FRANCHISE DISCLOSURE DOCUMENT



Hommati Franchise Network, Inc., an Ohio corporation 6264 South Sunbury Road, Suite 100 Westerville, OH 43081 Phone: 833-HOMMATI (466-6284) info@hommati.com www.hommati.com

The franchised business is providing real estate and marketing services to real estate agents and brokers. Services include digital media services such as 3D interactive tours, drone aerial videos, virtual reality tours, agent green screen videos, agent biography videos, HD and HDR Photography, 2D images, augmented reality services, video slideshows, guided tours, 3D walkthroughs, virtual enhancements, SMS Sign Riders (known as Curb Leads), agent headshots, as well as a door hanger service, sign and lockbox placement, and a real estate web site and mobile app for agents to promote their listings.

Standard Tier

The total investment necessary to begin operation of a HOMMATI® Standard Tier franchise is \$61,683 - \$77,583. This includes \$43,295 that must be paid to the franchisor or affiliate.

Deluxe Tier

The total investment necessary to begin operation of a HOMMATI® Deluxe Tier franchise is \$65,288 - \$81,188. This includes \$46,900 that must be paid to the franchisor or affiliate.

Premium Tier

The total investment necessary to begin operation of a HOMMATI® Premium Tier franchise is \$69,188 - \$84,188. This includes \$54,900 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payments 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 Jerry Clum, 6264 S. Sunbury Rd., Ste 100, Westerville, OH 43081, Toll Free Ph # (833) HOMMATI, (833) 466-6284.

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, such as 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 "<u>A Consumer's Guide to Buying a Franchise</u>," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You may contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You may also visit the FTC's home page at <u>https://www.ftc.gov</u> 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: January 13, 2022

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D-1 and D-2.
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 B 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 Hommati business in the area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Hommati franchisee?	Item 20 or Exhibit D-1 and D-2 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

<u>Continuing responsibility to pay fees</u>. 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.

<u>Supplier restrictions</u>. 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.

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

<u>Renewal</u>. 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.

<u>When your franchise ends</u>. 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 A-2.

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. <u>Out-of-State Dispute Resolution</u>. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Ohio. 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 Ohio than in your own state.

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

MICHIGAN ADDENDUM TO THE DISCLOSURE DOCUMENT

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchise at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; (iv) The failure of the

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

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

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

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

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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Exhibits:

- A-1: Addenda to the Disclosure Document
- A-2: State Administrators
- A-3: Agents for Service of Process
- B: Financial Statements
- C: Franchise Agreement

Attachments

- 1. Special Release of Claims
- 2. Authorization Agreement for Prearranged Payment
- 3. Nondisclosure and Noncompetition Agreement
- 4. Assignment of Telephone Numbers, Email Addresses and Web Address and Special Power of Attorney
- 5. Personal Guaranty and Subordination Agreement
- 6. Your Owners
- 7. Protected Territory
- D-1: Current Franchisees
- D-2: Former Franchisees
- D-3: Table of Contents of Operations Manuals
- D-4: Franchisee Closing Questionnaire
- D-5: Assignment of Franchise
- E: State Effective Dates
- F-1: Receipt (Your copy)
- F-2: Receipt (Our copy)

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

The franchisor is Hommati Franchise Network, Inc., an Ohio corporation that was incorporated on August 14, 2017. We also conduct business under the name "Hommati." We will refer to ourselves as "HFN," "we," "us," or "our." We will call the person or company to which we grant a franchise "you." The word "you" does not include your owners. We will call them your "Related Parties."

The Franchisor, Parents, Predecessors, and Affiliates

Our principal business address is at 6264 South Sunbury Road, Suite 100, Westerville, Ohio 43081. Exhibit A-3 contains the name and addresses of our agents for service of process.

We do not have any parents, predecessors, or affiliates.

The Franchised Business

The franchised business, sometimes also referred to as the "Program" is real estate marketing services that are provided to real estate agents, brokers, business owners, contractors, engineering firms, owners or authorized representatives of commercial real estate, apartment complexes, land, resorts, vacation properties, rentals, etc. who we sometimes also referred to as "Clients." Services include digital media services such as 3D interactive tours, drone aerial videos, virtual reality tours, agent green screen videos, agent biography videos,4K 2D images, augmented reality, video slideshows, guided tours, 3D walkthroughs, virtual enhancements, SMS sign riders (known as Curb Leads), agent headshots, door hanger service, sign and lockbox placement.

You will provide a discount on those services to those Clients that elect to pay you a monthly Featured Agent Fee and have their home listings featured and ranked higher on www.hommati.com.

The Market and Competition

The market consists of an estimated 3,000,000 real estate licensees currently active in the U.S. (SOURCE: Association of Real Estate License Law Officials (ARELLO)). The market is developed. Business is year-round.

Your principal competition, in terms of services provided, will be from local real estate photographers and videographers. Competition, in terms of the Hommati website, will come from companies that host internet sites specializing in real estate listings. These companies include Zillow.com, Trulia.com, Realtor.com, Homes.com and Redfin.com. There are also many independent businesses that offer some or several of the similar services that you will provide in your Program.

Industry Specific Regulations

You will be required to have an FAA Drone Pilot Certification, Small Unmanned Aircraft (Part 107). As part of your initial training program and the Operations Manual, we will provide training resources that will cover all material necessary to take the drone certification test. You should investigate application of these laws further.

Prior Business Experience

We have offered franchises since December 2017. We operated a business of the type being franchised from October 1, 2017 to November 30, 2017 strictly for the purpose of prototyping services and business strategies for the model.

ITEM 2. BUSINESS EXPERIENCE

Jerry L. Clum, Jr., President, CEO, and Director

Jerry L. Clum, Jr. has been our President, CEO, Founder, and Director since incorporating in August 2017. Mr. Clum also served as the President and CEO of TTPF, Inc. from September 2012 to August 2018. In addition, he has been the Managing Member of Sunbury Holdings, LLC, since September 2013, in Columbus, Ohio. Mr. Clum also served as the Managing Member of Tuttle Place Health and Wellness Center from June 2007 to March 2020.

Patrick Moriarty, Vice President of Operations

Patrick Moriarty has been our Vice President of Operations since August 2021. Mr. Moriarty served as the Vice President of Franchise Development for Fresh Coat Painters from January 2021 to July 2021, in Columbus, Ohio. Mr. Moriarty served as the Franchise Sales Director for Better Homes and Gardens Real Estate from October 2019 to December 2020 in Madison, New Jersey. Mr. Moriarty was the Director of Sales for Hondros Education Group, a real estate training company, from March 2019 to October 2019, in Columbus, Ohio. In addition, Mr. Moriarty was a Lease Sales Representative for Penske from March 2017 to October 2018, in Columbus, Ohio, and a Business Consultant for Century 21 from September 2009 to March 2017, in Madison, New Jersey.

Joseph Ciamacco, Vice President of Franchise Development

Joseph Ciamacco has been our Vice President of Franchise Development since October 2021. From August 2017 to October 2021, Mr. Ciamacco served as our Franchise Development Manager. From September 2014 to August 2017, Mr. Ciamacco served as a Franchise Development Consultant for TTPF, Inc. in Columbus, Ohio.

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

When you sign the franchise agreement, you must pay us in immediately accessible funds an initial franchise fee of \$29,900, \$36,900 or \$44,900 depending on the franchise tier you select. The tiers are as follows:

Standard Tier Franchise Package \$29,900 which includes an iPad Pro Royalties of 9-7% further explained in Item 6

Deluxe Tier Franchise Package \$36,900 which includes an iPad Pro & 3D Camera Royalties of 8-6% further explained in Item 6

Premier Tier Franchise Package \$44,900 which includes an iPad Pro, 3D Camera and Drone and Remote Royalties of 7-5% further explained in Item 6

If you select the Standard Tier Franchise, during training, you must pay us a fee for the 3D Camera Package in the amount of \$3,395 plus applicable sales tax and shipping.

When you sign the franchise agreement, you must pay us in immediately accessible funds a First Year Marketing fee of \$10,000. We will pay for your approved minimum required marketing for your first year of operation and reimburse you for certain marketing expenditures up to a maximum of \$833.33 per month.

These fees are uniformly imposed and fully earned and nonrefundable when paid.

We are a member of the International Franchise Association (IFA) and participate in the IFA's VetFran Program. We provide a 10% discount on the Initial Franchise Fee up to a maximum of \$2,990 to veterans of U.S. Armed Forces who have been honorably discharged or otherwise meet the requirements of the VetFran program. You are required to provide us with a copy of your DD214 to receive this discount.

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ITEM 6. OTHER FEES

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty (Note 2)	 9-7% on the first \$12,500 of monthly Gross Revenues 8-6% on monthly Gross Revenues from \$12,501 - \$16,667 7-5% on monthly Gross Revenues above \$16,667 	Monthly	Calculated on all Gross Revenues excluding Featured Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Monthly Fees, Upload/Floor Plan fee, Inactive Penalty Fee and sales tax. The amount of royalty is dependent on the franchise tier you select
Featured Monthly Membership Fee	40% of the Featured Monthly Membership Fee paid by Clients	Monthly	
3D Upload/Floor Plan Fee	Currently \$32 per 3D Interactive Tour when it is first uploaded to Hommati.com or at the time it is billed to the client, whichever happens first.	Monthly	The fee is the same regardless of whether the floor plan is used or it is uploaded to Hommati. The fee is earned as soon as you produce the 3D Interactive tour.
Broker/Team Leader Featured Agent Sponsored	40% of the Broker/Team Leader Monthly Membership Fee paid by Clients	Monthly	
Hommati Curb Leads	40% of the Monthly Fee paid by clients.	Monthly	
Inactive Penalty Fee	\$10 per month per 3D Interactive Tour after the listing is inactive for 30 days or more and You have not archived it.	Monthly	
Syndication Monthly Fee (Note 3)	\$195 per month.	Monthly	
Virtual Enhancements	Currently \$22 per image staged or \$30 per image for those requiring items to be removed before staging, \$5 per image for twilight enhancement and \$6 per image for blue skies, green grass enhancement. The price could be higher for more complex staging.	At the time of any order	

Cost of Audit	Our actual cost of performing the audit if the audit discloses an underpayment of 3% or more of the total royalties or any other ongoing payments you are obligated to make to us for the period audited	Upon invoice	If you dispute our finding of underpayment, we will engage a CPA to verify results. You will pay for both audits if the second audit finds an underpayment that is as great as that found by the first audit.
Payment for Proprietary Products or Services. (Note 4)	The full purchase price of the service and/or product plus shipping costs and tax.	At the time of any order.	If ordering Proprietary Services or Products from us or our affiliate, you must submit a check for the full purchase price, plus an additional amount to cover the costs of shipping, tax and other charges
National Advertising Fund Fee	Up to 4% of your Gross Revenues	Monthly	We reserve the right to implement a National Advertising Fee and program, but have not done so yet.
Renewal Fee (Note 5)	\$1,500	Before we grant our consent to Renewal.	
Transfer Fee	\$2,500	Before we grant our consent to the Transfer	
Brokerage Fee	33% of the then current franchise fee if you sell your franchise to a candidate we produce.	Before we grant our consent to the Transfer	Partially compensates us for the acquisition costs we spend on advertising to generate the interested candidate.
Annual Meeting Registration Fee	We will charge a registration fee of \$395 for up to 2 attendees at the HOMMATI® annual meeting. Additional attendees may attend for an additional registration fee of \$195 each	One month before meeting	Attendance at the annual meeting is mandatory. Payment is due whether you attend the annual meeting or not.
Declined Payment Charge	\$35 or our actual expense, whichever is more	Upon invoice	

Interest and Late Fees on Late Payments, Reports or Under Reporting	Not to exceed 18% per annum on all amounts owed. Also, \$50 per occurrence per late report or fee	Due upon payment of late fee or submittal of late report.	No amounts charged will exceed any legal limits or restrictions.
Email Service Fee	\$120 per email address	Every Three Years	You must pay us \$120 per email every three years.
Local Advertising (Note 6)	Beginning the 13 th month of operation, 4% of Gross Revenues or \$500 per month whichever is greater. This total amount includes Direct Mail, Social Media and Email Drip Marketing.	Monthly	We pay your first year of marketing from your First Year Marketing Fee. Beginning the 13 th month of operation, you must spend these monies on local and online advertising per our guidelines.
Direct Mail Marketing (Note 7)	Currently, a minimum of \$162 per month needs to be invested in Direct Mail Marketing.	Monthly	These expenditures count towards your 4% or \$500 per month Local Advertising spend requirement and we will pay for this expenditure for your first 12 months of operation from your first year marketing fee.
Social Media and Email Drip Marketing (Note 8)	Currently, a minimum of \$155 per month (\$85 for the service and \$70 in boosts for posts) needs to be invested in Social Media and Email Drip Marketing		These expenditures count towards your 4% Local Advertising % or \$500 per month spend requirement and we will pay for this expenditure for your first 12 months of operation from your first year marketing fee.
Attorney Fees and Costs	Varies depending on the amount incurred	At time of resolution of claims	You must pay our costs and attorney fees if we prevail in a claim with you.

- 1. All fees are uniformly imposed by, payable to and collected by us. Fees and payments to us or our Related Party are not refundable.
- 2. "Gross Revenues" means the receipts from all business conducted upon, from or through Your HOMMATI® Program. Gross Revenues shall include, but not be

limited to 3D Interactive Tours, Aerial Video, Aerial Stills, 2D Stills, SMS Sign Riders (known as Curb Leads), Broker/Team Leader Sponsorships, Inactive Penalty Fees, Sign/Lockbox Placement, Virtual Enhancements, Agent Headshots, Door Hanger Services and Mileage. For the purpose of paying royalties, Gross Revenues do not include Featured Monthly Membership Fees, Hommati Curb Lead Fees, Inactivity Penalty Fee, or Broker/Team Leader Sponsorship Fees, however, when reporting your Gross Revenues on the royalty report in your franchise dashboard you would include all revenues including Featured Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Sponsorship Fees and Inactive Penalty Fees, as the report will automatically deduct these fees from the Gross Revenues. Gross Revenues shall not include the amount of any sales, use, or gross receipts tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from Clients, provided that the amount thereof is added to the selling price or absorbed therein, and paid by You to such governmental authority. The amount of descending scale royalty you will pay depends on the franchise tier you select and the monthly revenues you generate.

- 3. We collect a Syndication Monthly Fee to host and display home listings on our website. Initially, all listings that agents have had services performed on are added manually. Depending on each MLS, some or all listings are automatically updated thereafter by the MLS.
- 4. Proprietary Products and Services may include items such as the drone equipment package and 3D Camera that you will use in your Program. At your request, you may review a current price list for such items.
- 5. When you renew your franchise agreement you are required to renew at the same franchise tier level you established when you first signed the franchise agreement. You can, at your option, instead pay the full then current franchise fee for a different franchise tier level in order to change tiers.
- 6. When you sign the franchise agreement, you must pay us in immediately accessible funds the First year Marketing fee of \$10,000. We will pay for your approved marketing for your first year of operation. We set a budget of \$833.33 per month that we will use to pay for approved advertising and marketing.
- 7. We will directly pay the designated vendor for your minimum of \$162 per month for your Direct Mail Marketing. You must initially pay for the cost of producing the post cards as shown in Item 7. We will pay the monthly fee that covers the mailing list, postage and service fee for conducting the mailing each month to 250 agents for the first year.
- 8. We will directly pay the designated vendor for your minimum of \$155 per month (\$85 for the service and \$70 in boosts for advertising posts) for your Social Media Marketing. You are required to spend an additional \$5 boost per Platinum or Premium Package sold in order to generate more traffic and inquiries on those listings. This additional cost will also be covered by your \$833.33 monthly budget for the first year. We will pay for the minimum Email Drip Marketing fee for up to

1,000 email addresses being sent two times per month for the first year. You can increase your email address database to as large as you wish for an added cost, but this will not be covered by your \$833.33 monthly budget.

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ITEM 7. ESTIMATED INITIAL INVESTMENT STANDARD TIER FRANCHISE PACKAGE

YOUR ESTIMATED	INITIAL IN	VESTMENT			
TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO
	LOW	HIGH			BE MADE
Initial Franchise Fee ¹	\$29,900	\$29,900	Wire transfer	At agreement signing	Us
Insurance (Quarterly Installment)	\$700	\$1,100	As arranged	Before opening	Broker and Insurer
Computer and Wireless Internet Installation ²	\$0	\$2,500	As arranged	Before opening	Suppliers
Software ³	\$100	\$650	As arranged	Before opening	Suppliers
Drone ⁴	\$4,100	\$5,000	As arranged	Before opening	Suppliers
10' Display, 3" Banner, Printing, Literature	\$1,874	\$1,874	As arranged	Before opening	Suppliers
Mirrorless Camera	\$3,200	\$4,200	As arranged	Before opening	Suppliers
Other Equipment⁵	\$1,750	\$2,500	As arranged	Before opening	Suppliers
3D Camera plus applicable sales tax & shipping ⁶	\$3,395	\$3,395	As arranged	Before opening	Us
Vehicle Deposit, Vehicle Wrap & Three Months Expense ⁷	\$2,400	\$7,500	As arranged	Before opening	Suppliers
Business Licenses and Sales Tax Deposits ⁸	\$100	\$250	As arranged	Before opening	Government agencies
Legal and Accounting Fees ⁹	\$1,500	\$2,250	As arranged	Before opening	Attorney and Accountant
Training Expenses ¹⁰	\$900	\$1,700	As arranged	Before, during and after training	Hotels, carriers, restaurants
First Year Marketing Fee ¹¹	\$10,000	\$10,000	Wire transfer	At agreement signing	Us
Additional Funds - Pre- opening and 1 st 90 days (Working Capital) ¹²	\$1,764	\$4,764	As arranged	Varies	Us and third-party vendors
TOTAL	\$61,683	\$77,583			

DELUXE TIER FRANCHISE PACKAGE

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO
	LOW	HIGH	.,		BE MADE
nitial Franchise Fee ¹	\$36,900	\$36,900	Wire transfer	At agreement signing	Us
nsurance (Quarterly Installment)	\$700	\$1,100	As arranged	Before opening	Broker and Insurer
Computer and Wireless Internet Installation ²	\$0	\$2,500	As arranged	Before opening	Suppliers
Software ³	\$100	\$650	As arranged	Before opening	Suppliers
Drone ⁴	\$4,100	\$5,000	As arranged	Before opening	Suppliers
10' Display, 3" Banner, Printing, Literature	\$1,874	\$1,874	As arranged	Before opening	Suppliers
Mirrorless Camera	\$3,200	\$4,200	As arranged	Before opening	Suppliers
Other Equipment⁵	\$1,750	\$2,500	As arranged	Before opening	Suppliers
3D Camera plus applicable sales tax & shipping ⁶	INCLUDED	INCLUDED	As arranged	Before opening	Us
Vehicle Deposit, Vehicle Wrap & Three Months Expense ⁷	\$2,400	\$7,500	As arranged	Before opening	Suppliers
Business Licenses and Sales Tax Deposits ⁸	\$100	\$250	As arranged	Before opening	Government agencies
Legal and Accounting Fees ⁹	\$1,500	\$2,250	As arranged	Before opening	Attorney and Accountant
Fraining Expenses ¹⁰	\$900	\$1,700	As arranged	Before, during and after training	Hotels, carriers, restaurants
First Year Marketing	\$10,000	\$10,000	Wire transfer	At agreement signing	Us
Additional Funds - Pre- opening and 1 st 00 days (Working Capital) ¹²	\$1,764	\$4,764	As arranged	Varies	Us and third-party vendors
FOTAL	\$65,288	\$81,188			

PREMIER TIER FRANCHISE PACKAGE

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO
	LOW	HIGH			BE MADE
Initial Franchise Fee ¹	\$44,900	\$44,900	Wire transfer	At agreement signing	Us
nsurance (Quarterly Installment)	\$700	\$1,100	As arranged	Before opening	Broker and Insurer
Computer and Wireless Internet Installation ²	\$0	\$2,500	As arranged	Before opening	Suppliers
Software ³	\$100	\$650	As arranged	Before opening	Suppliers
Drone ⁴	INCLUDED	INCLUDED	As arranged	Before opening	Suppliers
10' Display, 3" Banner, Printing, Literature	\$1,874	\$1,874	As arranged	Before opening	Suppliers
Mirrorless Camera	\$3,200	\$4,200	As arranged	Before opening	Suppliers
Other Equipment⁵	\$1,750	\$2,500	As arranged	Before opening	Suppliers
3D Camera plus applicable sales tax & shipping ⁶	INCLUDED	INCLUDED	As arranged	Before opening	Us
Vehicle Deposit, Vehicle Wrap & Three Months Expense ⁷	\$2,400	\$7,500	As arranged	Before opening	Suppliers
Business Licenses and Sales Tax Deposits ⁸	\$100	\$250	As arranged	Before opening	Government agencies
Legal and Accounting Fees ⁹	\$1,500	\$2,250	As arranged		Attorney and Accountant
Training Expenses ¹⁰	\$900	\$1,700	As arranged	Before, during and after training	Hotels, carriers, restaurants
First Year Marketing Fee ¹¹	\$10,000	\$10,000	Wire transfer	At agreement signing	Us
Additional Funds - Pre- opening and 1 St 90 days (Working Capital) ¹²	\$1,764	\$4,764	As arranged	Varies	Us and third-party vendors
TOTAL	\$69,188	\$84,188			

NOTES FOR TABLE ABOVE:

- 1. The initial franchise fee is \$29,900-\$44,900 depending on the package you select, the Standard, Deluxe or Premium Franchise Package.
- 2. Items in this category include a late model (less than 3 years old) desktop computer or laptop running Apple OS 10.13.6 or later or Microsoft Windows 10 Pro or later, both with a minimum of 500 GB of available storage and 16 GB of memory (If you have an existing computer that meets these requirements you may use it) and installation of wireless high-speed internet access with a minimum of 25 Mbps download and 25 Mbps upload. The low-cost estimate assumes you have the required computer and internet connection already.
- 3. You will need Microsoft Office 2013 or later (Outlook, PowerPoint, and Excel) for Windows or Office Mac 2011 and Adobe Reader. (If you already own Microsoft Office and Adobe Reader that meet these requirements you may use them.) If You will be using a Mac you will need Lightroom, Adobe Photoshop Elements 2022, QuickTime Player 10.4 or later and iMovie 10.1.7 or later. If You will be using a Windows based PC or laptop You will need Lightroom, Adobe Premiere Elements 2022, Adobe Photoshop Elements 2022 and Microsoft Photos 2020
- 4. This figure includes the purchase of a DJI Mavic 3 drone and DJI RC Pro Remote Control or another comparable drone should that specific drone not be available. The drone is included in the Premium Tier Franchise Package so you would not incur this expense if you select that package. The drone is not included in the Standard or Deluxe Tier Franchise Packages and it will be required to be purchased.
- 5. Other equipment includes additional accessories such as cases for the drone and 3D camera, tripods, green screen and lighting package, cables, smart cards, etc.
- 6. These amounts represent the purchase of the required 3D Camera from Us. Actual shipping cost and the applicable tax associated with your specific state and county are not included as this will be different for each location. The 3D Camera is included in the Deluxe and Premium Franchise Packages so you would not incur this expense if you select either of those packages. The 3D Camera is not included in the Standard package and it will be required to be purchased.
- 7. You will need to own, lease, or purchase a late model 2017 2022 new or used Ford Escape, to use in the operation of your Program. We must approve of this vehicle in terms of its make, condition, and year. Our specifications for vehicles are provided in the Operations Manuals and may be modified occasionally. You must also "wrap" your vehicle with our approved signage. The minimum range listed is based on the projected monthly payments for three months associated with purchasing or leasing an approved vehicle and the cost of the vehicle wrap. The minimum range is based on \$0 down lease or finance through 3rd party financing of your choice. The amount of deposit required will depend on your credit worthiness, the cost of the vehicle and the requirements of the lending institution. The cost of purchasing a vehicle outright typically ranges from \$17,000 \$27,000 plus applicable taxes. You should consult with your personal financial advisor to determine whether you should pursue leasing,

financing or purchasing your service vehicle.

