our Affiliates are entitled to said profits and/or consideration.

20.13 Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when we sign this Agreement. However, as described in Section 7.4, you do not have the right to, and may not, commence operation of the Business and the Primary Office until we notify you that you have satisfied all of your pre-commencement obligations set forth in this Agreement, and we have approved your commencement date.

YOU ACKNOWLEDGE YOUR WAIVER OF CERTAIN RIGHTS AND CLAIMS UNDER THIS AGREEMENT, INCLUDING YOUR RIGHT TO A JURY TRIAL (SECTION 17.5), YOUR RIGHT TO AND CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES (SECTION 17.6), YOUR RIGHT TO BRING CLAIMS WITHIN A CERTAIN PERIOD OF TIME (SECTION 19.4), AND YOUR RIGHTS AND PROTECTIONS UNDER LAWS OTHER THAN THOSE OF THE STATE WHERE THE PRIMARY OFFICE IS LOCATED (SECTION 20.8.1).

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates written below.

WE:

YOU:

(If you are a corporation or limited liability company)

REALTYSCAPE FRANCHISING LLC
a Minnesota limited liability company

an _____
(Name and type of legal Entity (*i.e.*, corporation or limited liability company) and state in which it was formed)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

(If you are a partnership,
all partners must sign below)

(Signature)

(Name of partner)

Date: _____

(Signature)

(Name of partner)

Date: _____

(Signature)

(Name of partner)

Date: _____

**EXHIBIT A
TO FRANCHISE AGREEMENT**

OFFICES AND PROTECTED TERRITORY ADDENDUM

This Addendum is attached to and is an integral part of the LakePlace.com® Franchise Agreement between you and us with an Effective Date of _____, 20__ (the “Franchise Agreement”).

1. Protected Territory. We and you agree that the Protected Territory consists of the geographic area covering the following zip codes listed below, as of the Effective Date of this Agreement:

2. Primary Office. We and you agree that the Primary Office will be located at the site listed below:

3. Additional Offices. We and you agree that, to the extent we have approved any Additional Offices within the Protected Territory, the site of each Additional Office is listed below:

YOU ACKNOWLEDGE AND AGREE THAT OUR APPROVAL OF A PROPOSED SITE FOR YOUR PRIMARY OFFICE OR ANY ADDITIONAL OFFICE DOES NOT REPRESENT A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED SITE FOR A LAKEPLACE.COM® REAL ESTATE BROKERAGE BUSINESS.

4. Changes. We and you agree to sign an updated version of this Addendum if there are any changes to the information contained herein, including changes to add or remove any Additional Offices, or to take into account any Office relocations.

5. Defined Terms. All capitalized terms contained in this Addendum and not defined in this Addendum will have the same meaning as provided in the Franchise Agreement.

6. Effective Date. This Addendum is effective as of this _____ day of _____, 20__.

WE:

REALTYSCAPE FRANCHISING LLC
a Minnesota limited liability company

By: _____

Title: _____

Date: _____

YOU:

(If you are a corporation or limited liability company)

_____,
an _____

(Name and type of legal Entity (*i.e.*, corporation or limited liability company) and state in which it was formed)

By: _____

Title: _____

Date: _____

(If you are a partnership,
all partners must sign below)

(Signature)

(Name of partner)

Date: _____

(Signature)

(Name of partner)

Date: _____

**EXHIBIT B
TO FRANCHISE AGREEMENT**

OWNERSHIP AND MANAGEMENT ADDENDUM

This Addendum is attached to and is an integral part of LakePlace.com® Franchise Agreement between you and us with an Effective Date of _____, 20__ (the “Franchise Agreement”).

1. Principal Owner(s). You represent and warrant to us that the following person(s) or Entity, and only the following person(s) or Entity, will be your Principal Owner(s):

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>PERCENTAGE OF INTEREST</u>

2. Primary Owner. You represent and warrant to us that the following person, and only the following person, is your Primary Owner:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>

3. Broker of Record. You represent and warrant to us that the following person, and only the following person, is your Broker of Record:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>

4. Managing Broker(s). You represent and warrant to us that the following person or persons, and only the following person or persons, is/are your Managing Broker(s):

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>

5. Changes. You must immediately notify us in writing of any changes in the information contained in this Addendum and, at our request, sign an updated version of this Addendum containing the correct information.

6. Defined Terms. All capitalized terms contained in this Addendum and not defined in this Addendum will have the same meaning as provided in the Franchise Agreement.