- 8. The low figure assumes no business license or sales tax requirement, which has been our franchisees' experience in certain jurisdictions. The high estimate assumes certain such costs
- 9. This figure includes fees for an attorney's review of this disclosure document and your franchise agreement, organization of a new company, and an accountant's assistance in setting up your accounting application with our chart of accounts.
- 10. This category includes estimated expenses for training one person, including transportation, lodging, and meals for a five-day training program.
- 11. This category represents your first year of minimum marketing. The First Year Marketing fee is paid to Us and we will use it to pay for your minimum required marketing for your first year of operation in a monthly budget not to exceed \$833.33 per month. This may include Google AdWords, direct mail, social media marketing, email drip marketing, re-targeting, etc. You can spend more if you choose. If you do not use the entire budget each month than the difference is lost. We do not roll any portion of the monthly budget into future months and none of the First Year Marketing Fee will be refunded under any circumstances. After the first year of operation, you would be required to meet your 4% Local Advertising % or \$500 per month spend requirement.
- 12. This category includes estimated monthly payments for designated telephone and Internet Service, the fee for obtaining a drone pilot certification (typically \$150 paid to a third party), online accounting service, Syndication Monthly Fee, printing costs, internet service, phone and iPad service, as well as miscellaneous expenses incurred before opening and during the first 90 days of operations. Currently, we estimate that the minimum monthly overhead that includes the expenses shown in this paragraph will be approximately \$588 per month, however, the first three months are already included in the additional funds section. You should review them carefully in light of local conditions and the current economic outlook, consulting a business advisor if needed. We base these estimates upon our experience operating the same type of business offered here.
- 13. Except for the "Additional Funds" category shown above, the table shows estimated expenses only until your Program begins operation. Fees paid to us are not refundable. Whether fees paid to third parties are refundable would depend on their policies. We did not include any amount for the cost of purchasing or leasing real property because we expect you to operate from your home. We do not offer financing for any of these expenses.

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ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Goods or Services Required to be Purchased or Leased

Advertising:

You must either use advertising templates that we provide or obtain our prior approval to use other advertising material. The First Year Marketing Fee will not be accounted for separately from all other funds of HFN. We will set a budget for you of \$833.33 per month that we will use to directly pay for your direct mail, email marketing, social media marketing, Google AdWords and other pay per click, retargeting and online advertising as well as other forms of marketing we may do from time-to-time. During the first year of operation, we will also reimburse you for certain expenditures such as Hommati Yard Signs (up to 100), real estate association fees for vendor or affiliate memberships, booth fees to real estate expos sponsored by a real estate association, Hommati Gift cards, not more than \$250 in any one month and \$500 total over the first year, Innovative Agent Magazines for Featured Agents, not more than \$350 in any one month and \$2,500 over the first year. The purpose of the First Year Marketing Fee is to ensure the minimum required amount of marketing necessary is being done each month. In light of this, if in any month you have not used the entire \$833.33 budget for that month, you will lose the difference of what you did not use. This amount will not carry over into future months and it can be used by HFN in any way we choose to include defraying our general operating expenses and other marketing and promotional programs. The First Year Marketing Fee is not HFN's asset or a trust. HFN does not owe you fiduciary obligations because it collects and spends the First Year Marketing Fee. None of the First Year Marketing Fee will be refunded under any circumstances.

Computers, Equipment, Services and Supplies:

You must buy items bearing the HOMMATI® name or marks, QuickBooks Online, cloud based telephone account, software, drone package, Wi-Fi enabled iPad Pro 11 with minimum of 256GB memory, printing, promotional items, gift cards, yard signs, HOMMATI® apparel, Hommati thumb drives, vehicle wrap, and 3D camera from designated vendors. We have the right to name ourselves as designated vendors or suppliers for these items.

Insurance:

You must buy insurance according to our specifications, which are presently as follows: You must purchase and maintain a policy or policies of comprehensive general liability insurance, covering all Program assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than \$1,000,000. You must purchase a minimum \$5,000 Surety Bond on each employee that you have who may ever work in or around a home you are providing services at. You must purchase and maintain commercial automotive liability insurance with a combined single limit, CSL of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and include a hired and non-owned endorsement. We may increase the minimum coverage requirement annually to reflect inflation or other changes in circumstances. The insurance policies must contain a provision that the policies cannot be

cancelled or amended without thirty (30) days' written notice to us. All policies must be issued by an insurance company with a financial strength rating of at least "A" by A.M. Best & Co., designate us as an additional named insured and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us in any manner we specify in the Operations Manuals as soon as the policy is issued or renewed.

You must also purchase a separate policy for drone liability insurance from our designated vendor who specializes in insurance for the aviation industry for their standard coverage amounts.

In addition, you must maintain policies of workers' compensation, unemployment, and disability insurance, and any other types of employment insurance required by applicable law.

Vehicle Standards and Specifications:

You must use vehicles for your Program that meet our specifications for model, type, color, trademark representation, and appearance (no rust or body damage). These specifications are included in our Operations Manuals. All vehicles purchased, financed or leased for your Program are to be, and maintained, in a "good" condition as defined by KELLY BLUE BOOK ("Good" condition means the vehicle is free of any major defects. The paint, body, and interior have only minor (if any) blemishes, and there are no major mechanical problems. All vehicles used in your Program are to be wrapped to the specifications within our Operations Manuals.

Pre-Employment Background Check & Motor Vehicle Report

We require in our Operations Manuals that you conduct a pre-employment criminal background check and motor vehicle report for employees of your Program prior to their starting work. You must pay the fee associated with performing the required background checks, which is paid directly to the service provider. We do not earn a profit on your purchase of this service.

Whether the Franchisor or Affiliates are Approved Suppliers

We are an approved supplier of advertising materials, but not the only approved supplier. We are the only approved vendor or supplier for the 3D Camera, iPad Pro, hosting the spaces of the 3D tours, Aerial Tours, 2D photography, Hommati thumb Drives, Gift Cards, Virtual Enhancements and Floor Plans as well as the only website that you may use in the operation your Program. If you purchase additional 3D Cameras later, you must purchase them from us. You must come to us and only to us for any support issues you may need concerning the 3D Cameras. You can only have one 3D collaborator account and that account must be under us. You cannot set up additional collaborator accounts even under a different name or entity.

Officer Interests in Suppliers

Our officer, Jerry Clum, owns an interest in us.

Alternative Suppliers

We do not maintain written criteria for approving suppliers so such criteria are not available to you. We permit you to contract with alternative suppliers who meet our criteria, which is based upon the ability of the supplier to timely supply quality goods and services that we feel will benefit the franchise system. We do not charge to consider an alternate supplier for such things as inspecting the supplier's premises, checking the supplier's credentials, or testing the product. We will give you our written approval or our reasons for withholding our approval within 30 days in most cases. As a condition of approving a supplier of any product that bears the Trade Name or Marks, the supplier must sign our license agreement to enable us to control the quality. We may withdraw our approval of a supplier by written notice.

Issuance of Specifications

Our existing standards and specifications and criteria were evolved through industry standards. We will communicate our standards and specifications to you in writing, including updates and modifications, usually in the Operations Manuals.

Revenue from Required Purchases

For the fiscal year ended November 30, 2021, we derived \$125,174 in revenue from the sale of 3D Cameras to franchisees, representing 7.6% of our total revenue of \$1,651,989.

Required Purchases and Leases as a Proportion of Costs

Approximately 80% of your start-up expenses and 80% of your ongoing expenses will be for purchases from approved or designated vendors or suppliers or according to our specifications.

Vendor or Supplier Payments to the Franchisor

We do not currently receive any revenue based upon your purchase of goods or services from approved or designated outside vendors or suppliers or according to our specifications.

Purchasing or Distribution Cooperatives

Currently, there are no purchasing or distribution cooperatives in which you will be required to participate.

Purchase Arrangements

We negotiate purchase arrangements with suppliers, including advantageous price terms, for the benefit of all members of the HOMMATI® Network. In some cases, we may require all HOMMATI® Programs to purchase certain items from a designated vendor or supplier in return for system wide discounts or other benefits.

Material Benefits

We do not provide material benefits to you based on your use of any designated vendors or suppliers. However, you must be in compliance with your franchise agreement to renew it and if you breach your franchise agreement, we may terminate it.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Pre-opening purchases/leases	Not applicable	5, 7, 8
b. Site development and other pre-opening requirements	7.2.2	11
c. Initial and ongoing training	7.2.1, 7.2.6	11
d. Opening	7.2.2	11
e. Fees	2.1, Article 3, 4.2, 4.3, 5.3, 5.7, 5.11, Article 6, 7.2.10, 7.3, 7.5, 9.2, 9.4, 9.6, 10.3, 11.10	5, 6, 7
f. Compliance with standards and policies/Operations Manual	7.2.3	11
g. Trademarks and proprietary information	8.1, 8.4	13, 14
h. Restrictions on products/services offered	7.2.4	16
i. Territory	4.2	12
j. Ongoing product/service purchases	7.2.4	8
k. Maintenance, appearance and remodeling requirements	7.2.7	Not applicable
I. Insurance	7.7	8
m. Advertising	5.11, 6.3, 7.5	11
n. Indemnification	8.5	Not applicable
o. Owner's participation/management/staffing	7.4	15
p. Records and reports	6.2, 6.3, 6.7, 7.6, 10.2.2	12, 17
Q Inspections and audits	6.8, 7.2.9	6
r. Transfer	3, 4.2, 6.12, Article 9	17
s. Renewal	4.4.2, 6.11	17
t. Post-termination obligations	10.3	17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
u. Non-competition covenants	8.6, Attachment 3	15, 17
v. Dispute resolution	11.7	17
w. Related Party and manager agreements	3, 4.4.2, 8.4, 8.6, Attachment 3	22

ITEM 10. FINANCING

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

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

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

Pre-Opening Obligations

Initial Training Program

Before the opening of your Program, we will conduct an initial training program in the operation of your Program under the HOMMATI® System for you. (Franchise Agreement §5.1)

Operations Manuals

We will lend you or make available to you an iPad Pro pre-loaded with our digital suite of Operations Manuals that may include instructions for use of the Marks, specifications for goods or services that will be used in or sold by your Program, sample business forms, information on marketing, management, and administrative methods developed by us for use in your Program, names of designated vendors or suppliers, and other information that we believe may be necessary or helpful to you in your operation of your Program. (Franchise Agreement §5.2)

Designated Vendors or Suppliers

We will give you, in the Operations Manuals or otherwise in writing, names and addresses of designated vendors or suppliers of certain types of goods and services that you must use or sell in your Program. (Franchise Agreement §5.3)

Specifications

We will provide you with standards and specifications for certain products and services you will use in your Program. You are required to manually add each listing that you do services, the minimum required information you need to add includes the full listing

address, the listing agent, the number of bedrooms, number of bathrooms, square footage of home, the lot size, the year built, the price and at least the main listing image. You are required to provide all services in each of the packages we offer. This includes uploading the floor plan and setting up the guided tour and 3D walkthrough. (Franchise Agreement $\S5.4$)

Forms and Templates

We will provide a limited amount of advertising and promotional templates to you to assist you in fulfilling your local advertising obligation. At no additional charge, we will give you a sample of each or make the artwork available to you in digital form. (Franchise Agreement §5.5)

Suggested Prices

We will suggest fees and prices that you may wish to charge your Clients. You do not have to adopt our suggested price. Our current Suggested Retail Price for our Platinum Package which includes our seven main services: 3D Tour, Aerial Video & Stills, 2D Stills, Floor Plan, Guided Tour, 3D Walkthrough and Virtual Tour is \$299 retail or \$249 for Featured Agents., plus .05 cents per sq. ft. over 3,500 Sq. Ft. Generally, it takes 1 hour and 30 minutes on-site time and approximately 1 hour and 15 minutes in off-site post-production per Platinum Package for homes up to 3,500 sq. ft. You may choose instead to use our designated 3rd party vendor for your photography and video editing. We also have a Platinum Plus Package which upgrades the 2D Stills to the highest, quality HDR bracketed photos. This package retails for \$50 more, \$349 retail or \$299 for Featured Agents. Virtual enhancements is a service you provide, but we do this work for you. (Franchise Agreement §5.6)

Site Selection

You do not need our approval of your Program's location. You must keep us informed of your Program's location. We expect that your Program will be home-based.

Time Before Opening

We estimate that the average length of time between signing of a franchise agreement and opening of a franchised business will be 30 to 60 days. Factors that may affect the length of time it takes to open include completion of initial training, organizing the business, and delays caused by government agencies.

Post-Opening Obligations

National Advertising Fund

We reserve the right to administer a national advertising fund that we will account for separately on the general ledger. The purpose of the fund is to pool our advertising money and that of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. (Franchise Agreement §5.11)

Local Advertising

Unless you have voluntarily requested to be placed on Inactive Hold (for example because of an extended vacation or health problem, thus suspending your Local Advertising spend duties), beginning the first month (1st) month of operation, you are required to initiate your social media, direct mail, email drip marketing, PPC, local SEO programs. You are required to spend a minimum of four percent (4%) of your monthly Gross Revenues or \$500 per month whichever is greater, on local adverting, marketing and promotional programs to help grow your business within your Territory. We will directly pay the minimum monthly required advertising for your first year of operation from your First Year Marketing Fee at the rate of not more than \$833.33 per month. This will cover your \$500 per month requirement until you exceed \$20,833 in monthly sales. At that point, the minimum 4% would be higher than the \$500 per month minimum and you would be responsible for the difference. On the 13th month of operation, you would be fully responsible for all advertising expenses. Advertising may include, but is not limited to, Google AdWords, LinkedIn Advertising, Yahoo Advertising, real estate expos and events and local real estate magazines and trade journals. The direct mail, social media marketing, email drip marketing that you started previously, will continue and is counted towards that overall four percent (4%). You are required to purchase the Hommati display and the Hommati 3' banner from the designated vendors prior to starting operations and attend at least two (2) real estate expos or real estate events in your area each year provided these events are being held in your area. You are required to have at least 1,000 agent emails in your database or your pro-rata share of agent emails for your market provided you have other franchisees operating in your territory. You are required to display a Hommati yard sign at each listing you sell a Platinum or Premium Package. You are required to do a minimum of a five-dollar (\$5) boost for each Platinum or Premium Package you sell. (Franchise Agreement §7.5)

Proprietary Products and Services Availability

We will use our reasonable efforts to ensure that designated vendors or suppliers will at all times have a supply of Proprietary Products and/or Services for sale to you at fair market value. (Franchise Agreement §5.7)

Additional Training

We will provide additional training to you during the term of this agreement when we believe that additional training is needed. We anticipate that any additional training program will be primarily web-based. (Franchise Agreement §5.8)

Consultation

We will use reasonable efforts to make our personnel available in a timely manner for telephone, fax, email, or on-line consultation on all aspects of your Program for no additional charge. (Franchise Agreement §5.9)

Business Development

From time to time, we will develop additional services to add to your profit centers.

We will seek to evolve new methods of marketing, retaining, and increasing the revenue of your Program throughout the term of this agreement. (Franchise Agreement §5.10)

Advertising Services

The first time you intend on running a new advertisement, you must submit to us copies of all promotional and advertising materials that you originate and propose to use at least two weeks before the proof approval deadline. Once an advertisement has been approved, provided the content and/or images have not changed, you may use the previously approved advertisement in your on-going advertising. This requirement is also applicable to regional advertising cooperatives. All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising, and comply with any applicable laws and regulations. We will review the materials within a reasonable time and will promptly notify you or the regional advertising cooperative, as applicable, whether we approve or reject them. We may not withhold our approval unreasonably. Even if we approve specified materials, we may later withdraw our approval if we reasonably believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising.

We are not obligated to spend a specific amount of money in your Territory. We will give preference to advertising projects that are system wide in scope, but we may allocate some money to regional groups of franchisees or individual franchisees upon occasion. We reserve the unqualified right to decide, in our sole discretion, where, when and how advertising money will be spent.

We do not have a franchisee advisory council to advise us on advertising. When two (2) or more company-affiliated or franchised Programs have been established in your geographic area, we may, at our option, call a meeting of their representatives to establish a regional advertising cooperative for the region. You may also voluntarily agree with neighboring franchisees to establish a regional advertising cooperative.

For all cooperative decisions, representatives will be entitled to 1 vote within the region. The cooperative will elect a chairperson for a 1-year term and will decide, by simple majority vote, such matters as how often it will meet, what financial contribution it will assess from each member, and what advertising programs it will undertake. Cooperatives must operate from written organizational documents and provide annual financial reports to their members.

Regional advertising cooperative programs must be reasonably related to the general promotion of the Trade Name and Marks within the region and must conform to the requirements for local advertising stated in the Manual. Your required contribution to a regional advertising cooperative may be offset against your local advertising obligation for the period.

The area within which a cooperative operates will normally be defined by political boundaries, such as a county or Standard Metropolitan Statistical Area ("SMSA.") Members of a cooperative will contribute at the same rate as one another. Company-owned or affiliated Programs will contribute at the same rate as franchisees. We do not have the right to require cooperatives to be formed, changed, dissolved, or merged, but we may call a

meeting of franchisee representatives in the area to decide whether to form a cooperative.

We reserve the right to administer a national advertising fund sometime in the future that we will account for separately on the general ledger. The purpose of the fund will be to pool our advertising money and that of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. We may use the fund to pay for market research, advertising materials, media space and time for a national or regional advertising program, graphics development, a promotional web site, online leads generation, a referral program, social media use and public relations activities. The fund may also be used for advertising grants to franchisees, collectively or individually, at our sole discretion.

If we administer this fund, all franchisee Programs and any Program that may be operated by an affiliate would contribute up to and not to exceed four percent (4%) of their gross collected revenues each month. If all national advertising funds are not spent in the fiscal year in which they are collected, we will retain them in the fund bank account for use in a subsequent year.

We may use up to fifteen percent (15%) of fund money to compensate ourselves for overhead and other expenses incurred in connection with our administration of the fund. We will distribute to our franchisees, once a year, an unaudited national advertising fund report that will state the total amounts of money collected and spent by the Fund during the past year and list, by general category, the manner in which we spent the money.

We may incidentally announce the availability of franchises as part of an advertisement or other marketing communication that primarily promotes the services provided by the Franchise Network to the public. We do not use any portion of the national advertising fund for advertisements that principally solicit new franchise sales.

As of November 30, 2021, we did not collect or spend any monies related to the advertising fund.

Computer Systems

You must have a computer system (less than 3 years old) that includes an Apple Mac desktop or MacBook Pro laptop with Apple OS 10.13.6 or newer or a laptop or desktop running Microsoft Windows 10 Pro or newer, either with a minimum of 500 GB of available storage and 16 GB of memory and computer software, including Microsoft Office 2013 or later (Outlook, PowerPoint, and Excel) for Windows or Office Mac 2011 and Adobe Reader. (If you already own Microsoft Office and Adobe Reader that meet these requirements you may use them.) If You will be using a Mac you will need Lightroom, Adobe Photoshop Elements 2022, QuickTime Player 10.4 or later and iMovie 10.1.7 or later. If You will be using a Windows based PC or laptop You will need Lightroom, Adobe Premiere Elements 2022, Adobe Photoshop Elements 2022 and Microsoft Photos 2020

If you already have a computer, printer and internet access that meet the requirements set forth above you do not need to purchase them.

You will use the computer system to connect with our franchise dashboard, undertake bookkeeping and accounting functions and communicating with your Clients.

As time passes and technology changes, you may be required to replace some components of the computer system with different components.

We estimate that the cost of purchasing the items described above will range from \$150 to \$4,150. We estimate that annual repair, maintenance and updates of your computer system and software will total less than \$500. Neither we nor any other party is obligated to provide maintenance, repairs, upgrades, or updates for your computer system.

Periodically, we may ask you to upgrade your equipment and software to meet our currently effective standards. You must promptly comply with any such request. There are no contractual limitations on the frequency and cost of the obligation.

We will have independent access to all the data you store online in connection with your accounting, email and franchise dashboard. There are no contractual limitations on our right to access this data.

<u>Leads</u>

All leads received from our website Hommati.com coming from your Territory will be assigned on a Round Robin Basis to all franchisees within the Territory. This means leads will be distributed in rotation to each franchisee within the Franchise Network in the same Territory. Each franchisee will receive an equal distribution of these leads except under certain circumstances. You will be removed from the Round Robin lead assignment for any of the following circumstances:

- 1. You are not in Good Standing as defined in Franchise Agreement Section 3.7.
- 2. You have not confirmed receipt of any lead or leads for more than 14 calendar days from the date of receipt in your franchise dashboard.
- 3. You have requested to be placed on an Inactive Hold due to vacations or other circumstances that would cause you to temporarily stop operating your business for a period of more than 14 days.
- 4. You have been involuntarily placed into an Inactive hold due to not enrolling any new Featured Agents or selling any services for a period of 90 days or more.
- 5. Leads from Featured Agents will go exclusively to the franchisee who enrolled the Featured Agent.
- 6. Leads from Limited Agents who have been assigned to a franchisee for less than 90 days will go exclusively to the franchisee that received it in the Round Robin distribution.

Operations Manuals

Exhibit D-3 contains the Table of Contents of our Operations Manuals, the number of pages devoted to each subject, and the total number of pages in the Operations Manuals as of our last fiscal year end. In addition, we will give you the opportunity to view our Operations

Manuals in the presence of our representative at a mutually convenient time and place before you enter into a franchise agreement with us.

<u>Training</u>

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE- JOB TRAINING	LOCATION
Administration And Operations	7	0	Westerville, OH
Marketing And Advertising	8	0	Westerville, OH
FAA UAS Pilot Training	7	0	Westerville, OH
Franchise Dashboard	5	0	Westerville, OH
3D Scanning Tours	6	0	Westerville, OH
Video Editing	3	0	Westerville, OH
TOTAL	36	0	

Training classes will be held about once a month or as needed. Instructional materials will include the Operations Manuals, handouts, hands-on drone flight training and 3D scanning, instructional videos and testing materials.

Jerry Clum, our CEO/President, will supervise the training program and also serve as an instructor. He has been with us since we were formed in 2017. He has 25 years of experience in franchising and has trained more than 915 franchisees for this and other franchise concepts. He has 35 years of experience in sales, management, and operations.

Joe Ciamacco, our Vice President of Franchise Development, will also serve as an instructor. He has over seven years of experience in franchising and trained more than 100 franchises for this and other franchise concepts. He has been with us since we were formed in 2017 and has worked since then in drone and 3D operations and business development.

Patrick Moriarty, our Vice President of Operations, will also serve as an instructor. He has been with us since August 2021 and has over 15 years experience in the franchising industry. Patrick has worked in sales, real estate, services and operations.

Wendy Emery, one of our Franchise Support Managers, will also serve as an instructor. She has been with us since mid-2019 and has 25 prior years of work experience in the field of art and design.

Glenn First, our Franchise Business Coach, also serves as an instructor. He has been with us since February 2021 and has more than 20 years of work experience in business management, sales, real estate and human resources. You must attend and successfully complete all phases of the initial training program and complete it to our satisfaction at least 15 days before you begin operating under the franchise agreement. Your Program must always be directly or indirectly supervised by you or a person who has successfully completed our initial training program. If we reasonably conclude that you are unwilling or unable to successfully complete training, this constitutes grounds for termination of your franchise.

We do not charge a fee for the initial training program for you and any other member of your management. Trainees do not have to attend at the same time as one another. For all training we offer, you must pay any costs of travel, lodging, meals, and other incidental expenses that you or your employees incur or that we incur in traveling to your location, at your request, to conduct training, including a reasonable per diem for any trainer who travels to your location. Depending on availability of seats, only one person may be able to attend in-person training. Others may be required to attend live virtual training.

Additional training programs will be offered from time to time. If we advise you that attendance at an additional training program is mandatory, you must attend and complete the program, at your own expense, to our reasonable satisfaction. We do not charge a fee for additional training.

We will make use of online or distance training when practical to minimize cost. We also expect to offer continuing education at the annual meeting for which there will be a registration fee. You must pay any travel, lodging, and other expenses that you or your employees incur to attend additional training programs.

ITEM 12. TERRITORY

Territory

Your franchise is for a specific location of one or more counties, as explained below and identified on Attachment 7 to the Franchise Agreement.

The minimum territory that we grant normally includes 200,000 or more people in it. We use population data from the US Census Bureau or another source we deem reliable to determine population.

Your Territory is protected by a maximum number of franchisees we can establish within a Territory. We determine this maximum number by taking the total population within a county and/or a combination of counties and dividing it by 200,000. This sets the maximum number of franchisees to 1 per 200,000 in population. Territories are delineated by county and state. For counties that have less than 200,000 in population we may, at our sole discretion, combine two or more counties to get up to a total minimum population of 200,000.

When a county has more than 200,000 in population we may, in our sole discretion, combine two or more counties in order to not void contiguous counties that have less than 200,000 in population. When a county has more than 200,000 in population we may also,

at our sole discretion, combine two or more counties in order to maintain trade areas for metropolitan statistical areas that have close economic ties to multiple counties. Your Territory specified in Attachment 7 will show all counties we have included. We may, at our sole discretion and at any time in the future, expand your Territory and permit you to operate your Program in additional counties provided we never exceed the maximum number of franchisees to 1 per 200,000 in population of the updated Territory. We do not need to execute any form of addendum to add additional counties to your territory.

You can provide services to any real estate agent or client whose principal office is inside your Territory. An agent's principal office is defined as the firm office they are assigned to, they may not always have their own desk there, but they will usually have at least an inbox. It also may be the address shown on their business card. If an agent has an office address on their card or are assigned to a physical office location, then their home address cannot be used as their address. This is regardless of whether they have an office in their home or not. Some firms may have multiple offices and agents may work out of more than one of them. In these cases, the agent's principal office is the address shown on their business card. In the case of any disputes, we will use our reasonable judgement researching online and possibly contacting the agent and/or the agent's broker to make a final determination of what address should be used.

From time-to-time, agents may move firms or change assignment to one office to another within the same firm. A franchisee may have enrolled an agent when that agent was working at one specific firm or office and then, later, the agent moved. Or an agent may have used a different address or county, when they enrolled, i.e., their home address. If it's discovered that a franchisee is providing services to an agent who is not currently in their Territory and the agent is now in a different franchisee's Territory, unless a mutual agreement can be reached between the two franchisees in question, we can, in our sole discretion and without consent, re-assign that agent to the franchisee who has the Territory the agent is in.

If an agent who is exclusive to You has listings outside your Territory, You can provide services on those listings regardless of whether it is in a Territory being served by other franchisee(s).

Relocation

You do not need our consent to relocate your Program's office within your Territory or Territories. Relocation of your Program to an address outside your Territory is not permitted with the exception of implementing a transfer into another Territory. We may, at our sole discretion, permit You to transfer into another Territory provided we have not reached our maximum number of franchisees in the Territory you are requesting a transfer. You will be subject to a transfer fee. (Franchise Agreement §6.12)

Options, Rights of First Refusal

We do not grant options, rights of first refusal, or similar rights to acquire additional franchises.

You will not receive an exclusive Territory. You may face competition from other

franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may not solicit or accept orders from consumers (who would be licensed real estate agents or brokers) outside of your territory, including through other channels of distribution such as catalog sales, telemarketing, or other direct marketing.

Round Robin Lead Distribution Process

To reduce the duplication of effort or conflicts with franchisees within the Territory, we have established the following requirements:

- (a) All leads generated from your landing page are automatically assigned to you. Leads coming in generically to our website are asked screening questions to attempt to determine if the agent has initiated enrollment due to speaking with or seeing marketing from a specific franchise. All leads that were not generated from your landing page or leads generated from our website whereby the agent does not remember how they heard about Hommati, will be assigned on a Round Robin fashion to all franchisees operating in your Territory (except as provided in 5.12 of the Franchise Agreement). They will be assigned in rotation to each franchisee within the Territory and each franchisee will receive an equal distribution of these leads.
- (b) We agree not to authorize any other franchisee or affiliate to solicit Clients that have paid you a Featured Monthly Membership Fee or Limited Agents you have billed through your dashboard for any Hommati service within the past 90 days or Limited Agents assigned to You for less than 90 days. You agree that you will not provide Products or Services to a Client that any other franchisee has been paid a Featured Monthly Membership Fee or they have billed a Client for any Hommati service within the past 90 days or Limited Agents assigned to any other franchisee for less than 90 days. If, within 30 days of enrollment, it is determined that an agent initiated Featured or Limited Agent enrollment due to the efforts of a specific franchise and there is evidence provided that supports this claim, we may, in our sole discretion, reassign that agent to the franchisee it was determined initiated that enrollment.
- (c) You must do an Exclusive Agent Search on the franchise dashboard before offering Featured Membership, 3D Interactive Tour, Aerial Video, 2D Photography or any other Hommati services. You must confirm the agent you want to offer services to is not exclusively assigned to any other franchisee.
- (d) If a conflict arises between two or more franchisees as to who has the rights to a particular Client, this conflict will be resolved by determining which franchisee has the earliest date of active Client membership.

(e) Limited Agents are also assigned to franchisees on an exclusive basis for a 90-day period. If they upgrade their membership to a Featured Agent, they will become exclusive to You. A Limited Agent will also remain excusive to You provided You have billed them through your dashboard for any Hommati service not less than at least one time per each 90-day period. If they do not, they will return to the Round Robin assignment and they may come up as a new lead in the future.

Restrictions

We reserve the exclusive right to conduct or control Internet promotion and marketing, including the exclusive right to establish and use accounts in any of the social media using our Trade Name or Marks.

We reserve all other rights not expressly granted to you in this agreement, including the right to sell national advertising on our web site and the right to sell other Proprietary Products and Services on our web site that are not the types of products and services that you are authorized to offer as part of a Program.

Client Dispute Resolution

We have the right to refer any Client dispute between you and another franchisee to an independent ombudsman whom we will compensate. You and we will be bound by the decision of the ombudsman in any such dispute. Under no circumstances, however, will we be required to initiate legal action against any franchisee or former franchisee to prevent or compensate you for violation of your Territorial rights by that franchisee.

Neither we nor an affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which such business sells or will sell goods or services similar to those you will offer, but we reserve the right to do so.

ITEM 13. TRADEMARKS

The Franchise Agreement licenses to you the right to use the following principal trademarks ("Marks") registered or pending with the U.S. Patent and Trademark Office ("USPTO"):

Registration or Serial Number	Description of Mark	Principal or Supplemental Register of the USPTO	Registration Date
5423200	hommati	Principal	March 13, 2018
5423194	HOMMATI	Principal	March 13, 2018

6220723	The Agent Advantage	Principal	December 12, 2020

We have filed all required affidavits and renewals.

There is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding that affects our ownership, use or licensing of the principal Marks.

There is no pending material federal or state court litigation regarding our use or ownership rights in the principal Marks.

There is no currently effective agreement that significantly limits our right to use or license the use of our Marks in a manner material to the franchise.

You must notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System.

You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. We are not required to take affirmative action when notified of these uses of claims.

We have the sole right to control any administrative proceedings or litigation involving a Mark licensed by us to you. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark licensed by us to you or if the proceeding is resolved unfavorably to you. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we may select legal counsel and have the right to control the proceedings.

We have the right to change our Trade Name and Marks and the specifications for each when we believe, in our reasonable discretion, that the changes will benefit the Franchise Network. You must promptly conform, at your own expense, to any such changes.

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

You agree to affix the Marks upon such vehicles, uniforms, equipment, advertising, sales/promotional materials and such other objects, in such size, color, lettering style and fashion, and at such place as we may designate in the Operations Manuals.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Our Chief Executive Officer, Jerry Clum, has filed the provisional patent application listed below and licenses the rights to use the system evidenced in the provisional patent applications and to sublicense the system to our franchisees.

Title of Patent Application: The Agent Advantage Program Application Number: 63113525 Filing Date: November 13, 2020 Type of Patent Application: Utility

A non-provisional patent was also filed one year later:

Title of Patent Application: System and Method of Optimizing a Lead Conversion Rate for a Real Estate Agent Application Number: 17526485 Filing Date: November 12, 2021 Type of Patent Application: Utility

The above referenced provisional and non-provisional patent applications relates to a process that assist real estate agents to reduce the number of cancellations of scheduled listing presentations and assist real estate agents to win a higher percentage of listing presentations. The invention is a process that includes a custom co-branded video created for a real estate agent explaining the innovative technology that they will utilize to help sell a client's home faster and for a higher selling price. The present invention also includes a custom printed magazine-like brochure called *The Innovative Agents Magazine*.

The patent applications are in a pending state. There is no pending material federal or state court litigation regarding our use or ownership rights in the provisional patent application.

There is no agreement which limits the use of the provisional patent application. We know of no patent that could materially affect franchisees.

We claim common law copyrights in our suite of Operations Manuals, website, intranet, and marketing materials.

We communicate our proprietary marketing methods to you under the franchise agreement. We consider this to be valuable confidential information, protectable under the law of trade secrets.

During the term of this agreement and all renewals and extensions thereof and for one (1) year after its Termination, You agree and acknowledge that We shall be entitled to sole ownership of any intellectual property rights or copyright that You create, develop, produce and/or discover. This may include, but not be limited to, all videos, photography and 3D Tours. You hereby assign to Us the entire right, title and interest to such work, which relates in any way to the operation of Your Program.

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

You can operate the business on either a full-time or part-time, executive managed basis. If you elect to operate on a part-time, executive managed basis, it is required that you hire two employees before beginning operations. One would be hired as your 3D/Drone Pilot to be available to provide services to Clients when needed. The second would be hired

as your Agent Development Manager who will meet with agents, educate them about your services and take orders for those services. Because an HOMMATI® Program is intended to be operated as a home-based business, it is unlikely that employees, if any, will work from the same premises as you will. Therefore, although the Program needs supervision, we do not expect anyone to exercise "on-premises" supervision except in the case of untrained employees at Client's homes. Until your employees are fully trained by us and have been bonded, they are not to perform any HOMMATI® services offered in your Program. Generally, for our Platinum Package, it takes 1 hour and 30 minutes of on-site time for up to 3,500 sq. ft. homes to scan and fly the drone. Generally, it takes 1 hours and 15 minutes of off-site time for post-production work to edit aerial videos and all 2D stills. Virtual enhancements is a service you provide, but we do this work for you.

If you can show that you have at least \$25,000 more in working capital than the amount we require of similarly situated, and you immediately hire both a 3D/Drone Pilot and Agent Development Manager you may operate your business on a part-time basis. Any person that you employ as a 3D/Drone Pilot that may be scanning the homes and/or piloting a drone in the operation of your Program is required to attend at least the drone virtual training and 3D Camera virtual training portion of our initial training program. Any person that you employ as an Agent Development Manager who will perform the marketing of your services is required to attend at least the sales, marketing and presentation virtual training portion of our initial training program. You will still have overall responsibility for the business. In order to determine if employees will be needed and, if so, how many will be needed, we are providing an estimate for what one fully trained and skilled employee can accommodate in a one-week work period. On average, one employee can typically complete a maximum of 15 Platinum Packages per week if their only responsibility is doing the on-site jobs. On average, one employee can typically complete a maximum of 10 Platinum Packages per week if they are responsible for both on-site and off-site post production work. This figure may vary depending on the size of the homes you will be assigning, the distance between the scans and the employee's skill level.

There are no restrictions on whom you may hire as an employee provided the criminal background check and motor vehicle report you obtain meets the requirements as set forth in the Operations Manuals. They must also sign the Nondisclosure and Noncompetition Agreement attached to the franchise agreement as Attachment 3. We do not require your spouse to guarantee performance under the franchise agreement, however, if your spouse is a co-owner of the franchise or franchisee entity, then you and your spouse will both guarantee performance under the franchise agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use and sell all the goods and services and only the goods and services that we have authorized you to provide. If, from time-to-time, we decide to make changes in the goods and services you are authorized to provide, you must comply with the changed requirements at your own expense. We have the right to change or discontinue any program, marketing method, procedure, etc. in response to legal, competitive, or technological issues or changes or attempts to improve in the marketplace. You may sell your goods and services to any customer who is a licensed real estate agent or broker consistent with your territorial restrictions. You must operate your Program in compliance with the standards and specifications stated in the Operations Manuals. We may make changes in our standards and specifications, when, in our reasonable discretion, change is needed for the continued success and development of the Franchise Network. Such changes may require the purchase of equipment, supplies, furnishings, or other goods, completion of additional training by your employees, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense.

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ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PRO	DVISION	SECTION IN AGREEMENT	SUMMARY
a.	Length of the franchise term	4.4.1	Term is 10 years from the Start Date.
b.	Renewal or extension of the term	4.4.2	At your request, we may renew the agreement for 2 more 10-year terms if you meet the conditions in 17c.
c. exte	Requirements for franchisee to renew or end	4.4.2	Upon renewal, you will be asked to sign a new franchise agreement that may have materially different terms and conditions from the original franchise agreement. Other conditions: be in Good Standing, give timely notice, sign release (if permitted by state law) and pay renewal fee.
d.	Termination by franchisee	None	You may terminate upon any grounds available under applicable state law.
e.	Termination by franchisor without cause	None	Not applicable
f.	Termination by franchisor with cause	10.2	We may terminate only upon non- curable or uncured default.
g.	"Cause" defined - curable defaults	10.2	Subject to applicable State law, you have 5 days to cure failure to submit payment and 30 days to cure failure to submit information, failure to begin operating by Start Date, failure to operate according to agreement, or any other material default not listed here.
h.	"Cause" defined -non-curable defaults	10.2.	Non-curable defaults: misuse of Marks or conduct harming our goodwill, repeated failure to follow required procedures for website uploads, competition with the Franchise Network, unauthorized attempt to transfer, material misrepresentation in acquisition of franchise or operation of business, termination of another agreement because of your default, acting without required consent or approval, abandonment, repeated defaults, threat to public health or safety, insolvency, criminal misconduct
I. tern	Franchisee's obligations on hination/non-renewal	10.3	Obligations include payment of amounts due, complete de- identification, return of property, terminating listings, maintaining records, selling contact list to HFN and turning over management Also see r. below.

:	Assignment of contract by freeshiper	0.7	
J.	Assignment of contract by franchisor	9.7	We may transfer the franchise without your consent if we reasonably believe the transferee can perform our obligations and is financially responsible and the assignee expressly agrees in writing to assume obligations.
k.	"Transfer" by franchisee – defined	3.30	With specified exceptions, transfer means any change in the majority ownership of the franchise agreement, the capital assets of your Program, or you.
Ι.	Franchisor approval of transfer by franchisee	9.1 - 9.4	You must obtain our prior written consent to any Transfer.
m.	Conditions for franchisor approval of transfer	9.4	The assignee must qualify, assume rights and obligations under the franchise agreement, satisfactorily complete training program, and not be in default. You must sign a special release of claims (subject to state law), obtain our written approval of sale agreement, pay transfer fee, and pay Syndication Monthly Fee until transfer is completed.
n. franc	Franchisor's right of first refusal to acquire hisee's business	9.3	We may match any offer to buy your Business
o. busir	Franchisor's option to purchase franchisee's ness	10.3(f)	After termination or non-renewal, we have the exclusive right to purchase any or all of your Client who are paying a Featured Membership Fee and will do so at a pre-determined pricing formula.
p.	Death or disability of Franchisee	9.6	Qualified transferee must be identified within 180 days, at the most, after notice and you must move promptly to transfer. We may operate Program on your behalf during any interim period.
q. the fi	Non-competition covenants during the term of ranchise.	8.6, Attachment 3	No involvement in competing Business.
r. is ter	Non-competition covenants after the franchise minated or expires.	8.6, Attachment 3	No involvement in providing similar services you provided in your Program for 1 year.
s.	Modification of the agreement	11.4	Amendment requires signature of both parties
t.	Integration/merger clause	11.6	Subject to State law, only the terms of the franchise agreement are binding. Any representations or promises besides those in the disclosure document and franchise agreement may not be enforceable.

u.	Dispute resolution by arbitration or mediation	11.7	Good faith participation in negotiation and mediation are preconditions to arbitration. Aside from requests for injunctions and related claims, all disputes that are not settled must be decided by binding arbitration by the AAA under its rules for commercial arbitration.
v.	Choice of forum	11.7.5	Mediation and arbitration must be in Franklin County, Ohio (except as modified by applicable state law)
w.	Choice of law	11.2	Except as to claims governed by federal law, Ohio law governs (except as modified by applicable state law).

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to 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) 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.

DEFINITIONS

a) <u>Annualized Gross Revenues</u> – means the projected Revenue Run Rate 12 months into the future based on the actual total gross revenues derived by each franchisee Monthly Gross Revenues for the month of August 2021.

b) <u>Annualized Gross Profit</u> - means the projected Revenue Run Rate of 12 months into the future based on the actual total gross revenues derived by each franchisee's Monthly Gross Revenues for the month of August 2021, less the projected Cost of Services sold run rate of 12 months into the future based on the actual Cost of Services sold experienced by each franchisee's Cost of Services sold for the month of August 2021.

c) <u>Cost of Services</u> – means the cost of services sold which includes credit card fees, 3D Upload/Floor Plan fees, the Syndication Monthly Fee, Virtual enhancement fees, Agent Transparent Background fees, 40% split on the Featured Agent Membership fees, Broker Team Leader fees, Curb Lead fees, Sales Tax and total Royalty paid. Cost of Services does not include operating expenses such as insurance, online accounting software, labor, auto expenses, advertising, phone or internet service.

d) <u>Franchise Network</u> – "Franchise Network" means the interdependent network composed of us, all HOMMATI® franchisees and any other people or companies that we have licensed to use our Trade Name or Marks.

e) <u>Franchisee Benchmark Survey</u> – refers to a survey that was sent out to all franchisees in our Franchise Network in August 2021 and the results of this survey in addition to the Royalty Report for that same month which were used to create this Financial Performance Representation.

f) <u>Full-Time Basis</u> – means those Franchise Outlets that operate at 40 or more hours per week. 58.1% of our franchisees reported they were working full-time.

g) <u>Monthly Gross Profit</u> – means the actual total Monthly Gross Revenue derived by each franchisees of the Franchise Network less the Cost of Services for the same month.

h) <u>Monthly Gross Revenue</u> – means the actual total gross revenue derived by each Franchise Outlet less any discounts, allowances and returns as per the Royalty Report for the month.

i) <u>Operating Time Period</u> – means the period of time that each franchisee had been operating and within the tier levels shown.

j) <u>Part-Time Basis</u> – means those Franchise Outlets that operated at less than 40 hours per week. 41.9%% of our franchisee reported they were working part-time.

k) <u>Royalty Report</u> – means the automated electronic system in our franchise dashboard that totals the Monthly Gross Revenue from the billings each franchisee made in the month and then calculates the royalties payable by each franchisee.

I) <u>Revenue Run Rate</u> - is a generally accepted accounting principal, that refers to the financial performance of a company, using current financial information as a predictor of future performance. The run rate assumes that current conditions will continue.

BASIS AND ASSUMPTIONS

The financial information was prepared on a basis consistent with generally accepted accounting principles during the respective measurement periods. The information in this analysis has not been audited, it is based on actual historical financial data for the month of August 2021 as per the royalty report generated for that month as well as the answers provided in a Franchisee Benchmark Survey that was conducted. The Annualized Gross Revenue is a forecast of future financial performance based on the projected Revenue Run Rate of 12 months into the future multiplied by the actual total Monthly Gross Revenues derived by each franchisee during the month of August 2021. The assumption does not take into account any increase or decrease in the preceding Monthly Gross Revenues that may happen over the next 11 months.

FRANCHISE NETWORK

We surveyed our Franchise Network in August 2021. At that time, we had 118 franchise locations. 107 franchisees (90.7%) were open, operating and generating Monthly Gross Revenues. Of those 107 franchisees, a total of 65 franchisees (60.7%) in the Franchise Network completed the survey. Of those 65 franchisees, 22 franchisees (34.3%) were operating for less than one year and were excluded from these tables. Of those 43 remaining franchisees, 25 franchises (58.1%) reported they were operating on a Full-Time Basis and 18 franchisees (41.9%) reported they were operating on a Part-Time Basis.

Table 1 reflects the Hommati Franchisees in our Franchise Network operating on a Full-Time Basis.