7. Effective Date. This Addendum is effective as of this _____ day of _____, 20__.

WE:

REALTYSCAPE FRANCHISING LLC
a Minnesota limited liability company

By: _____

Title: _____

Date: _____

YOU:

(If you are a corporation or limited liability company)

_____,
an _____

(Name and type of legal Entity (*i.e.*, corporation or limited liability company) and state in which it was formed)

By: _____

Title: _____

Date: _____

(If you are a partnership,
all partners must sign below)

(Signature)

(Name of partner)

Date: _____

(Signature)

(Name of partner)

Date: _____

**EXHIBIT C
TO FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution by RealtyScape Franchising LLC (“we” or “us”) of the LakePlace.com® Franchise Agreement (the “Franchise Agreement”) with _____ (“Franchisee”), which has an Effective Date of _____, 20____, and for other good and valuable consideration, the undersigned (“Guarantors” and each a “Guarantor”), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by Franchisee, including the arbitration and other dispute resolution provisions of the Franchise Agreement.

Further, the Guarantors, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the non-compete provisions contained in Sections 14.2, and agree that this Guaranty will be construed as though each of the Guarantors executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

Each of the Guarantors waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (4) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability.

In addition, each of the Guarantors consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, Franchisee and Franchisee’s other Guarantors;

(2) We may proceed against Guarantor and Franchisee jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor;

(3) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if Franchisee fails to do so;

(4) Guarantor’s liability hereunder will not be diminished, relieved or otherwise affected by Franchisee’s insolvency, bankruptcy or reorganization of Franchisee or any assignee or successor, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to Guarantor;

(5) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims; and

(6) Guarantor will pay all attorneys' fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Guarantors acknowledge and agree that Section 20.8.1 (Applicable Law and Waiver), Section 17.1 (Consent to Jurisdiction and Venue), Section 17.5 (Waiver of Right of Jury Trial), Section 20.2 (Waiver/Integration), and Section 17.4 (Attorneys' Fees) of the Franchise Agreement apply to Guarantors and this Guaranty.

It is further understood and agreed by the Guarantors that the provisions, covenants and conditions of this Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE: _____

GUARANTORS:

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

Individually

Print Name

Address

City State Zip Code

Telephone

**APPENDIX D
TO
FRANCHISE AGREEMENT**

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

[Important Instructions for Completing this Form: Before we can process your Franchise Agreement, you must sign and return this authorization. If, at the time you sign your Franchise Agreement, you do not have your account set up, or if you do not yet know your account information, please show that you agree to the terms of this authorization by signing this form, leaving the account information blank, and returning the signed form with your Franchise Agreement. You can give us your account information when you receive it, but we must receive it before you commence your Business. If you have any questions about what this form means, you should get advice from your lawyer, accountant or bank.]

Your Name (or name of legal entity on Franchise Agreement): _____
Your Social Security Number (or legal entity Federal Tax ID Number): _____
Name on Bank Account (if different than above): _____

The undersigned (“ACCOUNT HOLDER”) hereby authorizes RealtyScape Franchising LLC (the “COMPANY”) to initiate debit entries and/or credit correction entries to ACCOUNT HOLDER’s checking and/or savings account(s) listed below at the bank, credit union or other depository listed below (“BANK”) and to debit such account per COMPANY’s instructions for any and all amounts due to the COMPANY. The ACCOUNT HOLDER understands and agrees that all amounts debited from the account below will be credited to COMPANY’s account:

[ENTER ACCOUNT INFORMATION, OR ATTACH A VOIDED CHECK FROM ACCOUNT]

This authority is to remain in effect until BANK has received joint written notice from COMPANY and ACCOUNT HOLDER rescinding or terminating this authority. Any such notice must be given in a way as to give BANK a reasonable opportunity to act on it. If a debit entry is initiated to ACCOUNT HOLDER’s account in error, ACCOUNT HOLDER shall have the right to have the amount of the error credited to the account by BANK, if (a) within fifteen (15) calendar days following the date on which BANK sent to ACCOUNT HOLDER a statement of account or a written notice regarding such entry, or (b) forty-five (45) days after posting, ACCOUNT HOLDER shall have sent to BANK a written notice identifying such entry, stating that such entry was in error and requesting BANK to credit the amount thereof to such account. These rights are in addition to any rights ACCOUNT HOLDER may have under federal and state banking laws.