TABLE 1 FULL-TIME BASIS

HIGHEST FULL-TIME	Monthly	Cost of	Monthly	Annualized	Annualized
	Gross Revenue	Services	-	Gross Revenues	Gross Profit
Over 3 Years but Under 3 1/2 Years	\$27,254.97	\$5,924.14	\$21,330.83	\$327,059.64	\$255,969.96
Over 2 Years but Under 3 Years	\$14,394.11	\$3,891.10	\$10,503.01	\$172,729.32	\$126,036.12
Over 1 Year but Under 2 Years	\$22,976.08	\$4,444.26	\$18,531.82	\$275,712.96	\$222,381.84
AVERAGE FULL-TIME	Monthly	Cost of	Monthly	Annualized	Annualized
	Gross Revenue			Gross Revenues	Gross Profit
Over 3 Years but Under 3 1/2 Years	\$14,640.12	\$3,221.58	\$11,418.54	\$175,681.42	\$137,022.43
Over 2 Years but Under 3 Years	\$8,308.86	\$2,354.75	\$5,954.11	\$99,706.37	\$71,449.37
Over 1 Year but Under 2 Years	\$9,461.07	\$2,237.40	\$7,223.67	\$113,532.83	\$86,684.06
MEDIAN FULL-TIME	Monthly	Cost of	Monthly	Annualized	Annualized
	Gross Revenue	Services	Gross Profit	Gross Revenues	Gross Profit
Over 3 Years but Under 3 1/2 Years	\$12,039.37	\$2,144.63	\$9,894.74	\$144,472.44	\$118,736.88
Over 2 Years but Under 3 Years*	\$6,864.11	\$2,503.85	\$4,360.26	\$82,369.32	\$52,323.12
Over 1 Year but Under 2 Years*	\$6,722.01	\$2,121.56	\$4,600.45	\$80,664.06	\$55,205.34
LOWEST FULL-TIME	Monthly	Cost of	Monthly	Annualized	Annualized
	Gross Revenue		-	Gross Revenues	Gross Profit
Over 3 Years but Under 3 1/2 Years	\$5,740.93	\$1,315.93	\$4,425.00	\$68,891.16	\$53,100.00
Over 2 Years but Under 3 Years	\$5,864.70	\$1,641.66	\$4,223.04	\$70,376.40	\$50,676.48
Over 1 Year but Under 2 Years	\$2,683.37	\$850.58	\$1,832.79	\$32,200.44	\$21,993.48

Notes to Table 1

* There was an even number of franchisees in these tiers so we added the two middle values and divided by 2 in order to get an accurate median value.

TABLE 1.1 FULL-TIME BASIS STATED RESULTS

	Annualized Gross Revenues	Annualized Gross Profit	Number Who Attained or Surpassed Stated Result*	Percentage Who Attained or Surpassed Stated Result*
HIGHEST FULL-TIME				
	\$327,059.64	\$255,969.96	1	4%
AVERAGE FULL-TIME				
	\$121,538.08	\$91,876.63	8	32%
MEDIAN FULL-TIME				
	\$86,327.40	\$63,416.88	13	52%
LOWEST FULL-TIME				
	\$32,200.44	\$21,993.48	25	100%

Notes to Table 1.1

1. This table takes into account all franchisees who participated in the survey who were operating on a Full-Time Basis regardless to their Operating Time Period. It includes all franchisees who were operating for a period of 1 year to $3\frac{1}{2}$ Years. We had no franchisees who were operating on a Full-Time Basis longer than $3\frac{1}{2}$ Years at that time.

2. * The "stated result" in the table above refers to Annualized Gross Profit. The number and percent that attained or surpassed the stated result refers to the number and percent in each tier of the table above that attained or surpassed the Annualized Gross Profit shown in each row for that tier.

Table 2 reflects the Hommati Franchisees in our Franchise Network operating on a Part-Time Basis.

TABLE 2 PART-TIME BASIS

HIGHEST PART-TIME	Monthly	Cost of	Monthly	Annualized	Annualized
	Gross Revenue	Services	Gross Profit	Gross Revenues	Gross Profit
Over 2 Years but Under 3 Years	\$4,198.30	\$902.82	\$3,295.48	\$50,379.60	\$39,545.76
Over 1 Year but Under 2 Years	\$5,298.83	\$1,453.77	\$3,845.06	\$63,585.96	\$46,140.72
AVERAGE PART-TIME	Monthly	Cost of	Monthly	Annualized	Annualized
	Gross Revenue	Services	Gross Profit	Gross Revenues	Gross Profit
Over 2 Years but Under 3 Years	\$2,258.17	\$712.79	\$1,545.38	\$27,098.02	\$18,544.56
Over 1 Year but Under 2 Years	\$2,060.06	\$669.43	\$1,390.64	\$24,720.75	\$16,687.65
				S	
MEDIAN PART-TIME	Monthly	Cost of	Monthly	Annualized	Annualized
	Gross Revenue	Services	Gross Profit	Gross Revenues	Gross Profit
Over 2 Years but Under 3 Years	\$2,041.00	\$823.78	\$1,217.22	\$24,492.00	\$14,606.64
Over 1 Year but Under 2 Years	\$2,260.91	\$1,024.75	\$1,236.16	\$27,130.92	\$14,833.92
				2	
LOWEST PART-TIME	Monthly	Cost of	Monthly	Annualized	Annualized
	Gross Revenue	Services	Gross Profit	Gross Revenues	Gross Profit
Over 2 Years but Under 3 Years	\$1,132.00	\$493.61	\$638.39	\$13,584.00	\$7,660.68
Over 1 Year but Under 2 Years	\$368.06	\$224.22	\$143.84	\$4,416.72	\$1,726.08

TABLE 2.1 PART-TIME BASIS STATED RESULTS

	Annualized Gross Revenues	Annualized Gross Profit	Number Who Attained or Surpassed Stated Result*	Percentage Who Attained or Surpassed Stated Result*
HIGHEST PART-TIME			•	
	\$63,585.96	\$46,140.72	1	5.5%
AVERAGE PART-TIME				
	\$25,645.25	\$17,409.78	7	39.0%
MEDIAN PART-TIME**				
	\$25,811.46	\$14,720.28	9	50.0%
LOWEST PART-TIME				
	\$4,416.72	\$1,726.08	18	100.0%

Notes to Table 2.1

1. This table takes into account all franchisees who participated in the survey who were operating on a Part-Time Basis regardless to their Operating Time Period. It includes all franchisees who were operating for a period of 1 year to 3 Years. We had no franchisees who were operating on a Part-Time Basis longer than 3 Years at that time.

2. * The "stated result" in the table above refers to Annualized Gross Profit. The number and percent that attained or surpassed the stated result refers to the number and percent of all the franchisees in Table 2 that attained or surpassed the Annualized Gross Profit shown in each row for that tier.

DISCLAIMER

Some franchisees have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reason

Other than the preceding financial performance representations, 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 Jerry Clum, CEO, 6264 S. Sunbury Rd. Ste.100, Westerville, OH 43081 and (833) 466-6284, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System Wide Outlet Summary For Fiscal Years Ending November 30, 2019, 2020, 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	26	60	+34
	2020	60	97	+37
	2021	97	125	+28
Company	2019	0	0	0
Owned	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	26	60	+34
	2020	60	97	+37
	2021	97	125	+28

Table No. 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) For Fiscal Years Ending November 30, 2019, 2020, 2021

State	Year	Number of Transfers
Connecticut	2019	0
	2020	0
	2021	1
Florida	2019	2
	2020	0
	2021	0
Georgia	2019	0
	2020	0
	2021	1
New Hampshire	2019	0
	2020	1
	2021	0
South Carolina	2019	0
	2020	0

	2021	0
New Jersey	2019	0
	2020	0
	2021	1
Total	2019	2
	2020	1
	2021	3

Table No. 3

Status of Franchised Outlets For Fiscal Years Ending November 30, 2019, 2020, 2021*

State	Year	Outlets	Outlets	Termin	Non-	Reacquired	Ceased	Outlets
		at	Opened	ations	Renewals	by	Operations-	
		Start of				Franchisor	Other	of the
		Year					Reasons	Year
Alabama	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Alaska	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Arizona	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
Arkansas	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
California	2019	1	2	0	0	0	0	3
	2020	3	3	0	0	0	0	6
	2021	6	4	0	0	0	0	10
Colorado	2019	0	0	0	0	0	0	0
	2020	0	3	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Connecticut	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Florida	2019	4	4	0	0	0	0	8
	2020	8	4	0	0	0	0	12
	2021	12	2	0	0	0	0	14
Georgia	2019	1	1	0	0	0	0	2
U	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Idaho	2019	0	0	0	0	0	0	0

	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Illinois	2019	0	1	0	0	0	0	1
	2020	1	3	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Indiana	2019	0	0	0	0	0	0	0
malana	2013	0	2	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Kansas	2021	1	1	0	0	0	0	2
nd115d5			-	-				
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
Kentucky	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Maine	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Maryland	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Michigan	2019	0	2	0	0	0	0	2
J	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Minnesota	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Missouri	2019	0	0	0	0	0	0	0
moooun	2020	0	4	0	0	0	0	4
	2020	4	2	0	0	0	0	6
Nebraska	2021	0	0	0	0	0	0	0
INCULASKA	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	•
Nerreale								1
Nevada	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New	2019	0	1	0	0	0	0	1
Hampshire	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Jersey	2019	0	3	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	2	0	0	0	0	5
New York	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
North Carolina	2019	0	4	0	0	0	0	4
	2020	4	1	0	0	0	0	5
	2020	5	0	0	0	0	0	5

North Dakota	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Ohio	2019	4	2	0	0	0	0	6
	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Oregon	2019	1	0	0	0	0	0	1
_	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
Pennsylvania	2019	3	0	0	0	0	0	3
-	2020	3	3	0	0	0	0	6
	2021	6	1	0	0	0	0	7
South	2019	2	0	0	0	0	0	2
Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Tennessee	2019	2	2	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	2	0	0	0	0	6
Texas	2019	2	3	0	0	0	0	5
	2020	5	4	0	0	0	0	9
	2021	9	3	0	0	0	0	12
Virginia	2019	0	0	0	0	0	0	0
-	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
West Virginia	2019	0	1	0	0	0	0	1
C C	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Wisconsin	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Total	2019	26	34	0	0	0	0	60
	2020	60	37	0	0	0	0	97
	2021	97	28	0	0	0	0	125

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

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Table No. 4

Status of Company-Owned Outlets For Fiscal Years Ending November 30, 2019, 2020, 2021

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
Ohio	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

Table No. 5Projected Openings as of November 30, 2021

	Franchise	Projected New	Projected New	
State	Agreements	Franchised	Company-Owned	
State	Signed But	Outlets in the	Outlets in the	
	Outlet Not Open	Next Fiscal Year	Next Fiscal Year	
Alabama	0	0	0	
Alaska	0	0	0	
Arizona	0	3	0	
Arkansas	0	0	0	
California	0	4	0	
Colorado	0	1	0	
Connecticut	0	0	0	
Delaware	0	0	0	
D. of Columbia	0	0	0	
Florida	0	4	0	
Georgia	0	2	0	
Hawaii	0	0	0	
Idaho	0	0	0	
Illinois	0	2	0	
Indiana	0	2	0	
lowa	0	1	0	
Kansas	0	0	0	
Kentucky	0	1	0	
Louisiana	0	1	0	
Maine	0	0	0	
Maryland	0	0	0	
Massachusetts	0	1	0	

Michigan	0	2	0
Minnesota	0	1	0
Mississippi	0	0	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	0	1	0
Nevada	0	1	0
New Hampshire	0	0	0
New Jersey	0	2	0
New Mexico	0	1	0
New York	0	1	0
North Carolina	0	2	0
North Dakota	0	0	0
Ohio	0	2	0
Oklahoma	0	1	0
Oregon	0	0	0
Pennsylvania	0	2	0
Rhode Island	0	0	0
South Carolina	0	2	0
South Dakota	0	0	0
Tennessee	0	1	0
Texas	0	3	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	1	0
Washington	0	1	0
West Virginia	0	0	0
Wisconsin	0	1	0
Wyoming	0	0	0
TOTALS	0	48	0

Exhibit D-1 contains the names, email addresses, and telephone numbers of all current franchisees as of our last fiscal year end.

Exhibit D-2 contains the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of each franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within ten weeks of the disclosure document issuance date.

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

We encourage existing franchisees to share their experiences with prospective franchisees. To compensate for time expended, we pay our existing franchisees a nominal spiff (\$50 or less) for their time in talking to prospects, regardless of what is stated and regardless of whether the prospect is awarded a franchise or not.

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

No trademark specific independent franchisee organizations associated with the franchise system being offered have asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Exhibit B contains our audited financial statements for the fiscal years ended November 30, 2021, 2020, and 2019. Our fiscal year end is November 30.

ITEM 22. CONTRACTS

The following agreements are proposed for use in connection with the franchise we offer:

Exhibit C: Franchise Agreement

Attachments

- 1. Special Release of Claims
- 2. Authorization Agreement for Prearranged Payment
- 3. Nondisclosure and Noncompetition Agreement
- 4. Assignment of Telephone Numbers, Email Addresses and Special Power of Attorney
- 5. Personal Guaranty and Subordination Agreement
- 6. Your Owners
- 7. Protected Territory

ITEM 23. RECEIPTS

Attached as the last page of this disclosure document (Exhibit F-2) is a receipt. Please sign it, date it as of the date you receive the disclosure document and return it to us by email or fax. A duplicate of the receipt is attached for your records

Exhibit A-1

State Addenda to the Disclosure Document

California

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

Neither the franchisor nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60-day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The franchise agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

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

The franchise agreement requires binding arbitration. The arbitration will occur at Franklin, Ohio, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release of claim if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the franchise investment law (California Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Our website is located at www.hommati.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

Section 31512 of the Franchise Investment Law (FIL) and 20010 of the California Franchise Relations Act (CFRA) provide that any condition, stipulation, or provision purporting to bind you to waive compliance with any provision of these laws is void. Therefore, any release of claims that you must sign as a condition of renewal or transfer may not apply to claims arising under the FIL or the CFRA.

The following text is added to the Special Risks page of the Disclosure Document: "Each owner of the franchise is required to execute a personal guarantee. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California."

<u>HAWAII</u>

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHSIOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN

MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813

<u>Illinois</u>

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

<u>Maryland</u>

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17.u. is modified to also provide, "This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

3. Item 17.v. is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

<u>Minnesota</u>

As to franchises governed by the Minnesota Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Minn. Stat. Section 80c.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minn. Stat. Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Section 80c.14 Subd. 3-5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minn. Stat. Section 80c.12 Subd.1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rules 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minn. Stat. Section 80C.17 Sub. 5.

Item 6 of the Disclosure Document is amended to limit the Declined Payment Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

New York

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS

COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

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

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

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

North Dakota

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Mediation and Arbitration: Mediation and Arbitration will take place in a location agreeable to all parties and may not be remote from the franchisee's place of business.

Jurisdiction and Venue: Item 17(u) of the Disclosure Document is modified to delete the requirement that a North Dakota franchisee consent to jurisdiction and venue in Ohio.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Rhode Island

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to

be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide: Rhode Island law applies.

<u>Virginia</u>

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

Washington

As to franchises governed by the Washington Franchise Investment Protection Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against

an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 20 is amended to delete the following text as to franchise prospects who are Washington State residents or who purchase franchise territory located in Washington State: "We encourage existing franchisees to share their experiences with prospective franchisees. To compensate for time expended, we pay our existing franchisees a nominal spiff (\$50 or less) for their time in talking to prospects, regardless of what is stated and regardless of whether the prospect is awarded a franchise or not."

Wisconsin

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

Exhibit A-2 STATE ADMINISTRATORS

California

Commissioner of Financial Protection and Innovation 320 West 4th Street Los Angeles, California 90013-2344 (213) 576-7500

<u>Hawaii</u>

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

<u>Illinois</u>

Chief Franchise Bureau Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-1090

<u>Indiana</u>

Franchise Section Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681

Maryland

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

Michigan

Franchise Administrator Consumer Protection Division Michigan Department of Attorney General 525 W. Ottawa Street

G. Mennen Williams Building, 1St Floor Lansing, Michigan 48933 (517) 373-7117

<u>Minnesota</u>

Commissioner of Commerce Minnesota Department of Commerce 85 Seventh Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500 <u>New York</u> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222

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

Rhode Island

Director of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920 (401) 462-9587

South Dakota

Director Division of Securities Department of Labor and Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823

Virginia

Chief Examiner State Corporation Commission 1300 E. Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051

Washington

Director Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760

<u>Wisconsin</u>

Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8557

Exhibit A-3 AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Financial Protection and Innovation 1515 K Street, Suite 200 Sacramento, California 95814

<u>Hawaii</u>

Commissioner of Securities Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813

Illinois Illinois Attorney General Office 500 South Second Street Springfield, Illinois 62706

Indiana Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204

Maryland Maryland Securities Commissioner 200 Saint Paul Place Baltimore, Maryland 21202-2020

<u>Minnesota</u> Commissioner of Commerce State of Minnesota Department of Commerce Securities Unit 85 Seventh Place East, Suite 280 St. Paul, Minnesota 55101

New York

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

North Dakota

Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 Rhode Island Director of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920

South Dakota Director of the Division of Securities Department of Labor and Regulation 124 South Euclid, Suite 104 Pierre, SD 57501

<u>Virginia</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Richmond, Virginia 23219

Washington Administrator of Securities Department of Financial Institutions Securities Division 150 Israel Rd SW

Tumwater, WA 98501

Wisconsin Commissioner of Securities Office of the Commissioner of Securities 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703

<u>Connecticut</u>

The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 Phone Number (860) 240-8299

EXHIBIT B

FINANCIAL STATEMENTS

HOMMATI FRANCHISE NETWORK, INC.

FINANCIAL STATEMENTS

Years Ended November 30, 2021, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Stockholders Hommati Franchise Network, Inc. Westerville, Ohio

We have audited the accompanying financial statements of **Hommati Franchise Network**, Inc. (an Ohio S Corporation), which comprise the balance sheets as of November 30, 2021, 2020 and 2019, and the related statements of operations, changes in stockholders' equity 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.

Auditors' 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 auditors' 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.

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INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Hommati Franchise Network**, **Inc**. as of November 30, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years ended November 30, 2021, 2020, and 2019 in accordance with accounting principles generally accepted in the United States of America.

Grady, Wave ; Schowfeld, Arc.

Columbus, Ohio January 12, 2022

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BALANCE SHEETS

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November 30, 2021, 2020 and 2019

	2021	_	2020		2019
ASSETS				1915	
CURRENT ASSETS					
Cash Accounts receivable, net	\$ 1,871,738 116,646	S	963,182 48,846	s	593,987 16,651
Total current assets	1,988,384		1,012,028		610,638
PROPERTY AND EQUIPMENT, NET	77,368		48,461		77,105
OTHER ASSETS	3,474		3,474		3,420
WEBSITE DEVELOPMENT COSTS, NET	141,924	12	75,316		65,071
	\$ 2,211,150	s	1,139,279	s	756,234
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Current maturities of long-term note payable	\$	S		S	5,113
Accounts payable Paycheck Protection Program Ioan	75,516		13,844 49,640		3,152
Total current liabilities	75,516	-	63,484	-	8,265
LONG-TERM NOTE PAYABLE, NET OF					
CURRENT MATURITIES	<u> </u>		34		3,023
Total liabilities	75,516		63,484		11,288
STOCKHOLDERS' EQUITY					
Common stock	2,963		2,222		2,222
Additional paid-in capital, net	2,343,207		843,948		592,368
Retained earnings (deficit)	(210,536)	1	229,625		150,356
Total stockholders' equity	2,135,634	_	1,075,795	_	744,946

See notes to financial statements.

STATEMENTS OF OPERATIONS

For the Years Ended November 30, 2021, 2020 and 2019

		2021	_	2020	_	2019
REVENUE	22		200		810	
Franchise fees	\$	783,917	\$	924,856	\$	635,968
Royalties	2	868,072		572,908		270,387
Total Revenue		1,651,989		1,497,764		906,355
COST OF REVENUE EARNED		117,467	_	125,371	_	116,505
GROSS PROFIT	-	1,534,522	_	1,372,393	_	789,850
OPERATING EXPENSES						
Professional services		406,328		148,627		62,688
Dues and subscriptions		95,794		191,375		66,809
Salaries and wages		572,518		288,682		201,707
Office expense		25,063		18,180		30,681
Insurance		5,589		7,842		8,807
Depreciation		19,705		17,829		13,629
Amortization		61,312		43,404		27,511
Rent		58,800		58,800		41,400
Charitable contributions		10,700		20,425		
Payroll taxes		54,283		70,493		52,536
Shipping and delivery		1,459		2,814		1,519
Meals and entertainment		22,037		13,575		17,514
Advertising		469,554		287,030		153,184
Automobile expense		16		895		1,256
Repairs and maintenance		2,348		4,159		708
Miscellaneous		2,974		7,634		1,358
Utilities		36,514		36,496		23,950
Uniforms		721		418		1,590
Taxes and licenses		7,157	-	2,127	85	-
Total Operating Expenses		1,852,872		1,220,805		706,847
OTHER INCOME (EXPENSE)						
Interest income		457		1,256		3,314
Interest expense				-		(425
Gain on sale of assets		-		936		
Paycheck Protection Program loan forgiveness income		49,640				
0.00.00000	-		_		-	
Total Other Income	-	50,097	-	2,192	-	2,889
NET INCOME (LOSS)	\$	(268,253)	S	153,780	s	85,892

See notes to financial statements.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended November 30, 2021, 2020 and 2019

		ommon stock		Additional paid-in capital		Retained earnings (deficit)		earnings		Total ockholder's equity
Balances - November 30, 2018	S	1,500	S	116,028	S	64,464	S	181,992		
Issuance of common stock Additional capital contributed, net of		722						722		
stockholder notes receivable		100		476,340		-		476,340		
Net income		2	_			85,892	_	85,892		
Balances - November 30, 2019	20	2,222	555	592,368	50 00	150,356	80	744,946		
Distributions Additional capital contributed, net of						(74,511)		(74,511)		
stockholder notes receivable		्		251,580		्र		251,580		
Net income		-	-	COL COL		153,780		153,780		
Balances - November 30, 2020		2,222		843,948		229,625		1,075,795		
Issuance of common stock		741		2		-		741		
Distributions Additional capital contributed, net of				્ય		(171,908)		(171,908)		
subscription receivable		<u>_</u>		1,499,259		-		1,499,259		
Net income (loss)			-	19412-000000 (**)		(268,253)		(268,253)		
Balances - November 30, 2021	s	2,963	\$	2,343,207	\$	(210,536)	s	2,135,634		

See notes to financial statements.

STATEMENTS OF CASH FLOWS

For the Years Ended November 30, 2021, 2020 and 2019

	-	2021	_	2020		2019
OPERATING ACTIVITIES						
Net income (loss) Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	\$	(268,253)	\$	153,780	\$	85,892
Depreciation		19,705		17,829		13,629
Amortization		61,312		43,404		27,511
Stock based compensation Gain on sale of assets				(936)		13,205
Paycheck Protection Program loan forgiveness income		(49,640)		(550)		Q
		(236,876)	_	214,077		140,237
Change in operating assets and liabilities		(200,000)		21.101.1		
Other assets				(54)		(3,420)
Accounts receivable		(67,800)		(32,195)		(10,945)
Accounts payable	-	61,672	-	10,693	-	2,665
Net cash provided (used) by operating activities		(243,004)		192,521		128,537
INVESTING ACTIVITIES						
Purchases of property and equipment		(48,612)				47 000
Website development costs Proceeds from sale of property, plant and equipment		(127,920)		(53,649)		(47,980)
roceds non and or property, plant and equipment			2	11,751	_	
Net cash used by investing activities		(176,532)		(41,898)		(47,980)
FINANCING ACTIVITIES						
Capital contributions		1,499,259		251,579		401,909
Principal payments on long-term note payable Borrowing of long-term debt		-		(8,136) 49,640		(5,575)
Proceeds from issuance of common stock		741				555
Distributions	22	(171,908)	20-	(74,511)	1	-
Net cash provided by financing activities	20	1,328,092	19 S	218,572	_	396,889
NET INCREASE IN CASH		908,556		369,195		477,446
CASH		10 Kressin.		Astronout valso		
Beginning of period		963,182		593,987		116,541
End of period	•	1,871,738	s	963,182	\$	593,987
SUPPLEMENTAL CASH FLOW INFORMATION		1,011,100	-	500,102	-	000,001
Noncash transactions:						
Contribution of property and equipment	\$	547	S	1	S	61,393
Additional paid in capital financed by stockholder notes receivable/held in escrow	•	1,500,000	s		\$	250.000
Cash paid for interest	-	1,000,000	0		0	425

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Hommati Franchise Network, Inc. (the "Company") was formed on August 14, 2017 and is a national franchising agency for providing services to the real estate market. The Company develops new technology in order to assist real estate agents sell homes in innovative ways. The Company uses different approaches which include: 3D Interactive Tours, Virtual Staging, Aerial HD Video/Stills, Ultra HD 34MP (up to 4K) Photography, Sign Placement/Removal Service, and Doorhanger Services. These services are designed to eliminate some of the up front work for the real estate agents and make selling homes more effective and efficient in any market.

Financial Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations - The Company is dependent on the use of trademarks, slogans, logos, and copyrighted materials including training programs, marketing literature, website development and operational documents (intellectual property). Should the license to utilize such intellectual property be terminated, such events would likely have an adverse effect on the Company's operations.

The Company has cash on deposit at one financial institution in excess of federally insured limits.

Property and Equipment - Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Routine repairs and maintenance are charged to expense when incurred. When property and equipment are retired or sold, the related cost and accumulated depreciation are removed from the respective accounts, and the resulting gains and losses are included in income.

The Company reviews for impairment of long-lived assets in accordance with accounting standards. These standards require companies to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at November 30, 2021.

Income Taxes - On December 1, 2017, the Company elected, with the consent of its stockholder, to be taxed as an S corporation under Section 1362 of the Internal Revenue Code. Therefore, no provision for federal and state income taxes is included in the financial statements.

Website Development Costs - Costs incurred in the preliminary project and post-implementation stages of an internal use software project and website development are expensed as incurred, and certain costs incurred in the application development stage of a project are capitalized and amortized over the estimated useful life. As of November 30, 2021 the Company has capitalized a total of \$288,091 related to website development. The Company capitalized \$127,920, \$53,649, and \$47,980 related to website development during 2021, 2020 and 2019. Amortization expense of website development costs was \$61,312, \$43,404 and \$27,511 for the years 2021, 2020 and 2019. Amortization expense is expected to be \$68,519, \$51,581 and \$21,320 for the years 2022, 2023 and 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Company's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of November 30, 2021.

Advertising - Advertising costs are expensed as incurred. Advertising expense was \$469,554, \$287,030 and \$153,184 for the years 2021, 2020 and 2019.

Recently Issued Accounting Standards Not Yet Adopted - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the fiscal year ending November 30, 2023. Early application will be permitted. The Company is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

Reclassifications - Certain amounts in the 2020 and 2019 financial statements have been reclassified to conform to the 2021 financial statement presentation.

Subsequent Events - In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through January 12, 2022, the date the financial statements were available to be issued.

NOTE 2 - REVENUE RECOGNITION

The FASB issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification ("ASC"). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance."

The Company adopted the requirements of the new guidance as of December 1, 2020, utilizing the modified retrospective method of transition. Adoption of the new guidance did not require any significant changes to the Company's accounting policies for revenue recognition, trade and other receivables, contract costs, contract liabilities, or deferred costs. Accordingly, there has been no adjustment to retained earnings or any other balance sheet accounts as of December 1, 2020, to reflect adoption of the new guidance.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - REVENUE RECOGNITION - CONTINUED

Franchise Fees

The Company derives revenue from franchise fees. Franchise fees are charged at the beginning of a new franchise's operations and are a one-time, nonrefundable fee. The fee includes pre-opening costs with no ability to break pre-opening costs and franchise agreement into separate performance obligations. Revenue is recognized at a point in time the franchisee begins operations, in an amount that is fixed based on the agreement between franchisor and franchisee. Costs incurred to obtain a contract are expensed as incurred. The Company does not have any significant financing components.

The Company sold 30, 37, and 34 new franchises during 2021, 2020, and 2019 respectively.

Royalties

The Company derives revenue from royalties. Royalties are charged for each individual franchisee at the point of sale, if relating to new cameras sold, or monthly, if relating to membership fees, royalties for monthly gross revenue generated, or tours given in a month. Revenue is recognized at a point in time, at the end of each month, and varies depending on number of franchises and performance of each individual franchisee. Costs are expensed as incurred. The Company does not have any significant financing components.

Performance Obligations

For performance obligations related to franchise fees and royalties, the benefit of the service is transferred at a point in time. Revenue is recorded for these services after the service has been provided or completed.

NOTE 3 - PROPERTY AND EQUIPMENT

	53 .	2021	-	2020		2019
Office equipment Vehicle	5	123,791 -	\$	75,179	s	75,179 23,941
Total cost Less accumulated depreciation		123,791 46,423		75,179 26,718	_	99,120 22,015
	5	77,368	\$	48,461	\$	77,105

Depreciation expense for the years 2021, 2020 and 2019 was \$19,705, \$17,829 and \$13,629.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM DEBT

	_	2021	_	2020	_	2019
Note payable to a financial institution bearing interest payable at 3.87%. Monthly payments of \$449 are due through September 2021. The note payable was secured by equipment. The note payable was paid in full during 2020.	\$		\$	-	\$	8,136
Less current maturities of long-term note payable	_	-	_	-	_	5,113
	\$	-	\$	-	\$	3,023

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Company received loan proceeds in the amount of \$49,640 under the Paycheck Protection Program ("PPP") which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). PPP loans and accrued interest are forgivable after a "covered period" as long as the borrower meets certain criteria.

The Company initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. The Company recognized \$49,640 of loan forgiveness income for the year ended November 30, 2021, which reflects a full forgiveness of the loan obligation.

NOTE 6 - COMMON STOCK

During 2019, the Company authorized an additional 3,500 shares of \$1 par value common stock. Of these additional shares, 167 shares were issued to an employee and compensation expense of \$13,205 was recognized. In addition, the Company issued another 555 shares for \$650,000, of which \$250,000 was funded with stockholder notes receivable. During 2020, the stockholder notes receivable was paid in full. The value of the stockholder notes receivable as of November 30, 2019 was deducted from additional paid in capital on the accompanying statements of changes in stockholders' equity. During 2021, the Company received a \$3,000,000 investment, \$1,500,000 of which is held in eacrow with \$1,500,000 in cash. The value of the amount in escrow was deducted from additional paid in capital on the accompanying statements of changes in stockholders' equity and is to be received as cash by the Company once specific performance metrics are met by the Company. As a result of the investment, an additional 741 shares of \$1 par value common stock was issued to the individuals that contributed.

At November 30, 2021, 2020 and 2019 there were 5,000 shares of common stock authorized with 2,963, 2,222, and 2,222 shares issued and outstanding, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - RELATED PARTY TRANSACTIONS

On December 1, 2017, the Company entered into a lease agreement for its operating facilities from a related party. The lease required monthly payments of \$2,400 through November 30, 2019. On May 21, 2019, the Company entered into new lease agreement for additional space, replacing the prior lease. The lease is in effect from June 1, 2019 through May 31, 2024 and requires monthly payments of \$4,900. The lease includes two sixty month renewal options upon its expiration. The Company paid \$58,800, \$58,800, and \$41,400 in rent for the years 2021, 2020 and 2019, respectively.

Future minimum lease payments over the next three fiscal years are as follows:

2022 2023 2024	\$ 58,800 58,800 24,500
	\$ 142,100

EXHIBIT C



HOMMATI® FRANCHISE AGREEMENT

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HOMMATI® FRANCHISE AGREEMENT

1. PARTIES

This agreement is made between Hommati Franchise Network, Inc. ("we", "us" or "HFN"), an Ohio corporation with its principal office in Westerville, Ohio and:

[franchisee's legal name] ("you").

2. RECITALS

2.1. Ownership of System

We have developed a unique branded system for providing real estate and marketing services to real estate agents, brokers business owners, contractors, engineering firms, owners or authorized representatives of commercial real estate, apartment complexes, land, resorts, vacation properties, rentals, etc. Services include digital media services such as 3D interactive tours, drone aerial videos, virtual reality tours, agent green screen videos, agent biography videos, HD and HDR Photography, 2D images, augmented reality services, virtual enhancements, video slideshows, guided tours, 3D walkthroughs, SMS sign riders (known as Curb Leads, agent headshots, as well as a door hanger service and sign and lockbox placement and a real estate web site and mobile app for agents to promote their listings.

We have the right to use and sublicense certain intellectual property rights, including the trade name and mark, HOMMATI®. We have spent time, effort, and money to develop the business methods, technical knowledge, specialized services, proprietary products, brand concepts, operational processes, trade secrets, commercial ideas, advertising materials, marketing strategies, and training techniques that make up our franchise concept.

2.2. Objectives of Parties

We grant to you the right and you accept from us the obligation to own and operate a program, using our Trade Name, Marks, and System, throughout the term of this agreement and according to its conditions.

3. DEFINITIONS

For purposes of this franchise agreement, when any of the following words and phrases begins with a capital letter, we define its meaning in this Article 3:

3D Upload/Floor Plan Fee

"3D Upload/Floor Plan Fee" means the fee that you pay us each time you upload a 3D Interactive Tour.

Broker/Team Leader Sponsorship

"Broker/Team Leader Sponsorship" means brokers or real estate agents who commit to pay a larger monthly membership fee to sponsor agents under them as Featured Agents. The Broker/Team Leader and all real estate agents they sponsor will receive full Feature Agent Member benefits.

<u>Clients</u>

"Clients" means the real estate agents and brokers, business owners, contractors, engineering firms, owners of commercial real estate, apartment complexes, land, resorts, vacation properties, rentals, etc. who make purchases from you.

Deluxe Tier Franchise Package

"Deluxe Tier Franchise Package" is one of three levels you can choose. The Deluxe Tier Franchise Package includes an iPad and the 3D Camera. The Royalty for this level is a descending scale that starts at 8% and decreases to as low as 6%.

Exclusive Agent Search

"Exclusive Agent Search" means the search that you do on the franchise dashboard to determine if a Client has been enrolled under or provided services by another Hommati franchisee within the last 90 days.

Featured Agents

"Featured Agents" are those Clients that have enrolled on Hommati.com, pay you a monthly membership fee and have listings that rank higher within the search results, are provided priority scheduling of services, receive their leads for free, are given the ability to create custom listing brochures and they receive a \$50 discount on all Platinum and Premium Packages and 20% off all other services. They can also participate in The Agent Advantage Program.

Featured Monthly Membership Fee

"Featured Monthly Membership" is the monthly fee paid by Clients to become Featured Agents.

First Year Marketing Fee

"First Year Marketing Fee" is a one-time fee paid to us which We will pay for your approved marketing for your first year of operation. We set a maximum budget of \$833.33 per month that we will use to pay for approved advertising and marketing.

Franchise Dashboard

"Franchise Dashboard" is the online tool used to upload and manage listings, Clients, Exclusive Agent Searches and price list. You can also view listing and Client tracking and metrics, and it is where you will submit your royalty report.

Franchise Network

"Franchise Network" means the interdependent network composed of us, all HOMMATI® franchisees and any other people or companies that we have licensed to use our Trade Name or Marks.

Franchise Tier

"Franchise Tier" means the franchise package you select from the three levels. Standard Tier Franchise Package, Deluxe Tier Franchise Package or the Premier Tier Franchise Package.

Good Standing

"Good Standing" means your timely compliance and that of your Related Parties with all provisions of this agreement and the Operations Manuals, specifically including provisions for timely payment of money you owe to us or our affiliate.

Gross Revenues

"Gross Revenues" means the receipts from all business conducted upon, from or through Your HOMMATI® Program. Gross Revenues shall include, but not be limited to 3D Interactive Tours, Aerial Video, Aerial Stills, Video Slideshows, 3D Walkthroughs, Guided Tours, 2D Stills, SMS Sign Riders (known as Curb Leads), Broker/Team Leader Sponsorships, Inactive Penalty Fees, Sign/Lockbox Placement, Virtual Enhancements, Door Hanger Services and Mileage. For the purpose of paying royalties, Gross Revenues do not include Featured Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Sponsorship Fees, Inactive Penalty Fees or Sales Tax, however, when reporting your Gross Revenues on the royalty report in your franchise dashboard you would include all revenues including Featured Monthly Membership Fees, Inactive Penalty Fees and Sales Tax, as the report will automatically deduct these items.

HFN

"HFN" means Hommati Franchise Network, Inc., or any person or company to which we allocate all or part of our rights and obligations under this agreement.

Hommati Curb Leads

"Hommati Curb Leads" means an SMS based lead generation program we offer to real estate agents with sign riders added to their for-sale signs.

Inactive Hold

"Inactive Hold" means a period of time over 14 days that would cause you to temporarily stop operating your business. You can voluntary ask to be placed on Inactive Hold due to vacations or other circumstances that would cause you to temporarily stop operating your business for a period of more than 14 days. You can be involuntarily placed into an Inactive Hold due to not enrolling any Featured Agents and/or not selling any services to any agent for a period of 90 days or more.

Inactive Penalty Fee

"Inactive Penalty Fee" means a monthly fee that you would pay for each listing that has a 3D Interactive Tour if you have not requested the tour to be archived after 30 or more days the listing has become inactive on the MLS.

Leads

"Leads" are potential Clients that are derived from Hommati.com and are automatically sent to you on a round robin basis.

Limited Agents

"Limited Agents" are real estate agents or brokers who have enrolled in a free membership account on Hommati.com.

Listings

"Listings" are real estate properties that are shown on Hommati.com.

<u>Marks</u>

"Marks" means the trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols we authorize you to use under this agreement.

Minimum Listing Requirements

"Minimum Listing Requirements" means the minimum required details that you must have added to a listing if you are publishing a listing live to Hommati.com that has not synced in from the MLS. You must add the actual listing price, square footage, agent information, at least the main image, property description, lot size, number of bedrooms, bathrooms and year built. If the listing included a 3D Tour, you must add the floor plan, the 3D walkthrough and the guided tour to the listing.

Operations Manuals

"Operations Manuals" means our suite of Operations Manuals that we will lend you or to which we will give you access on our intranet during the term of this agreement, as updated from time to time, containing information, forms, and requirements for the establishment and operation of a HOMMATI® Program and for use of our Trade Name and Marks."

Platinum Listing Package

"Platinum Listing Package" is our most popular service. The current suggested price for Featured Agents is \$249 and \$299 for non-member agents. The package includes a 3D Interactive Tour, Aerial Video & Stills, 2D Ultra HD Photography, VR Tour, Video Slideshow, Guided Tour, 3D Walkthrough, Floor Plan w/Measurements, full color pdf brochure created, Featured Listing on Hommati.com and the 3D Tour and Aerial Videos are syndicated to the MLS.

Premier Tier Franchise Package

"Premier Tier Franchise Package" is one of three levels you can choose. The Premier Tier Franchise Package includes an iPad, the 3D Camera and the drone and

remote. The Royalty for this level is a descending scale that starts at 7% and decreases to as low as 5%.

<u>Program</u>

"Program" means a business that we operate or that we have authorized a franchisee to operate under our Trade Name, Marks, and System and that offers the types of products and services that we have specifically authorized for a HOMMATI® Program. It does not include any other promotional activities and services that we provide through the HOMMATI® web site or in any other manner.

Proprietary Product

"Proprietary Product" means any product made according to our specifications or packaged or labeled with, or otherwise bearing, our Marks.

Related Party

"Related Party" or "Related Parties" means "shareholders, general partners, limited partners and companies in which you have a controlling interest, companies in which any person or company owning a controlling interest in you also has a controlling interest, and your members, officers and directors."

Round Robin Basis

"Round Robin Basis" means all leads coming into Hommati.com generically from your Territory will be assigned in rotation to each franchisee within the Franchise Network and each franchisee will receive an equal distribution of these leads (except as provided in Franchise Agreement Section 5.12.)

Royalty

"Royalty" means the fee that you pay us depends on the Franchise Tier you select and it's calculated on a descending scale basis with specific monthly breaking points.

If you select the Standard Franchise Tier you will pay to us a 9% royalty on the first \$12,500 in monthly Gross Revenues earned. You will pay us a 8% royalty on all monthly Gross Revenues between \$12,501 and \$16,667. You will pay us a 7% royalty on all monthly Gross Revenues above \$16,667. The breaking points do not include Featured Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Monthly Fees or Inactive Penalty Fees. There is no monthly minimum royalty collected.

If you select the Deluxe Franchise Tier you will pay to us a 8% royalty on the first \$12,500 in monthly Gross Revenues earned. You will pay us a 7% royalty on all monthly Gross Revenues between \$12,501 and \$16,667. You will pay us a 6% royalty on all monthly Gross Revenues above \$16,667. The breaking points do not include Featured Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Monthly Fees or Inactive Penalty Fees. There is no monthly minimum royalty collected.

If you select the Premier Franchise Tier you will pay to us a 7% royalty on the first \$12,500 in monthly Gross Revenues earned. You will pay us a 6% royalty on all monthly

Gross Revenues between \$12,501 and \$16,667. You will pay us a 5% royalty on all monthly Gross Revenues above \$16,667. The breaking points do not include Featured Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Monthly Fees or Inactive Penalty Fees. There is no monthly minimum royalty collected.

Royalty Report

"Royalty Report" means the document that you submit to us when reporting Gross Revenues, Featured Monthly Membership Fee, 3D Upload/Floor Plan Fee, Hommati Curb Lead Fees, Broker/Team Leader Sponsorship Fees, Inactive Penalty Fees and MLS Monthly Fee.

Standard Tier Franchise Package

"Standard Tier Franchise Package" is one of three levels you can choose. The Standard Tier Franchise Package includes an iPad. The Royalty for this level is a descending scale that starts at 9% and decreases to as low as 7%.

Start Date

"Start Date" means the date when your HOMMATI® Program begins operation or ninety (90) days after we sign this agreement, whichever is first. The Start Date may be extended only with our written consent.

Syndication Monthly Fee

"Syndication Monthly Fee" means a fee that you are required to pay to us each month to host and display local real estate Listings into our website Hommati.com regardless of whether we are currently subscribing to your MLS or there are other franchisees in your market subscribing to the same MLS.

<u>System</u>

"System" means the intellectual property that we license to you under this agreement, including the right to use our business methods, technical knowledge, specialized services, proprietary products, brand concepts, operational processes, trade secrets, commercial ideas, advertising materials, marketing strategies, and training techniques.

Termination

"Termination" means expiration, non-renewal, transfer, or termination of this agreement before its normal expiration date.

Territory

"Territory" means the means a geographic area defined by a county or counties that we grant to you in this agreement and protected by a maximum number of franchisees permitted to conduct business there.

Trade Name

"Trade Name" means the commercial name "HOMMATI®".

<u>Transfer</u>

"Transfer" means any sale, gift, Territory change or other change in the majority beneficial ownership of: (1) rights in this agreement, (2) the capital assets of your HOMMATI® Program, or (3) you.

<u>You</u>

"You" means the person or company that is named as "you" in Article 1 of this agreement. "You" means, in addition, all people or entities that succeed to your interest by Transfer or operation of law.

4. FRANCHISED RIGHTS

4.1. Granting Clause

We grant to you the right and obligation and you accept from us the right and obligation to own and operate a HOMMATI® Program.

4.2. Territory

Your franchise is for a specific location of one or more counties, as explained below and identified on Attachment 7 to the Franchise Agreement.

The minimum territory that we grant normally includes 200,000 or more people in it. We use population data from the US Census Bureau or another source we deem reliable to determine population.

Your Territory is protected by a maximum number of franchisees we can establish within a Territory. We determine this maximum number by taking the total population within a county and/or a combination of counties and dividing it by 200,000. This sets the maximum number of franchisees to 1 per 200,000 in population. Territories are delineated by county and state. For counties that have less than 200,000 in population we may, at our sole discretion, combine two or more counties to get up to a total minimum population of 200,000.

When a county has more than 200,000 in population we may, in our sole discretion, combine two or more counties in order to not void contiguous counties that have less than 200,000 in population. When a county has more than 200,000 in population we may also, at our sole discretion, combine two or more counties in order to maintain trade areas for metropolitan statistical areas that have close economic ties to multiple counties. Your Territory specified in Attachment 7 will show all counties we have included. We may, at our sole discretion and at any time in the future, expand your Territory and permit you to operate your Program in additional counties provided we never exceed the maximum number of franchisees to 1 per 200,000 in population of the updated Territory. We do not need to execute any form of addendum to add additional counties to your territory.

You can provide services to any real estate agent or client whose principal office is inside your Territory. An agent's principal office is defined as the firm office they are assigned to, they may not always have their own desk there, but they will usually have at

least an inbox. It's also may be the address shown on their business card. If an agent has an office address on their card or are assigned to a physical office location, then their home address cannot be used as their address. This is regardless of whether they have an office in their home or not. Some firms may have multiple offices and agents may work out of more than one of them. In these cases, the agent's principal office is the address shown on their business card. In the case of any disputes, We will use our reasonable judgement researching online and possibly contacting the agent and/or the agent's broker to make a final determination of what address should be used.

From time-to-time, agents may move firms or change assignment to one office to another within the same firm. A franchisee may have enrolled an agent when that agent was working at one specific firm or office and then, later, the agent moved. Or an agent may have used a different address or county, when they enrolled, i.e., their home address. If it's discovered that a franchisee is providing services to an agent who is not currently in their Territory and the agent is now in a different franchisee's Territory, unless a mutual agreement can be reached between the two franchisees in question, we can, in our sole discretion and without consent, re-assign that agent to the franchisee who has the Territory the agent is in.

If an agent who is exclusive to You has listings outside your Territory, You can provide services on those listings regardless of whether it is in a Territory being served by other franchisee(s).

Relocation

You do not need our consent to relocate your Program's office within your Territory or Territories. Relocation of your Program to an address outside your Territory is not permitted with the exception of implementing a transfer into another Territory. We may, at our sole discretion, permit You to transfer into another Territory provided we have not reached our maximum number of franchisees in the Territory you are requesting a transfer. You will be subject to a transfer fee per Section 6.12 of this Agreement

Options, Rights of First Refusal

We do not grant options, rights of first refusal, or similar rights to acquire additional franchises.

You will not receive an exclusive Territory. You may face competition from other franchisees.

You may not solicit or accept orders from consumers (who would be licensed real estate agents or brokers) outside of your territory, including through other channels of distribution such as catalog sales, telemarketing, or other direct marketing.