ACCOUNT HOLDER
By : _____
Title: _____
Date: _____

EXHIBIT E
TO FRANCHISE AGREEMENT
ACKNOWLEDGMENT ADDENDUM

**ACKNOWLEDGMENT ADDENDUM TO
LAKEPLACE.COM® FRANCHISE AGREEMENT**

As you know, you and we are entering into a Franchise Agreement for the operation of a franchised LakePlace.com® business. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of the Business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: Yes No. If no, please comment: _____

2. Have you had an opportunity to review our Franchise Disclosure Document and Franchise Agreement? Check one: Yes No. If no, please comment: _____

3. If we unilaterally and materially altered the terms and conditions of the basic Franchise Agreement or any related agreements attached to the Franchise Disclosure Document (except as the result of negotiations you initiated), did you receive a copy of the revised Franchise Agreement or related agreement at least 7 calendar days prior to the date on which the Franchise Agreement or related agreement was signed? Check one: No Yes. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document? Check one: No Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

5. Except for the information contained in Item 19 of the Franchise Disclosure Document, did any employee or other person speaking on our behalf make any oral, written or visual representation that stated, suggested, predicted or projected, expressly or by implication, a specific level or range of actual or potential sales, income, gross profits or net profits at any LakePlace.com® real estate brokerage business, or the likelihood of success at your franchised LakePlace.com® Business? Check one: No Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Do you understand that we and our affiliates cannot and do not make any predictions, promises, representations or guarantees of any kind as to the future success of a LakePlace.com® real estate brokerage business, or that a particular LakePlace.com® real estate brokerage business will achieve any particular results or a specific level or range of actual or potential sales, income, gross profits, or net profits? Check one: Yes No. If no, please comment: _____

7. Do you understand that the franchise granted under the Franchise Agreement is for the right to operate a Business in the Protected Territory only and includes no area protection other than as provided in Section 2.3 of the Franchise Agreement, and that, we and our affiliates have the right

to issue franchises, sell competitive products and services, and operate competing businesses for or at locations, as we determine, within and outside the Protected Territory, consistent with the terms of Section 2.4 of the Franchise Agreement? Check one: () Yes () No. If no, please comment: _____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the franchised business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: () Yes () No. If no, please comment: _____

9. Do you understand that the success or failure of the Business will depend in large part upon your skills and experience, your business acumen, your capital and financing, your training, the hours you work, your office location(s), the staff you employ, and the local market for real estate brokerage services under LakePlace.com® service mark and other trademarks, service marks and trade names we license to you, interest rates, the economy, inflation, the number of agents and other employees you hire, the salaries, wages and other benefits you pay to them and how many of them are full-time and part-time employees, the salaries and wages you pay your owners, the amounts you spend on local marketing, advertising and promotion, lease terms and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you commence operation of the Business may change? Check one () Yes () No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: AS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER LEGAL ENTITY, EACH OF YOUR PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Print Name: _____

Date: _____

Signed: _____

Print Name: _____

Date: _____

APPROVED ON BEHALF OF
REALTYSCAPE FRANCHISING LLC

Signed: _____

Print Name: _____

Date: _____

By: _____

Title: _____

Date: _____

EXHIBIT C

NON-COMPETE AND CONFIDENTIALITY AGREEMENT

NON-COMPETE AND CONFIDENTIALITY AGREEMENT

This Non-Compete and Confidentiality Agreement (this “Agreement”) is made this _____ day of _____, 20____, by and between _____ (“Franchisee”) and _____ (“Individual”).

BACKGROUND:

A. RealtyScape Franchising LLC (“Franchisor”) and its affiliate, RealtyScape LLC (“Affiliate”), as the result of the expenditure of considerable time, effort, skill and financial resources, have developed, and continue to develop, and own the System, which relates to the establishment and operation of LakePlace.com® real estate brokerage businesses.

B. Franchisor and Franchisee have signed a Franchise Agreement dated _____ 20____ (the “Franchise Agreement”), under which Franchisor granted Franchisee the right to own and operate a LakePlace.com® real estate brokerage business (the “Business”) at the Office(s) to offer and sell products and services approved by Franchisor, to use the Marks and to operate the Business under the System in accordance with Franchisor’s Operations Manual, all under the terms and conditions of the Franchise Agreement.

C. Individual, by virtue of his or her position or association with Franchisee or Franchisee’s owners, guarantors, officers, directors, members, managers, partners or employees, will gain access to certain of Franchisor’s Confidential Information relating to the operation of LakePlace.com® real estate brokerage businesses, including without limitation trade secrets, and Individual must therefore be bound by the same confidentiality, non-solicitation and non-compete obligations as Franchisee, as set forth in the Franchise Agreement.