Round Robin Lead Distribution Process

To reduce the duplication of effort or conflicts with franchisees within the Territory, we have established the following requirements:

(a) All leads coming into our website generically that are not already Featured Agents or Limited Agents assigned to a franchisee for less than 90 days or have been billed services by a franchisee within the past 90 days or have come in from your landing page or have identified a specific franchise that initiated their action, will be assigned in a Round Robin fashion to all franchisees operating in your Territory (except as provided in Franchise Agreement Section 5.12). They will be assigned in rotation to each franchisee within the Franchise Network and each franchisee will receive an equal distribution of these leads.

(b) We agree not to authorize any other franchisee or affiliate to solicit Clients that have paid you a Featured Monthly Membership Fee or you have billed through your dashboard for any Hommati service within the past 90 days. You agree that you will not provide Products or Services to a Client that any other franchisee has been paid a Featured Monthly Membership Fee to or they have billed a Client through their dashboard for any Hommati service within the past 90 days.

(c) You must do an Exclusive Agent Search on the franchise dashboard before offering Featured Membership, 3D Interactive Tour, Aerial Video, 2D Photography or any other Hommati services. You most confirm the agent you want to offer services to is not exclusively assigned to any other franchisee.

(d) If a conflict arises between two or more franchisees as to who has the rights to a particular Client, this conflict will be resolved by determining which franchisee has the earliest date of Client membership or publication of the 3D Interactive Tour or Aerial Video to Hommati.com. If, within 30 days of enrollment, it is determined that an agent initiated Featured or Limited Agent enrollment due to the efforts of a specific franchise and there is evidence provided that supports this claim, we may, in our sole discretion, reassign that agent to the franchisee it was determined initiated that enrollment.

(e) Limited Agents are also assigned to franchisees on an exclusive basis for a 90-day period. If they upgrade their membership to a Featured Agent within that 90-day period, they will become exclusive to You. If they do not, and that have not been billed for any services within the past 9-days, they will return to the Round Robin assignment if they come up as a new lead in the future.

Restrictions

We reserve the exclusive right to conduct or control Internet promotion and marketing, including the exclusive right to establish and use accounts in any of the social media using our Trade Name or Marks.

We reserve all other rights not expressly granted to you in this agreement, including

the right to sell national advertising on our web site Hommati.com and the right to sell other Proprietary Products and Services on our web site Hommati.com that are not the types of products and services that you are authorized to offer as part of a Program.

Client Dispute Resolution

We have the right to refer any Client dispute between you and another franchisee to an independent ombudsman whom we will compensate. You and we will be bound by the decision of the ombudsman in any such dispute. Under no circumstances, however, will we be required to initiate legal action against any franchisee or former franchisee to prevent or compensate you for violation of your Territorial rights by that franchisee.

4.3. Rights Reserved

We reserve the exclusive right to conduct or control Internet promotion and marketing, including the exclusive right to establish and use accounts in any of the social media using our Trade Name or Marks.

We reserve all other rights not expressly granted to you in this agreement, including the right to sell national advertising on our web site Hommati.com and the right to sell other Proprietary Products and Services on our web site Hommati.com that are not the types of products and services that you are authorized to offer as part of a Program.

4.4. Term and Renewal

4.4.1. Initial Term

The initial term of the franchise will begin on the Start Date and will continue for ten (10) years.

4.4.2. Renewal

You have the right to renew the franchise for consecutive additional ten (10) year terms on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal if, at the time of renewal, the following conditions have been fulfilled:

- You and your Related Parties are in Good Standing under (1) this agreement,
 (2) any other agreement between us or our affiliates and you, and (3) the Operations Manuals,
- (b) You have notified us in writing at least one hundred eighty (180) days before the expiration date of this agreement of your wish to renew,
- (c) You and any Related Parties that have signed this agreement have signed a copy of the franchise agreement for the renewal term not less than ninety (90) days before the expiration of this agreement or thirty (30) days after you receive the renewal franchise agreement from us, whichever is later,
- (d) You and any Related Parties that are guarantors to this agreement have signed a special release of claims in the form of Attachment 1 to this agreement with

respect to past dealings with us and our affiliates, and

(e) You have not been voluntarily or involuntarily on Inactive Hold for a period of 90 days or more within 60 days of the renewal period.

When you renew your franchise agreement you are required to renew at the same franchise tier level you established when you first signed the franchise agreement. You can, at your option, instead pay the full then current franchise fee for a different franchise tier level in order to change tiers.

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this agreement's provisions. Changed provisions may include increased or different fees and national advertising fund contributions.

5. OUR SERVICES

We will perform the following services for you at times and places we select as long as you are in Good Standing under this agreement, any other agreement with us and the Operations Manuals:

5.1. Initial Training Program

Before the opening of your Program, we will conduct an initial training program in the operation of your Program under the HOMMATI® System for you.

5.2. Operations Manuals

We will lend you or make available to you an iPad Pro pre-loaded with our digital suite of Operations Manuals that may include audio media, video media, computer software, and access to online applications, electronic media and/or written materials. The Operations Manuals may include instructions for use of the Marks, specifications for goods or services that will be used in or sold by your Program, sample business forms, information on marketing, management, and administrative methods developed by us for use in your Program, names of approved suppliers, and other information that we believe may be necessary or helpful to you in your operation of your Program. We will revise the Operations Manuals periodically to meet the changing needs of the Franchise Network and will distribute updated pages containing these revisions to you, or, if the Operations Manuals has been placed on our intranet, will post revised pages there.

5.3. Designated Vendors or Suppliers

We will give you, in the Operations Manuals or otherwise in writing, names and addresses of designated vendors or suppliers of certain types of goods and services that you must use or sell in your Program. Currently, we designate providers for your online bookkeeping, apparel, printing, direct mail, social media and email marketing, Hommati thumb drives, gift cards, service providers of Proprietary Products, vehicle wrap, drone wrap, drone and drone equipment and 3D Camera wrap, 3D camera and equipment. In designating a particular supplier or provider, we expressly disclaim any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose. You agree to look solely to the manufacturer or supplier for the remedy for any defect in the goods or services.

5.4. Specifications

We will provide you with standards and specifications for certain products and services you will use in your Program. The standards and specifications will be stated in the Operations Manuals, as revised from time to time. Currently, your computer system and certain accessories are covered by our specifications. You are required to manually add each listing that you do services, with a minimum required amount of information. You are required to provide all services in each of the packages we offer. This includes uploading the floor plan and setting up the guided tour and 3D walkthrough.

5.5. Forms and Templates

We will provide a limited amount of advertising and promotional templates to you to assist you in fulfilling your independent advertising. At no additional charge, we will give you a sample of each or make the artwork available to you in digital form. You must pay the cost of reproducing these materials.

5.6. Suggested Prices

We will suggest fees and prices that you may wish to charge your Clients. You do not have to adopt our suggested price.

5.7. Proprietary Products and Services Availability

We will use our best efforts to ensure that designated vendors or suppliers will at all times have a supply of Proprietary Products and/or Services for sale to you at fair market value.

5.8. Additional Training

We will provide additional training to you during the term of this agreement when we believe that additional training is needed. We anticipate that our additional training programs will be primarily web-based.

5.9. Consultation

We will use our reasonable efforts to make our personnel available in a timely manner for telephone, email, or on-line consultation on all aspects of your Program for no additional charge. We will advise you on recruiting and training well-suited employees.

5.10. Business Development

From time to time, we will develop additional services to add to your profit centers. We will seek to evolve new methods of marketing, retaining, and increasing the revenue of your Program throughout the term of this agreement.

5.11. National Advertising Fund

5.11.1. Administration

We may, in the future, administer a national advertising fund that we will account for separately on the general ledger. If we do administer this fund it will not exceed four percent (4%) of your Gross Revenues. The purpose of the fund would be to pool our advertising money and that of our franchisees so as to achieve greater benefits for all in promoting the Trade Name and Marks. We may use the fund to pay for market research, advertising materials, media space and time for a national or regional advertising program, graphics development, a promotional web site, online leads generation, a referral program, social media use and public relations activities. The fund may also be used for advertising grants to franchisees, collectively or individually, at our sole discretion. We may use up to 15% of fund money to compensate ourselves for overhead and other expenses incurred in connection with our administration of the fund. We will distribute to our franchisees, once a year, an unaudited national advertising fund report that will state the total amounts of money collected and spent by the Fund during the past year and list, by general category, the manner in which we spent the money.

5.12 Leads

We will distribute and assign all leads generated from your landing page directly to you. Leads coming in generically to our website are asked screening questions to attempt to determine if the agent has initiated enrollment due to speaking with or seeing marketing from a specific franchise. All leads that were not generated from your landing page or leads generated from our website whereby the agent does not remember how they heard about Hommati, will be distributed on a Round Robin Basis to all franchisees within the Territory. Each franchisee will receive an equal distribution of these leads except under certain circumstances. Leads that come in for Featured Agents who are already exclusively assigned to another franchisee or leads that come in from Limited Agents who have been exclusively assigned to another franchisee for less than 90 days will not be distributed in the Round Robin lead assignment. You will be removed from the Round Robin lead assignment for any of the following circumstances:

- 1. You are not in Good Standing as defined in Franchise Agreement Section 3
- 2. You have not confirmed receipt of any lead or leads for more than 14 calendar days from the date they were received in your franchise dashboard.
- 3. You have requested to be placed on an inactive hold due to vacations or other circumstances that would cause you to temporarily stop operating your business for a period of more than 14 days.
- 4. You have been involuntarily placed into an inactive hold due to not enrolling any new Featured Agents and/or selling any services to any agent for a period of 90 days or more.
- 5. Leads from Featured Agents will go exclusively to the franchisee who enrolled the Featured Agent.
- 6. Leads from Limited Agents who have been assigned to a franchisee for less than 90 days will go exclusively to the franchisee that received it in the Round Robin distribution.

6. YOUR PAYMENTS

6.1. Initial Franchise Fee

When you sign this agreement, you must pay us in immediately accessible funds

an Initial Franchise Fee of \$29,900, \$36,900 or \$44,900 depending on the Franchise Tier you select. The initial franchise fee is fully earned and nonrefundable when paid. Please check the box below for the one Franchise Tier you wish to select:

Tier	Price and Description	Royalties
Standard Tier Franchise Package	\$29,900 which includes and iPad Pro	9-7%
Deluxe Tier Franchise Package	\$36,900 which includes and iPad Pro & 3D Camera	8-6%
Premium Tier Franchise Package	\$44,900 which includes and iPad Pro, 3d Camera and Drone and Remote	7-5%

We are a member of the International Franchise Association (IFA) and participate in the IFA's VetFran Program. We provide a 10% discount on the Initial Franchise Fee up to a maximum of \$2,990 to veterans of U.S. Armed Forces who have been honorably discharged or otherwise meet the requirements of the VetFran program. You are required to provide us with a copy of your DD214 to receive this discount.

6.2. Royalty

The royalty fee you pay us is dependent on the Franchise Tier you select. It calculated on a descending scale basis with specific monthly breaking points.

If you select the Standard Tier Franchise Package, you will pay 9% on the first \$12,500 of monthly Gross Revenue, 8% on monthly Gross Revenues from \$12,501 - \$16,667 and 7% on monthly Gross Revenues above \$16,667.

If you select the Deluxe Tier Franchise Package, you will pay 8% on the first \$12,500 of monthly Gross Revenue, 7% on monthly Gross Revenues from \$12,501 - \$16,667 and 6% on monthly Gross Revenues above \$16,667.

If you select the Premium Tier Franchise Package, you will pay 7% on the first \$12,500 of monthly Gross Revenue, 6% on monthly Gross Revenues from \$12,501 - \$16,667 and 5% on monthly Gross Revenues above \$16,667.

The breaking points do not include Featured Monthly Membership Fees, Hommati Curb Lead Fees, Broker/Team Leader Monthly Fees, Virtual Enhancement Fees or Inactive Penalty Fees. There is no monthly minimum royalty collected.

You will report this Royalty to us not later than the tenth (10th) of the monthly following the month you are reporting. While many items on this report is automated within the Franchise Dashboard, it is your responsibility to ensure you're paying the correct amount of Royalty including any services you have billed outside of the Franchise Dashboard. You will use the Royalty Report on your Franchise Dashboard to report any and all Gross Revenues collected.

We reserve the right to automatically deduct the Royalty payments by electronic funds transfer, pre-arranged draft, or other digital method at our option immediately

following receipt of your Royalty Report.

We have the right to increase the breaking points in an amount corresponding to the increase in the Consumer Price Index (CPI) for the immediately preceding year.

6.3. National Advertising Fund Contributions

If, in the future, we administer a National Advertising Fund, then on the tenth (10th) day of each month during the term of this agreement, you would be required to pay to the national advertising fund a monthly contribution of an amount we will set not to exceed four percent (4%) of your total Gross Revenues.

6.4 Syndication Monthly Fee

You will pay us a fee of \$195 per month to host, display and, depending on the MLS, automatically upload and update listings the MLS may publish. This fee is payable regardless of whether we are already subscribing to your MLS or there are other franchisees in your territory subscribing to the same MLS. We have the right to increase the MLS Monthly Fee each quarter by an amount that is no higher than a total increase of 25% in a single calendar year. This fee is still payable whether you have voluntarily or involuntarily have been placed on Inactive Hold.

6.5 3D Upload/Floor Plan Fee

You are required to pay a 3D Upload/Floor Plan Fee of \$32 for each 3D Interactive Tour you produce and/or upload to Hommati.com. The fee is the same regardless of whether the floor plan is used or it is uploaded to Hommati. The fee is earned as soon as you produce the 3D Interactive tour. We have the right to increase the 3D Upload/Floor Plan Fee each quarter by an amount that is no higher than a total increase of 25% in a single calendar year. Homes in excess of 15,000 sq. ft. and/or up to a maximum of 200 scans may be too large to capture under one model.

6.6 Virtual Enhancement Fees

You agree to pay to us a Virtual Enhancement Fee of \$22 per image staged or \$30 per image for those images requiring a reasonable number of items to be removed before staging. \$5 per image for twilight enhancement and \$6 per image for blue skies, green grass enhancement. We have the right to increase the Virtual Enhancement Fees each quarter by an amount that is no higher than a total increase of 25% in a single calendar year.

6.7. Payment of Ongoing Fees

Except where otherwise stated, your obligation to pay royalties and any other ongoing payments to us described in this Article, other than Initial Franchise Fee, begins on the Start Date of this agreement.

You must sign the attached authorization agreement for prearranged payment, in the form of Attachment 2 to this agreement, or any other document necessary to enable us to initiate payment of ongoing fees and other payments by electronic funds transfer, pre-arranged draft, or other digital method at our option. You must submit the Royalty Report to us, in the manner and form described in the Franchise Agreement Section 6.2 and in the Operations Manuals, including, among other information, the figures on which our fees are calculated. Once you have submitted the Royalty Report to us by the tenth (10th) of the month following the month you are to be reporting, we will initiate payment by electronic funds transfer, pre-arranged draft, or other digital method an amount equal to what you reported. If we are unable to take payment digitally because you have not submitted a required report or for any other reason for which you are responsible, our inability to take payment will be considered your failure to make payment. If you do not submit the Royalty Report to us on or before the tenth (10th) of the month following the month you are to be reporting, we can, at our option, initiate payment by electronic funds transfer, pre-arranged draft, or other digital method an amount equal to what the current Royalty Report shows for the month and then reconcile this amount against the actual amount once you have submitted the Royalty Report. If the reconciliation shows that you have underpaid, you will be responsible for submitting the difference to us within seven (7) calendar days. If the reconciliation shows that you have overpaid, you will be given a credit toward your next month's Royalty Report.

<u>6.8. Audit</u>

We have the right to audit your books and records, including your tax returns and financial and business data from fixed and removable drives of your business computer system and from your online accounting and bank statement with respect to your Program during normal working hours with no advance notice. Alternatively, at our sole option, we may require you to send digital or paper copies of selected records to us for audit. The auditor may be our employee or an independent contractor and does not have to be an accountant.

We have the right to contact Clients to verify the amount and quantity of payments made to you. If an audit discloses an underpayment of amounts payable to us under this agreement, you must immediately pay these amounts to us together with an administrative processing fee for each late payment as provided in this Article. If you are unable to produce the records you are required to maintain to explain any discrepancy disclosed by the audit, we may presume that the discrepancy results from an underpayment.

If we performed the audit because you did not provide required financial statements at the times and in the format specified in the Operations Manuals or if the underpayment exceeds three percent (3%) of the total Gross Revenues or any other ongoing payments to us for any period covered by the audit, you must also reimburse us for our expenses for the audit.

If you dispute our finding of an underpayment, we will retain, at your written request within ten (10) days of receiving our notification of underpayment, a certified public accountant to review or audit, at your option, your books and records for the period under examination. If the certified public accountant's report shows an underpayment that equals or exceeds any underpayment we found, or if the audit cannot be completed because you withhold requested records, you must reimburse us for our expenses in obtaining both audits, the amount of the underpayment and an administrative processing fee for each payment that was late.

6.9. Training Fees and Costs

We do not charge a fee for the initial training program for you or live virtual training for any other member of your operations, sales or management team. For all training we offer, you must pay any costs of travel, lodging, meals, and other incidental expenses that you or your employees incur or that we incur in traveling to your location, at your request, to conduct training, including a reasonable per diem for any trainer who travels to your location.

6.10. Payment for Proprietary Products

If ordering Proprietary Products from us or our affiliate, you must submit a check for the full purchase price, plus an additional amount to cover the costs of shipping, freight insurance, and any applicable duties, sales or use tax, as we specify, with each order for Proprietary Products. We have the right to require payment in cash, electronic funds transfer, cashier's check, or other means of making the funds immediately accessible to us if, in our reasonable discretion, your payment practices or financial status, the amount of the order, general economic conditions, or other business reasons make it advisable.

6.11. Renewal Fee

As a condition of renewing this franchise, you must pay, when you enter into a new, then current franchise agreement for the first renewal term, a renewal fee of \$1,500. Any renewal fee for a later renewal term will be set in the franchise agreement for the expiring franchise term.

6.12. Transfer Fee

As a condition of Transfer of this franchise, or a Transfer to a different Territory, you must pay, before the Transfer, a Transfer fee of \$2,500 if you Transfer your franchise or a majority ownership interest in it or when you Transfer your franchise to a different Territory.

6.13. Brokerage Fee

If you sell your franchise to a candidate that we produce, you must pay a fee equal to 33% of the then current franchisee fee to partially compensate us for the acquisition costs we spent on advertising to generate the interested candidate. This fee must be paid before we grant our consent to the Transfer. If you sell your franchise to a candidate you have located independently and have met all the conditions described in Section 9.4 of this agreement, this fee would not be applicable.

6.14. Annual Meeting Registration Fee

You must pay the HOMMATI® Annual Meeting registration fee whether you attend the meeting or not. We will charge a registration fee of \$395 for up to two (2) attendees at the HOMMATI® Annual Meeting. Additional attendees may attend for an additional registration fee of \$195 each. You must pay your own travel, lodging, and incidental expenses. Payment is due at least one (1) month before the meeting begins.

6.15. Declined Payment Charge

You must pay us, upon invoice, a declined payment charge of \$35 or our actual expense, whichever is more, to compensate us for the administrative expenses and bank charges we incur if your credit card payment is declined or your check or electronic payment is dishonored by the bank.

6.16. Interest and Late Fees on Late Payments, Reports or Under Reporting

You must pay us, upon payment of late fee or submittal of late report, interest not ro exceed 18% per annum on all amounts owed plus an administrative processing fee of \$50 for each late payment or report. The purpose of the late payment charge is to partially compensate us for the administrative burden imposed upon us by your failure to comply with your obligation to pay or report in a timely manner.

6.17. Email Service Fee

You must pay us a fee once every three years of \$120 per email address that you have requested. A minimum of one email address with the @Hommati.com domain name is required for your Program. Only emails with the @hommati.com domain can be used in your Program.

6.18. Application of Payments

We may apply any payment you make to us, at our option, to any past due debt you owe us regardless of how you say the payment should be applied. We do not have to accept payments after they are due or extend credit or otherwise finance your operations, except as specifically provided in this agreement. If you do not pay all amounts when due, we may suspend our services and support until you cure the failure. If you do not make the payment within any applicable cure period, we have the right, at our option, to terminate this agreement.

7. YOUR OBLIGATIONS

7.1. Use of Trade Name and Marks

7.1.1. Context

We require you to use our Trade Name and Marks only in the operation of an HOMMATI® Program. You must use the email address we assign to you for all business communications. You may not use any web address, but ours in connection with your Program. You must sign an Assignment of Telephone Numbers, Email Addresses, and Website Addresses in the form of Attachment 4 to this agreement when you sign this agreement. You agree to affix the Marks upon such vehicles, uniforms, equipment, advertising, sales/promotional materials and such other objects, in such size, color, lettering style and fashion, and at such place as we may designate in the Operations Manuals.

7.1.2. Changes in Trade Name and Marks

We have the right to change our Trade Name and Marks and the specifications for each when we believe, in our reasonable discretion, that the changes will benefit the Franchise Network. You must promptly conform, at your own expense, to any such changes.

7.1.3. Advertising Materials

You must submit to us copies of all promotional and advertising materials that you propose to use at least two weeks before the proof approval deadline for any advertising that we have not provided to you, that you have materially changed or that we have not previously approved. All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising, and comply with any applicable laws and regulations. We will review the materials within a reasonable time and will promptly notify you or the regional advertising cooperative, as applicable, whether we approve or reject them. We may not withhold our approval unreasonably. Even if we approve specified materials, we may later withdraw our approval if we reasonably believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising.

7.1.4. Legal Protection

You must notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we may select legal counsel and have the right to control the proceedings.

7.2. Quality Assurance

7.2.1. Initial Training Program

You must attend and successfully complete all phases of the initial training program and complete it to our satisfaction. Your Program must always be directly or indirectly supervised by a person who has successfully completed our initial training program. Failure to successfully complete any aspect of the training program, as we determine in our reasonable discretion, constitutes grounds for immediate termination of your franchise. You must pass the FAA Drone Pilot Certification for Small Unmanned Aircraft (Part 107) before offering Aerial Videos and/or stills.

7.2.2. Start of Operations

You may not begin operating your Program until we certify in writing that, in the view of our management, you and your employees are prepared to begin operation. By certifying that our management believes your Program is prepared to begin operation, we do not guarantee that your Program will be successful. Success is dependent on many factors that are not within our control.

7.2.3. Compliance with Operations Manuals

You must operate your Program in total compliance with the standards and specifications stated in the Operations Manuals. We may make changes in our standards and specifications, when, in our reasonable discretion, change is needed for the continued success and development of the Franchise Network. Such changes may require the purchase of equipment, supplies, furnishings, or other goods, completion of additional training by your employees, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense. You must at all times keep your copies of the Operations Manuals current by inserting in it any revised pages we give you and deleting superseded pages. If there is any dispute as to the

requirements of the Operations Manuals at any point in time, the terms of our master copy of the Operations Manuals will control.

7.2.4. Goods and Services Offered

You must use and sell all the goods and services and only the goods and services that we have authorized you to provide. If, from time to time, we decide to make changes in the goods and services you are authorized to provide, you must comply with the changed requirements at your own expense.

If we have designated a particular vendor or supplier as the sole source for a particular type of goods or services you use or sell in your Program, you may buy only from that supplier. We may designate a supplier at any time. We may name ourselves or an affiliate as a designate vendor or supplier or we may name an unrelated third-party supplier.

You must use any software or hardware and subscribe to any online application that we specify and must update your system to maintain compatibility with our requirements for your computer system.

Even if we do not designate a specific provider for some types of goods or services that you use in your Program, we may require that you obtain our written approval of any supplier from which you obtain those types of goods or services. If we tell you that you must obtain our approval of your supplier of a certain type of goods or services and you would like to buy these goods or services from a supplier that we have not previously approved, you must notify us in writing and, upon our request, give us product specifications, sample products, and/or information about the supplier. We will promptly give you our written approval or our reasons for withholding our approval. As a condition of approving a supplier of any product that bears the Trade Name or Marks, the supplier must sign our license agreement to enable us to control the quality. We may withdraw our approval of a supplier if the supplier no longer meets our standards.

7.2.5. Client Satisfaction Program

We may use various techniques to obtain Client feedback concerning your services. If the feedback indicates that your performance does not meet our currently effective standards, as described in the Operations Manuals, or if we receive unusual numbers of Client complaints about your Program, we may suggest ways in which you can improve your performance. If you do not take immediate, effective steps to bring your operation up to our standards, your failure to do so will be a material breach of this agreement.

7.2.6. Attendance at Additional Training

If we advise you that attendance at an additional training program is mandatory, you must attend and complete the program, at your own expense, to our reasonable satisfaction. We do not charge a fee for additional training.

7.2.7. Maintenance and Upgrades

Periodically, we may ask you to upgrade your equipment and software to meet our

currently effective standards. You must promptly comply with any such request.

7.2.8. Professional Conduct

In all your dealings with us, your Clients, your employees, your suppliers and others, you must adhere to the highest possible standards of professional conduct, courtesy, honesty, integrity, ethical behavior, dependability, good faith, and fair dealing. You must respond promptly and courteously to any communications we, and Clients direct to you. You may not engage in any conduct that, in our reasonable opinion, may injure the goodwill associated with the Trade Name and Marks. It is your responsibility for maintaining a good relationship with Clients you work with. If a Client decides they no longer wish to engage your services now or in the future, it is not our responsibility to resolve it. You must do everything you can to promote and maintain the excellent reputation of the HOMMATI® Franchise Network. Breach of this clause is a breach of this agreement and, if material, is grounds for immediate termination without opportunity to cure.

7.2.9. Inspections

We will conduct periodic quality assurance inspections of your Program during normal business hours. You will cooperate with our representatives during inspections. We may make quality assurance inspections with or without prior notice. You must promptly correct any deficiencies in your operation of which we advise you. If you do not take immediate, effective steps to bring your operation up to our standards, your failure to do so will be a material breach of this agreement. We may review your Listings published on the Hommati.com website and evaluate the 2D Stills, 3D Interactive Tours, Aerial Videos, Aerial Stills, Virtual Enhancements and other digital media services that you have provided for Clients. If, in our sole discretion, we conclude that any service that you have provided is not up to the quality standards of the HOMMATI® Franchise Network, we can remove that media from Hommati.com and require that you immediately replace that service for the Client at your sole cost.

7.2.10. Proprietary Products

Any Proprietary Product used in your Program is unique and important to the success of the System. A Proprietary Product must be used as we instruct. You may purchase a Proprietary Product only from our designated vendors or suppliers. Use or sale of any substitute for a Proprietary Product without our prior written consent, which we may withhold in our sole discretion, is a material breach of this agreement.

7.2.11. Notification of Complaints

You must notify us promptly if you are served with a complaint in any legal or administrative proceeding that is in any way related to your Program or if you become aware that you are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency.

7.2.12 Adding Listings

For any listing you manually add and publish live to Hommati, you must ensure you are adding the Minimum Listing Requirements to those listing. This is not necessary for listings that are saved but not published.

7.3. Attendance at Annual Meeting

We may, at our sole discretion, arrange an Annual Meeting to provide updates, offer continuing education, and encourage discussion of topics of importance to the Franchise Network. If we designate attendance at the Annual Meeting as mandatory, you must attend at your own expense.

7.4. Personnel

7.4.1. Management

You must devote your best efforts to the management and operation of your Program and supervise all financial and operational aspects of your Program. We are entitled to address all communications with you and to any of your employees. If we, in our reasonable discretion, determine that any of your employees are not properly performing his or her duties, we will advise you and you must immediately take steps to correct the situation.

You alone are responsible for the hiring, scheduling, discipline, discharging, day-today management and control over your employees. You alone are responsible to set their wages, raises, and any benefits. In addition, you, at your sole expense, are required to obtain a criminal background check and motor vehicle report for employees of your Program who will be marketing or providing services to customers. Such reports must be obtained prior to the employee commencing work in your Program. Failure to do so is cause for termination of this Agreement.

7.4.2. Employees

You must see that your employees preserve excellent Client relations, conform to our dress code when they are representing your Program in public, and otherwise comply with this agreement and the Operations Manuals. If you employ any employees, then you must devote at least part time and best efforts to the management and operation of your Program and must directly or indirectly supervise all financial and operational aspects of your Program.

You alone are responsible for the hiring, scheduling, discipline, discharging, day to day management and control over your employees. You alone are responsible to set their wages, raises, and any benefits.

7.5. Advertising Obligations

Unless you have voluntarily requested to be placed on Inactive Hold, beginning the first (1st) month of operation, you are required to spend a minimum of four percent (4%) of your monthly Gross Revenues or \$500 per month whichever is greater, on local adverting, marketing and promotional programs to help grow your business within your Territory. We will directly pay the designated vendors for Your minimum monthly required advertising for your first year of operation from your First Year Marketing Fee at the rate of not more than \$833.33 per month. You can spend more if you choose. If you do not use the entire budget each month than the difference is lost. We do not roll any portion of the monthly budget into future months and none of the First Year Marketing Fee will be refunded under

any circumstances. This will cover your \$500 per month requirement until you exceed \$20,833 in monthly sales. At that point, the minimum 4% would be higher than the \$500 per month minimum and you would be responsible for the difference. On the 13th month of operation, you would be fully responsible for all advertising expenses and you would be required to meet your 4% Local Advertising or \$500 per month spend requirement. Advertising may include, but is not limited to, Google AdWords PPC, LinkedIn Advertising, Yahoo Advertising, real estate expos and events, local real estate magazines, trade journals, direct mail, social media marketing and email drip marketing is counted towards that overall four percent (4%). You are required to purchase the Hommati display from the designated vendor prior to starting operations and attend at least two (2) real estate expos or real estate events in your area each year provided these events are being held in your area. You are required to have at least 1,000 agent emails in your database or your pro-rata share of agent emails for your market provided you have other franchisees operating in your territory. You are required to do a minimum of a five-dollar (\$5) boost for each Platinum or Premium Package you sell. You are required to join at least one of the Realtor Associations in your market as an affiliate or vendor member.

The first time you intend on running a new advertisement, you must submit to us copies of all promotional and advertising materials that you originate and propose to use at least two weeks before the proof approval deadline. Once an advertisement has been approved, provided the content and/or images have not changed, you may use the previously approved advertisement in your on-going advertising. This requirement is also applicable to regional advertising cooperatives. All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising, and comply with any applicable laws and regulations. We will review the materials within a reasonable time and will promptly notify you or the regional advertising cooperative, as applicable, whether we approve or reject them. We may not withhold our approval unreasonably. Even if we approve specified materials, we may later withdraw our approval if we reasonably believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising.

7.6. Financial Information

7.6.1. Records

We have the right to access and copy the data on your computer system and in your online business databases used for your Program upon reasonable advance notice. You must keep financial records of your Program in the form prescribed by the Operations Manuals for at least three (3) years.

7.6.2. Reports

You must submit to us financial reports on the income and expenses of your Program, sales taxes paid and business bank statements at the times and in the format specified in the Operations Manuals. You must have computer and communications equipment and software that meet specifications stated in the Operations Manuals to create financial reports, transmit them to us electronically, receive e-mail communications, and enable you to participate in our intranet.

You must submit to us, in the form we request, complete contact information on each of your Clients.

You must submit to us, upon request, copies of all federal, state, and local income, sales, business bank statements and property tax returns related to your Program. We may use this data to confirm that you are complying with your obligations under this agreement, to formulate earnings and expense information to show to prospective franchisees, and to advise you on Program operations.

7.7. Insurance

You must purchase and maintain a policy or policies of drone liability insurances and comprehensive general liability insurance, covering all Program assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than \$1,000,000. You must purchase a minimum \$5,000 Surety Bond on each employee that you have who may ever work in or around a home you are providing services at. You must purchase and maintain commercial automotive liability insurance with a combined single limit, CSL of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and include a hired and non-owned endorsement. We may increase the minimum coverage requirement annually to reflect inflation or other changes in circumstances. The insurance policies must contain a provision that the policies cannot be cancelled or amended without thirty (30) days' written notice to us. All policies must be issued by an insurance company with a financial strength rating of at least "A" by A.M. Best & Co., designate us as an additional named insured and be satisfactory to us in form, substance, and coverage. You must deliver a certificate of the issuing insurance company evidencing each policy to us in any manner we specify in the Operations Manuals as soon as the policy is issued or renewed.

In addition, you must maintain policies of workers' compensation, unemployment, and disability insurance, and any other types of employment insurance required by applicable law.

7.8. Financial and Legal Responsibility

7.8.1. Compliance with Law

You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to your Program. You must strictly follow all laws and regulations relating to unemployment insurance, workers 'compensation insurance and withholding, and payment of payroll taxes. You must obtain and maintain an FAA Drone Pilot Certification for Small Unmanned Aircraft (Part 107). You are solely responsible for complying with and registering and licensing requirements. We are not responsible for advising you on federal, state and or local laws or regulations concerning any required registrations of required licenses nor will we be held accountable for your lack of compliance with said laws or regulations. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with your operation of your Program.

7.8.2. Payment of Indebtedness

You must pay promptly when due all taxes and debts that you incur in the conduct of your Program, particularly debts to your suppliers. You must remain completely current in any financial responsibilities to us under this agreement and any related agreement.

7.9. Exclusive Agent Search

You agree that before you begin marketing to a specific potential Client that you will perform an Exclusive Agent Search on the Franchise Dashboard to determine if the potential Client in question is a Featured Agent or Limited Agent who is already exclusively assigned with another HOMMATI franchisee. You further agree to not solicit or market in any way to Clients that are displayed in this search.

8. RELATIONSHIP OF PARTIES

8.1. Interest in Marks and System

You may not at any time do or cause to be done anything contesting or impairing our interest in our Trade Name, Marks or System or causing harm to the goodwill associated with the Trade Name and Marks. You must use your best efforts to enhance and protect the goodwill of the Franchise Network. You are not granted any rights in our Trade Name, Marks, or System except for your right to use them according to the express terms of this agreement. We retain the right to grant other franchises or licenses to use the Trade Name, Marks, and System on any terms that we would like, subject only to your rights described in Article 4 of this agreement.

8.2. Independent Status

You are an independent contractor and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, Clients and others in the manner specified in the Operations Manuals. You must rely on your own knowledge and judgment in making business decisions, subject only to the requirements of this agreement and the Operations Manuals. You may not expressly or implicitly hold yourself out as our employee, agent, partner, member, shareholder, joint venturer, or representative, nor may you state or suggest that you have the right or power to bind us or to incur any liability on our behalf. You may not use any part of the HOMMATI® Trade Name as part of your legal name (corporate, limited liability company, or partnership name), although you must use the Trade Name as your fictitious business name.

8.3. Display of Statement

Purchase order forms, invoices, leases, tax returns, employee forms, legal agreements and other documents you use in your business dealings with suppliers, lessors, government agencies and employees must identify you by your own name as an independent legal entity operating under a HOMMATI® franchise. If we specify the formats for your statements of identity for specific types of documents in the Operations Manuals, you must comply with our prescribed formats.

8.4. Confidentiality

The information, ideas, forms, marketing plans, and other materials we disclose to you under this agreement, whether or not included in the Operations Manuals, are our confidential and proprietary information and trade secrets. You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third party, except to your employees and agents as necessary in the operation of your Program and except as we authorize in writing. It is your responsibility to obtain compliance of your Related Parties with the provisions of this section. Each of your Related Parties must sign a written nondisclosure agreement, in the form of Attachment 3 to this agreement, when you sign this agreement. You must obtain a nondisclosure agreement from each new Related Party with whom you become affiliated during the term of this agreement and promptly send a copy of the nondisclosure agreement to us.

8.5. Indemnification

You must indemnify and hold us harmless from all expenses and liabilities of any kind arising from or in any way connected to any act or omission of yours. If we are made a party to a legal proceeding in connection with your act or omission, we may hire counsel to protect our interests and bill you for all expenses and fees we incur. You must promptly reimburse us.

8.6. Covenant Not to Compete

You may not, during the term of this agreement, operate or own a beneficial interest in any company offering 3D Tours, walkthrough tours, video tours, aerial video or stills, HD and HDR photography, 2D Images, virtual enhancements, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, real estate website or any other services we may offer from time to time to anyone in the United States, except as authorized through this Franchise Agreement. Additionally, you must not, during the term of this agreement, operate or own a beneficial interest in any website or mobile app that displays any form of real estate Listings or other products and services to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement

Additionally, for one (1) year after the Termination of this agreement You may not operate or own a beneficial interest in any company offering 3D Tours, walkthrough tours, video tours, aerial video or stills, 2D photography, virtual enhancements, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, real estate website or any other services we may offer from time to time to anyone in in the United States, except as authorized through this Franchise Agreement. Additionally, you must not, during the term of this agreement of for a period of one (1) year after the Termination of this agreement, operate or own a beneficial interest in any website or mobile app that displays any form of real estate Listings or other products and services to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement. You agree to obtain the individual written agreement of each of your Related Parties to the provisions of this section in the form of Attachment 3 to this agreement.

8.8. No Liability for Technology Failure

We are not liable for any direct, incidental or consequential Damages, including but not limited to, lost profits, lost savings or consequential, punitive or incidental damages arising out of or in any way connected to a technology related problem such as high-speed internet connect, electronic mail, software, website, computer, drones, iPad, 3D cameras, scanning or scan uploads other electronic equipment or call center.

8.9. Intellectual Property

During the term of this agreement and all renewals and extensions thereof and for one (1) year after its Termination, You agree and acknowledge that We shall be entitled to sole ownership of any intellectual property rights or copyright that You create, develop, produce and/or discover. This may include, but not be limited to, all videos, photography and 3D Tours. You hereby assign to Us the entire right, title and interest to such work, which relates in any way to the operation of Your Program.

9. TRANSFER OF FRANCHISE

9.1. Purpose of Conditions for Approval of Transfer

We grant this franchise in reliance on your integrity, ability, experience, and financial resources. You may transfer neither the franchise nor your Program operated under it unless you have first obtained our written consent, which may not be unreasonably withheld. Any purported Transfer without our prior written consent is void. To ensure that no Transfer jeopardizes the Trade Name, Marks, or our interest in the successful operation of your Program, we will consent to a Transfer only if you comply with the provisions of Sections 9.2 through 9.4 of this agreement.

9.2. Notice of Intention to Transfer

If you would like to transfer this franchise, you must submit to HFN: (a) the form of franchise purchase application we currently use, completed by the prospective transferee and (b) a written notice, describing all the terms and conditions of the proposed Transfer or a copy of the purchase and sale agreement, and (c) the transfer fee described in Section 6.12 of this agreement.

9.3. Consent and Right of First Refusal

We must respond in writing to your written notice within fifteen (15) days after receiving it, or, if we request additional information, within the later date of fifteen (15) days after receipt of the additional information or the final day of the original fifteen- (15-) day period. We may either preliminarily approve the Transfer, state in writing our reason for refusing to approve it, or purchase your Program from you ourselves on the same terms and conditions as those offered by the third party. Silence is not consent. If we preliminarily approve the Transfer, then you may transfer the interest described in the notice only to the named transferee and only on the terms and conditions stated in

the notice. Our final consent to the Transfer must be obtained in writing after all the conditions stated below have been fulfilled. Our consent to a particular Transfer will not be consent to any other or subsequent Transfer.

9.4. Conditions for Consent to Transfer

Our consent to your Transfer will not be unreasonably withheld, but will be subject to certain conditions, including, but not limited to:

- (a) Our determination, based on the information that you submit and any other information available, that the proposed transferee is qualified by meeting all of the criteria of character, business experience, financial responsibility, net worth, and other standards that we customarily apply to new franchisees at the time of Transfer,
- (b) Payment of all your outstanding debts to us and our affiliates,
- (c) Cure of all defaults under the franchise agreement, any other agreement(s) between HFN and you or your Related Parties, and the Operations Manuals,
- (d) At our sole option, signing by the transferee of an assumption of the rights and obligations of this franchise agreement or signing by the transferee of the thencurrent form of franchise agreement, and signing by the transferee's Related Parties of required supplemental agreements in the forms attached to the applicable franchise agreement,
- (e) Completion by the transferee's Owner of our initial training program to our satisfaction,
- (f) Signing by you and any Related Parties who have signed a guarantee of your obligations of a special release of claims against us and our affiliates in the form of Attachment 1 of this agreement,
- (g) Our determination, based on our review of the proposed purchase agreement or notice, that the agreement and any financing of the sale will give the buyer a reasonable chance to succeed as our franchisee, and
- (h) Your payment of the transfer fee described in Section 6.12 of this agreement.
- (i) You must continue to pay the MLS Monthly Fee until the Transfer is completed.

9.5. Assignments Not Treated as Transfers

The Transfer provisions described above do not apply to an assignment to:

- (a) Any Trustee, Guardian, Executor, or Conservator for the account and benefit of a spouse, ancestor, or descendent;
- (b) Any of your employees under any employee stock option plan or stock purchase

plan, if any share certificate distributed in connection with a plan of this type is marked with a legend describing the restrictions and conditions of Transfer required by this agreement;

- (c) Any business entity if the controlling interest in the franchisee immediately after the assignment is the same and in the same proportions as the controlling interest immediately before the assignment. Any attempted assignment described in this subsection is void if you have not obtained our prior written consent. We will consent to an assignment of this type only if you fulfill all of the following conditions:
 - You promptly advise HFN in writing of the assignment and send HFN a copy of the assignee's organizational documents and a list of names of the assignee's owners together with a statement of percentage of ownership;
 - (ii) You sign a special release of claims in the form of Attachment 1 to this agreement; and
 - (iii) You sign a guarantee, in the form of Attachment 5 to this agreement, of the obligations of the assignee; and
 - (iv) You and your transferee sign an assignment of franchise and obtain our written consent to the assignment.

9.6. Change of Ownership Upon Death or Total Disability

If you die or become totally disabled while this agreement is in effect, your heirs, successors or beneficiaries will have 60 days within which to show to our satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth, and other standards that we require of new franchisees at that time. If we approve your heirs, successors, or beneficiaries as transferees of the franchise, we will waive any transfer fee in connection with the Transfer. If we advise your heirs or beneficiaries in writing that we do not approve them as transferees of the franchise, or if we do not approve or disapprove a Transfer within 60 days following your death or total disability, your heirs or beneficiaries may have 120 additional days from the date of disapproval of the Transfer or the end of the 60-day period, whichever is first, within which to find and notify us of a proposed Transfer to a gualified transferee. If your heirs or beneficiaries do not advise HFN of a qualified transferee within the specified period, the franchise will automatically terminate at the end of that period unless we have granted a written extension of time. During any period when there is no approved franchisee or transferee operating the Program, we have the right to operate the business on your behalf or on behalf of your estate, using the income of the Program to pay its ongoing expenses plus a reasonable per diem. Any profit during this period will be paid to you or your estate, as the case may be.

9.7. Assignment by HFN

We may assign our rights and responsibilities of this agreement to a person or entity without your consent upon the following conditions: (a) we reasonably believe that the assignee can perform our obligations under this agreement, (b) we reasonably believe the assignee is financially responsible, and (c) the assignee expressly agrees in writing to assume our obligations under this agreement.

10. TERMINATION OF FRANCHISE

10.1. Termination by Consent of the Parties

The parties may terminate this agreement by mutual written consent.

10.1.1. HFN Ceases Operations

If we become insolvent or cease to operate for any reason you will consent to and execute a mutual termination agreement and Special Release of All Claims Franchise Agreement Attachment 1. This Franchise Agreement and all attachments thereto will be considered null and void and you will be released from the Non-Competition Covenants Franchise Agreement Attachment 3. You may continue to operate your business under your own trade name and do so without any payments of royalties or otherwise to us.

10.2. Termination by HFN

10.2.1. Notice of Default

This agreement will terminate 30 days after we give you written notice of default and opportunity to cure if any of the types of defaults described in subsections (a) through (c) below has not been cured. This agreement will terminate five (5) days after we give you written notice of default and opportunity to cure if the type of default described in subsection (d) below has not been cured. This agreement will terminate immediately without opportunity to cure when we give you written notice of any of the types of defaults described in subsections (e) through (r) below occurs.

10.2.2. Events of Default

Subject to the notice provisions in the preceding section, upon the occurrence of any of the following defaults, at our option we may terminate this agreement:

- (a) If you do not submit to us in a timely manner any information or report we require you to submit under this agreement or the Manual, or if you do not deliver to us, in a timely manner, evidence of each insurance policy required by this agreement whenever the policy is issued, amended or renewed,
- (b) If you do not begin operation of Program by the Start Date of this agreement or if you operate your Program in a manner that does not conform to this agreement and the Operations Manuals in any material respect,
- (c) If you default in the performance of any material obligation under this agreement not otherwise described in this list of defaults,
- (d) If you do not make any payment when due under this agreement or any other agreement between you and us or our affiliate,
- (e) If you do not successfully complete the initial training program and we

conclude, in our reasonable discretion, that you are willing and able to do so,

- (f) If you intentionally or recklessly misuse the Trade Name, Marks or the System or engage in conduct that reflects materially and unfavorably on the goodwill associated with them, or if you intentionally use in your Program any names, marks, systems, logotypes, or symbols that we have not authorized you to use,
- (g) If you or any of your Related Parties has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to a Program or that uses the System or the Marks without authorization from us, or if you do not give us a signed copy of the Nondisclosure and Noncompetition Agreement of each of your Related Parties within ten (10) days after that party becomes a Related Party,
- (h) If you or your Related Party attempts to assign your rights under this agreement or to transfer your Program in any manner not authorized by this agreement,
- (i) If you or your Related Party has made any material misrepresentation in connection with the acquisition of a Program or to induce us to enter into this agreement, or if you knowingly keep false books or intentionally make false reports or make any other material misrepresentation to us in the operation of your Program,
- (j) If any other agreement between you or your Related Party and us or our affiliate is terminated because of your material default,
- (k) If you act without our prior written approval or consent in regard to a matter for which this agreement expressly requires our prior written approval or consent,
- If you commit a material default and we have twice previously given you written notice of the same type of default within the term of this agreement, whether or not you have cured the defaults,
- (m) If have been in Inactive Hold for longer than six (6) months or if you stop operating your Program under circumstances that lead us to the reasonable conclusion that you do not intend to resume operation,
- (n) If we reasonably determine that the continued operation of your Program will pose a threat to public health or safety,
- (o) If you become insolvent, or
- (p) If you are convicted of criminal misconduct that is relevant to the operation of your Program or any felony.