AGREEMENT:

In consideration of the forgoing, the parties agree as follows:

1. Confidential Information. Individual understands and agrees that Individual will come into possession of certain of Franchisor’s trade secrets concerning the manner in which Franchisor conducts business including, but not necessarily limited to: methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; software; and Franchisor’s materials clearly marked or labeled as trade secrets. Individual agrees that the forgoing information, which may or may not be considered “trade secrets” under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to Franchisor. Individual agrees that Franchisor derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. Individual also acknowledges and agrees that these trade secrets are part of Franchisor’s “Confidential Information” (as that term is defined in the Franchise Agreement). Individual acknowledges and agrees that he or she does not acquire any interest in Franchisor’s Confidential Information other than the right to use it in developing and operating the Business pursuant to the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. Without limiting the preceding sentence, Individual further acknowledges and agrees that Franchisor’s Confidential Information includes without limitation Franchisor’s methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, materials, systems, processes, know-how, and knowledge of and experience in the operation and franchising of LakePlace.com® real estate brokerage businesses that is communicated to Individual or that Individual otherwise acquires as the result of his or her position or association with Franchisee or Franchisee’s owners, guarantors, officers, directors,

members, managers, partners or employees. Individual acknowledges and agrees that the Confidential Information is proprietary and is disclosed to Individual solely on the condition that Individual agree that Individual: (i) will not use the Confidential Information in any other business or capacity other than the Business; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (iii) will not make unauthorized copies of any Confidential Information disclosed in written form; and (iv) will adopt and implement all reasonable procedures Franchisor or Franchisee directs to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Business employees. The restrictions on Individual's disclosure and use of Franchisor's Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent Individual is legally compelled to disclose this information, if Individual uses his or her best efforts to maintain the confidential treatment of the Confidential Information, and provide Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed. In addition, Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by Individual or Franchisee or any of its owners, guarantors, officers, directors, members, managers, partners or employees.

2. Non-Solicitation of Customers. Individual covenants that, during the term of the Franchise Agreement, and for a period of (i) eighteen (18) months thereafter, commencing upon the earlier of (i) the transfer, expiration or termination of the Franchise Agreement, or (ii) the date Individual ceases to hold a position with or be associated with Franchisee or Franchisee's owners, guarantors, officers, directors, members, managers, partners or employees, and no longer has access to Franchisor's Confidential Information, he or she will not, directly or indirectly: divert or attempt to divert any business, account or clients of the Business or any other LakePlace.com® real estate brokerage business or the System to any competing business.

3. Covenant Not to Compete During Term of Franchise Agreement. Provided Individual continues to hold a position with or be associated with Franchisee or Franchisee's owners, guarantors, officers, directors, members, managers, partners or employees, or have access to Franchisor's Confidential Information, Individual will not, during the term of the Franchise Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm or entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business (including any e-commerce or internet-based business) that offers for sale real estate brokerage services, or any other related business that is competitive with or similar to a LakePlace.com® real estate brokerage business, except: (i) with Franchisor's prior written consent; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent 1% or less of that class of securities.

4. Injunctive Relief. Individual acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Individual agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

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

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

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

8. Definitions. All defined terms not defined herein shall have the same meaning as set forth in the Franchise Agreement.

9. Heirs and Successors. This Agreement shall be binding upon and inure to the benefit of the parties, which includes us, and Franchisor's heirs, successors, and assigns.

10. Entire Agreement. This Agreement represents the entire understanding between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written. This Agreement may only be modified in writing and signed by all parties hereto.

11. Attorneys' Fees. If Franchisor become a party to any action or litigation concerning this Agreement by reason of any act or omission of Franchisee and/or Individual or their authorized representatives and not by any act or omission of Franchisor or any act or omissions of its authorized representatives, Franchisee and/or Individual, as the case may be, shall be liable to Franchisor for all costs and expenses, including without limitation payroll and travel expenses for employees, and investigation and attorneys' fees, incurred in the action or litigation. If any party commences an action against any other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the non-prevailing party all costs and expenses, including without limitation payroll and travel expenses for employees, and investigation and attorneys' fees, incurred in enforcing any provisions of this Agreement.

12. Governing Law. The parties' rights under this Agreement and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state where the Primary Office is located. Individual waives, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state where Primary Office is located.

IN WITNESS WHEREOF, Franchisee and Individual attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the day first written above.

FRANCHISEE:

INDIVIDUAL:

By: _____

Print Name: _____

Print Name: _____

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OPERATIONS MANUAL TABLE OF CONTENTS



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EXHIBIT E

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 Tel: 651-539-1500
Wisconsin	Commissioner of Securities Wisconsin Department of Financial Institutions	Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 Tel: 608-266-0448

EXHIBIT F
STATE ADDENDA

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

REALTYSCAPE FRANCHISING LLC:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of 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 disclosure document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

REALTYSCAPE FRANCHISING LLC:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

EXHIBIT G
FORM RELEASE OF CLAIMS

FORM RELEASE OF CLAIMS

**THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL
BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT.
THIS FORM IS SUBJECT TO CHANGE OVER TIME.**

For and in consideration of the Agreements and covenants described below, RealtyScape Franchising LLC (“Franchisor”), _____ (“Franchisee”) and _____ (“Guarantors”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. Franchisor and Franchisee entered into a LakePlace.com® franchise agreement dated _____, ____ (“Franchise Agreement”).
- B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
4. **Release of Claims.**
- A. Definitions.
1. Franchisor Parties: Franchisor and each of its respective officers, directors, attorneys, affiliates, agents, employees, shareholders, successors and assigns.
2. Franchisee Parties: Franchisee and each of the Guarantors, and each of their heirs, executors, administrators, trustees, agents, partners, employees, affiliates, attorneys, successors and assigns.
- B. The Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all past, present, and future claims, demands, obligations, actions and causes of action at law or in equity, whether arising by statute, common law, or otherwise, including claims for negligence, that they may now have, hereafter have, or claim to have, that arise out of or relate to the franchise relationship, the development or operation of any franchised store, the sale of any franchise, or any franchise or development agreement between Franchisor and Franchisee.
- C. The Franchisee Parties hereto specifically and expressly contemplate that this release of claims covers all of their claims, including those known and unknown claims for known and unknown injuries and/or damages, and those for expected and unexpected consequences.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the state where the Business (as defined in the Franchise Agreement) is located without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

FRANCHISEE:

FRANCHISOR:

REALTYSCAPE FRANCHISING LLC

BY: _____

BY: _____

ITS: _____

ITS: _____

DATE: _____

DATE: _____

PERSONAL GUARANTORS:

EXHIBIT H
FRANCHISEE INFORMATION

MINNESOTA FRANCHISEES

Lakeshore and More
Bruce Zeller
10507 Co Hwy 11
Pelican Rapids, MN 56572
218-532-3837

Gallery of Homes
Dan Pflugshaupt
248 First St N
Pine River, MN 56474

WISCONSIN FRANCHISEES

Vacationland Properties
Patrick Schey
8664 Highway 51
Minocqua, WI 54548
715-356-5246

Vacationland Properties
Patrick Schey
1218 N 4th St Suite 400
Tomahawk, WI 54487
715-453-4503

Brothers Realty
Brett and Darin Moravitz
549 Hwy 8 & 63
Turtle Lake, WI 54889
715-986-4141

Brothers Realty
Brett and Darin Moravitz
1345 Hwy 63 & 48
Cumberland, WI 54829
715-822-3303

NW Wisconsin Realty
David McNulty
21 5th Ave
Shell Lake, WI 54871

State Effective Dates

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

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

State	Effective Date
Minnesota	Pending
Wisconsin	September __, 2021

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

RECEIPT

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 we (RealtyScape Franchising LLC) offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or its affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 those state administrators listed on Exhibit E.

Issuance Date: September 27, 2021

The franchisor is RealtyScape Franchising LLC, located at 1120 East 80th Street, Suite 103, Bloomington, Minnesota 55420. Its telephone number is (612) 440-7076.

The franchise sellers involved in offering and selling the franchise to you include Cameron Henkel, David Gooden, and Randy Johnson. Any other franchise sellers involved in offering and selling the franchise to you are listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____

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

I have received a disclosure document with an issuance date of September 27, 2021, that included the following Exhibits:

- | | |
|--|---|
| A. Financial Statements | E. List of State Administrators/Agents for Service of Process |
| B. Franchise Agreement (and Exhibits) | F. State Addenda |
| C. Non-Compete and Confidentiality Agreement | G. Form Release of Claims |
| D. Operations Manual Tables of Contents | H. Franchisee Information |

Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee)

By: _____

Its: _____

Signature _____

Copy for Prospective Franchisee

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Date: _____
(Do not leave blank)

(Print Name of Prospective Franchisee)

By: _____

Its: _____

Signature _____

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send it to dg@lakeplace.com by email.

Copy for RealtyScape Franchising LLC