10.3. Rights and Obligations After Termination

On Termination of this agreement for any reason, the parties will have the following rights and obligations:

- (a) We may stop performing our obligations under this agreement.
- (b) You must give us a final accounting for your Program, pay us within 30 days after Termination all payments due to us, and return the Operations, marketing materials, proprietary forms, software, videotapes and any other property belonging to us or our affiliate or containing proprietary information.
- (c) On our written request, you must immediately and permanently stop using the Marks or any confusingly similar marks, the System, and any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that you are operating a Program. You must immediately remove the Marks from your vehicles.
- (d) You must promptly sign any documents and take any steps that in our judgment are necessary to delete your listings from classified telephone directories, disconnect, or, at our option, assign to us any telephone numbers that have been used in connection with your Program, and terminate all other references that suggest you are or ever were associated with us. By signing this agreement, you irrevocably appoint us your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within seven (7) days after this agreement is terminated.
- (e) You must maintain all records we require you to maintain under this agreement for not less than three (3) years after final payment of any money you owe to us when this agreement is terminated.
- (f) For a period of 60-days following the effective date of Termination, we have the exclusive right, at our sole option, to purchase your accounts receivables consisting of the Featured Monthly Membership Fees, Hommati Curb Lead Fees, and/or Broker/Team Leader Monthly Fees, your Client(s) pays You, on the following terms:
 - i. We must send written notice to you within 30 days after Termination of this agreement if we elect to exercise the option to acquire this asset.
 - ii. We will pay you an amount equal to three (3) months of your portion (60%) of the then current Featured Monthly Membership Fee, Hommati Curb Lead Fees, and/or Broker/Team Leader Monthly Fees, for each of your Client(s) that are current in paying this fee to you each month. You must give us an updated digital copy of the list of your accounts receivable as well as a paper copy. We may offset any amounts we must pay to cure your defaults against us and your suppliers under this agreement against the purchase price you receive for your accounts receivable.
 - iii. If there is any dispute between the parties regarding the purchase and the rights and obligations described in this subsection, and we are

the prevailing party in the dispute, we will be entitled to our attorney fees and costs incurred in resolving the dispute.

- (g) If the franchise granted in this agreement is terminated because of either party's material default, the rights described in this section may not necessarily be the injured party's exclusive remedies, but will instead supplement any other equitable or legal remedies available.
- (h) Termination of this agreement will not end any obligation of either party that existed before Termination. All obligations of the parties that by their terms or by reasonable implication are to be performed in whole or in part after Termination will survive Termination.

11. MISCELLANEOUS PROVISIONS

11.1. Construction of Contract

Section headings in this agreement are for reference purposes only and will not in any way modify the statements contained in any section of this agreement. Each word in this agreement may be considered to include any number or gender that the context requires. If there is any conflict between this agreement and the Operations, this agreement will control.

11.2. Governing Law

This Agreement is effective upon its acceptance in Ohio by our authorized officer. Except as to claims governed by federal law, Ohio law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

11.3. Notices

The parties to this agreement should direct any notices to the other party at the address below that party's name on the final page of this agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by personal delivery, fax (with simultaneous mailing of a copy by first-class mail), email (with simultaneous mailing of a copy by first-class mail), delivery service, or first-class mail. Notice by fax or email will be considered delivered upon transmission, by delivery service, upon delivery or attempted delivery to the address you provided to us in writing, and by first class mail, three days after posting. Notice of Termination or nonrenewal must be sent by a receipted form of delivery, but will be effective upon attempted delivery if sent to the address you provided to us in writing even if delivery is not accepted.

11.4. Amendments

This agreement may be amended only by a document signed by all of the parties to this agreement or by their authorized agents.

11.5. Waiver

Waiver of any breach of this agreement may not be interpreted as a waiver of any other or subsequent breach.

11.6. Integration

This agreement and any exhibits or attachments to it are the entire agreement between the parties concerning the franchise it grants. All prior agreements and representations and all contemporaneous representations, except for the representations in the disclosure document, are superseded by this agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

11.7. Dispute Resolution

11.7.1. Agreement to Attempt Amicable Settlement

The parties have reached this agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation, mediation or arbitration. They agree that, if any dispute arises between them, before beginning any legal action, mediation or arbitration against the other, they will first attempt to negotiate a settlement. If the dispute concerns Territorial rights, they must bring the dispute before and be bound by the decision of our appointed third-party ombudsman. If either party files a mediation proceeding, you must participate in the mediation. Good faith participation in these procedures to the greatest extent reasonably possible is a precondition to maintaining any legal action or arbitration.

11.7.2. Initiation of Procedures

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has ten (10) days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party's behalf. These people are called the "Authorized People."

11.7.3. Direct Negotiations

The Authorized People may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the Initiating Party's written notice to discuss resolution of the dispute. The Authorized People may meet at any times and places and as often as they agree.

11.7.4. Mediation

If the dispute has not been resolved within 30 days after the initial meeting, you must try for a period of 60 days to mediate the dispute before you may file any claim against us. Mediation will be conducted by and under the rules of the American Arbitration Association (AAA) in Franklin County, Ohio, unless the parties agree otherwise in writing.

11.7.5. Arbitration; Carve Out for Injunctions; Jury Waiver

Any Claims, including any dispute over the arbitrability of this agreement, must be determined by binding arbitration before a single arbitrator in Franklin County, Ohio, by the AAA under its rules for commercial arbitration, as varied by the express provisions of this clause. The arbitrator will have exclusive jurisdiction to determine the arbitrability of any matter. In arbitration, the parties agree that each side may, in addition to such discovery as the rules of the AAA or the arbitrators allow, take one deposition of up to four (4) hours by each party.

This arbitration clause does not deprive us of our right to file an action in court to seek preliminary or permanent injunctive relief and bring other related claims in the same case, and you agree to waive the requirement that we post bond on any injunction so obtained. In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

11.8. Individual Dispute Resolution

You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

11.9. Limitation of Actions and Punitive Damages Waiver

You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

11.10. Attorney Fees

If we are the substantially prevailing party as to any Claims, we are entitled to recover our costs and attorney fees incurred in the proceeding.

11.11. Severability

Each provision of this agreement is severable. If any of its provisions is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this agreement. The invalid provisions will be considered not to be a part of this agreement. However, if we decide that the finding of illegality adversely affects the basic consideration for our performance under this agreement, we may, at our option, terminate it.

11.12. Approval and Guaranties

Each of your owners with a 20% or greater interest in you must approve this agreement, permit You to give HFN the financial information we require, and agree to the restrictions placed on them, and, limitations on their rights to compete in the form of Attachment 3 to this agreement, and sign separately written guaranties of your payments

and performance in the form of Attachment 5 to this agreement. You represent that all your owners are listed in Attachment 6 to this agreement.

11.13. Acceptance by HFN

This agreement will not be binding on us unless and until it has been signed by our CEO.

11.14. Disclaimer of Representations

We Make No Representations Or Promises Of Any Kind Except Those Specifically Stated In This Agreement And The Franchise Disclosure Document That Has Been Delivered To You. We Do Not Guarantee That You Will Succeed In The Operation Of The Hommati® Program. We Are Not A Fiduciary And Assume No Special Responsibilities Beyond The Normal Responsibilities Of A Seller In A Business Transaction.

FRANCHISOR HOMMATI FRANCHISE NETWORK, INC.

Date:		Ву:
		Jerry Lee Clum, Jr.
		CEO, President, Founder and Director
FRANCHISEE		
D		
Ву:	Signature	
	olghatare	
Printed Name		
Ву:		
	Signature	
Printed Name		

STATE SPECIFIC ADDENDUM TO HOMMATI ® FRANCHISE AGREEMENT

1. INTRODUCTION

This Addendum (Addendum) is effective on the same date as the franchise agreement (Agreement) to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

2. AGREEMENT

The parties agree as follows:

2.1. California

The following provisions apply to you if you are a resident of or your franchise is located in California.

Sections 10.2.1 and 10.2.2 are deleted and in their place are substituted the following:

10.2.1. Termination by HFN Without Right to Cure. We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct, which reflects materially, and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all

health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 10.2.2 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct, which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

10.2.2. Termination by HFN with Opportunity to Cure. We may terminate this Agreement, after sending you notice and a 60-day opportunity to cure, for any other breach of this Agreement.

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

2.2. Illinois

The following provision applies to you if your State is Illinois:

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of

the State of Illinois is void.

See the last page of the **STATE SPECIFIC ADDENDUM TO THE HOMMATI FRANCHISE AGREEMENT** for Signature block for execution simultaneous to the Franchise Agreement.

2.3. Maryland

The following provisions apply to you if you live in Maryland or your Program will be located in Maryland:

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

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

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

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2.4. Minnesota

The following provisions apply to you if your State is Minnesota:

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. <u>Section 6.15 of the Franchise Agreement is amended to limit the Declined Payment Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.</u>

2.5. New York

The following provisions apply to you if your State is New York:

Special Release of Claims

The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. The release does not apply to claims arising under Article 33 of the General Business Law of the State of New York.

No Waiver of Rights

Section 11 of the Franchise Agreement is amended to also state: "The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee or upon the area developer by article 33 of the General Business law of the state of New York."

2.6. North Dakota

The following provisions apply to you if your State is North Dakota:

Special Release of Claims

The Agreement says that we may require you to sign a special release of claims,

except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. The release does not apply to any claim arising under the North Dakota Franchise Investment Law.

Damages for Early Termination

The Agreement provides that if the Agreement is terminated because of your material default or repudiation of the Agreement, we have the right to recover damages as compensation for lost future profits. This requirement is deleted from the Agreement.

Arbitration Venue

The Agreement provides that disputes will be arbitrated in Ohio. This requirement is deleted from the Agreement.

Limitation of Actions

The Agreement says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one (1) year after the party knows or should know the facts on which the arbitration is based. Any claims arising under the North Dakota Franchise Investment Law may be brought within the period provided by North Dakota law.

Covenant Not to Compete

The Agreement says that you may not, during the term of the Agreement and for one year after its Termination, operate or own a beneficial interest in any company that is competitive with any Program and that is located within franchisee's Territory or any other Territory in the system. North Dakota Century Code § 9-06-08 limits our ability to restrict your activity after the Agreement has ended.

Choice of Law, Jurisdiction and Venue, Jury Waiver, and Punitive Damages

The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted.

Choice of Law

North Dakota law governs any cause of action arising out of the franchise agreement.

Costs and Expenses

Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2.7. Rhode Island

The following provisions apply to you if your State is Rhode Island:

a. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

b. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

c. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

d. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

2.8. Washington

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and

where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount that will be adjusted annualized, exceed \$250,000 per year (an amount t

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

2.9. Wisconsin

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- 1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
- 2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

3. INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

		FRANCHISOR Hommati Franchise Network, Inc.
Date:		By: Jerry Lee Clum, Jr. CEO, President, Founder and Director
FRANCHISEE		
Ву:	Signature	Date:
Printed Name		
Ву:	Signature	Date:
Printed Name		

SPECIAL RELEASE OF CLAIMS

 This Special Release of Claims is signed on
 [date], at Westerville,

 Ohio, by
 [name of releaser],

 referred to in this Special Release as "Releasor," in favor of Hommati Franchise Network, Inc.,

 referred to in this Special Release as "Releasee."

RECITALS

This Special Release is made and delivered with reference to the following facts:

A. Release and Releasor are parties to a HOMMATI ® franchise agreement Dated _____ [dated] ("Franchise Agreement").

B. Releasor would like to transfer the Franchise Agreement and the franchised Program operated under it to a transferee described in the accompanying documents.

C. Releasor would like to assign the Franchise Agreement and the franchised Program operated under it to an entity owned by the Releasor and described in the accompanying documents.

D. Releasor would like to transfer their territory to a different territory.

-OR-

E. Releasor would like to renew the Franchise Agreement.

F. Release is willing to consent to Releasor's request on condition that Releasor meets the conditions for consent stated in the Franchise Agreement. One of these conditions is that Releasor must sign a special release of claims in favor of Releasee.

G. For the above-described consideration, the value and adequacy of which Releasor acknowledges, Releasor signs and delivers this Special Release.

RELEASE

1. Releasor, on behalf of Releasor and Releasor's Related Parties, as the term "Related Parties" is defined in the Franchise Agreement, now and forever releases and discharges Hommati Franchise Network, Inc. and its successors, attorneys, insurers, brokers, principals, officers, directors, shareholders, partners, agents, employees, and contractors, from any and all claims, demands, losses, expenses, damages, liabilities, actions, and causes of action of any nature, except non- waivable statutory claims or claims arising from representations in a disclosure document we gave you, that in any manner arise from or relate to the franchise relationship described above.

2. This Special Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action, except non-waivable statutory claims or claims arising from the representations in the disclosure document you received, that the parties do not presently anticipate, know, or suspect to exist, but that may develop, accrue, or be

discovered in the future. RELEASOR EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of signing the release, which if known by him must have materially affected his settlement with the debtor." Releasor represents and warrants that Releasor has considered the possibility that claims, liabilities, injuries, damages, and causes of action that Releasor does not presently know or suspect to exist in Releasor's favor may develop, accrue, or be discovered in the future, and that Releasor voluntarily assumes that risk as part of the consideration received for this Special Release.

3. Releasor covenants and agrees that Releasor will not make, assert, or maintain any claim, demand, action, or cause of action that is discharged by this Special Release against any Release named or described in this Special Release. Releasor agrees to indemnify, defend, and hold each Release named or described in this Special Release, and their successors in interest, harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorney fees, resulting from a breach of the covenant contained in this paragraph.

4. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act.

5. Releasor agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Franchise Agreement described above.

I, the undersigned, have read this Special Release and understand all of its terms. I sign it voluntarily and with full knowledge of its significance.

Date:

[Signature of Releasor]

[Print name of Releasor]

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

The undersigned depositor (Depositor) authorizes Hommati Franchise Network, Inc. (HFN) to request debit entries and/or credit correction entries to the Depositor's checking and savings account(s) indicated below and the depository (Bank) to debit the account according to HFN's instructions.

Bank

Branch

Street Address, City, State, Zip Code

Bank Transit/ABA Number

Account Number

This authorization is to remain in full force and effect until the Bank has received joint written notification from HFN and Depositor of the Depositor's termination of the authorization in a time and manner that will give the Bank a reasonable opportunity to act on it. In spite of this, the Bank will give HFN and Depositor thirty (30) days' prior written notice of the termination of this authorization. If an incorrect debit entry is made to Depositor's account, Depositor will have the right to have the amount of the entry credited to the account by Depository, if within fifteen (15) calendar days following the date on which the Bank sent to Depositor a statement of account or a written notice pertaining to the entry or forty-five (45) days after posting, whichever occurs first, Depositor has sent the Bank a written notice identifying the entry, stating that the entry was in error, and requesting the Bank to credit the amount to the account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

Depositor

By

Title

Date

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

Confidant is about to undergo training by Hommati Franchise Network, Inc. (HFN) or one of its franchisees. During this process, Confidant will learn a great deal about the HOMMATI® System and Network, including information about its franchisees' business affairs, finances, management, marketing programs, philosophy, Clients, and methods of doing business. Confidant will have access to confidential information developed and maintained at substantial cost by HFN. This information is proprietary to HFN. Its use by third parties could cause substantial and irreparable damage to the HFN.

Therefore, in return for either (a) his or her training by HFN to operate a Program or (b) his or her employment by HFN or by one of its franchisees, the undersigned (Confidant) agrees as follows:

1. Nondisclosure of Trade Secrets and Confidential Information

Confidant agrees, during the term of the Franchise Agreement and following termination, expiration, or assignment of the Agreement, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of HFN to any other person or company unless authorized in writing by HFN. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of others, whether or not the Trade Secret or Confidential Information has been conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to HFN, including all ideas made or conceived by Confidant.

2. Definition of Trade Secrets and Confidential Information

For purposes of this Agreement, the terms "Trade Secret" and "Confidential Information" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, sales and marketing information, pricing information, proprietary software, internal business forms, orders, member accounts, Operations Manuals and instructional materials describing our methods of operation, including our Operations Manuals, audiotapes and video tapes, digital videos, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by HFN, and any other information or property of any kind of HFN that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this agreement are the sole property of HFN.

3. Return of Proprietary Materials

On termination or expiration of franchise ownership or employment by HFN or a HOMMATI® franchisee, Confidant must surrender to HFN all materials considered proprietary by HFN, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of HFN. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain the sole property of HFN.

4. Noncompetition

Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to HFN, Confidant will not, during the employment relationship between Confidant and HFN or the franchisee that employs him or her, or during the term of this Franchise Agreement and the ownership interest of Confidant in an HOMMATI® franchise, directly or indirectly, engage in or offer 3D Tours, walkthrough tours, video tours, aerial video or stills, 2D photography, virtual enhancements, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, real estate website or any other services we may offer from time to time to anyone in the United States. except as authorized through this Franchise Agreement. Additionally, you must not, during the term of this agreement, operate or own a beneficial interest in any website or mobile app that displays any form of real estate Listings or other products and services to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement

Additionally, Confidant agrees that Confidant will not, until the expiration of one (1) year after the termination of the employment relationship between Confidant and HFN or the franchisee that employs him or her, or termination of the ownership interest of Confidant in an HOMMATI® franchise, directly or indirectly, in the HFN franchise territory where Confidant previously did business, or within a 50 mile radius of such territory boundaries, engage in or 3D Tours, walkthrough tours, video tours, aerial video or stills, 2D photography, virtual enhancements, augmented reality, video slideshows, lockbox or sign placement, SMS sign riders, door hanger service, real estate website or any other services we may offer from time to time to real estate professionals, business owners, contractors, engineering firms or owners or authorized representatives of apartment complexes, rentals, vacation properties, resorts, undeveloped land or commercial properties in the United States, except as authorized through this Franchise Agreement.

5. Saving Provision

Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraphs are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and HFN. However, Confidant and HFN are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph,

Confidant and HFN agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with HFN to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

With respect to the post-termination portion of the covenant not to compete in Section 4 above, as to a Confidant who lives in Washington state and where the Confidant's non-compete applies with respect to an employment or other situation covered by 2019 Washington HB 1450, the post-termination covenant not to compete will only apply if Confidant's annual earnings exceed the inflation adjusted dollar thresholds stated in 2019 Washington HB 1450 in the year prior to the time the post-termination covenant not to compete will take effect.

6. Irreparable Harm to HFN

Confidant understands and agrees that HFN will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with HFN. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of HFN for Confidant to enter into this agreement. If there is a breach of this agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

7. Binding Effect

This Agreement will bind Confidant's heirs, executors, successors, and assignees as though originally signed by them.

8. Applicable Law

The validity of this agreement will be governed by the laws of the State where Confidant lives, unless Confidant lives in California, then Ohio law will apply. If any provision of this agreement is void or unenforceable in the applicable State, the remainder of the Agreement will be fully enforceable according to its terms.

CONFIDANT

		CONFIDANT
Date:	Signature:	
	Print Name:	
		CONFIDANT
Date:	Signature:	
	Print Name:	

ASSIGNMENT OF TELEPHONE NUMBERS, EMAIL ADDRESSES AND WEB ADDRESSES AND SPECIAL POWER OF ATTORNEY

1. [name] ("Franchisee"), to induce Hommati Franchise Network, Inc. ("HFN") to grant Franchisee a franchise, assigns to HFN all telephone numbers, email addresses, web addresses and listings (collectively "Addresses") that Franchisee advertises, publicizes, or otherwise makes known to members or the public in the operation of a HOMMATI® Program, both now and in the future, in the city, county and state where the Program is operated.

2. This assignment will automatically become effective immediately upon Termination (meaning "termination, expiration, or nonrenewal") of Franchisee's HOMMATI® franchise. When the franchise is terminated, Franchisee agrees to do whatever is necessary to cause the companies providing service to the Program to promptly transfer its Addresses to HFN or its designee.

3. Franchisee agrees to pay these service providers, on or before the date when the franchise is Terminated, all amounts Franchisee owes it in connection with the Addresses, including payment for any advertisements or listings in a classified directory or directories. Franchisee further agrees to indemnify HFN for any money HFN must pay the service providers before the service providers will carry out this agreement.

4. Franchisee appoints HFN as attorney-in-fact to sign any documents and do any things necessary to carry out this agreement if Franchisee fails to sign or do them within three (3) business days after Termination of the Franchise Agreement. Franchisee further agrees to indemnify HFN for any expenses, including legal fees, that HFN incurs which would not have been incurred if Franchisee had performed as promised under this agreement.

Sign here if Franchisee is an individual:

FRANCHISEE

Date:	Signature:
	Print Name:
Date:	Signature:
	Print Name:

PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

To induce Hommati Franchise Network, Inc. (Franchisor) to enter into or permit assignment of a HOMMATI® franchise agreement (Franchise Agreement)

[Franchisee's full legal name]

(Franchisee)

signed on the same date as the date of this Guaranty, the undersigned unconditionally, jointly and severally, personally guaranty to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement were signed between Franchisor and the undersigned, as franchisee, directly.

The undersigned expressly waive notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Personal Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization, or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing, and this Personal Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

The undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

The undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than fees that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

In connection with any litigation or arbitration to determine the undersigned's liability under this Personal Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

If more than one individual signs this Personal Guaranty or if more than one Personal Guaranty has been signed, each person signing a Personal Guaranty will be jointly and severally liable for the obligations created in it.

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, the undersigned signed this guaranty on [date].

Signature:	
Print Name:	
Signature:	
Print Name:	

YOUR OWNERS

You (the franchisee) are: An Individual

A married couple (marital community) or living trust

The following individuals are all of the owners of the franchised Program:

*For each owner that is an entity, please attach a page showing names, addresses, and ownership percentages of its owners.

NAME	ADDRESS	PERCENT
TOTAL	1	100%

TERRITORY

Your territory includes the county or counties of:

In the state of:

CURRENT FRANCHISEES

The following is a list of the names, addresses, and telephone numbers of all current franchisees as of our last fiscal year end.

Operational Outlets (as of 11/30/2021):

Franchisee Name	City, State	Phone	Email Address
Trenton Hood	Hoover, AL	(434) 531-2059	trentonhood@hommati.com
Reed Rogers	Lillian, AL	(251) 333-5544	reedrogers@hommati.com
Jacob Meyers	Leeds, AL	(205) 340-8977	meyer@hommati.com
Randy Smith	Loxley, AL	(251) 716-6169	randysmith@hommati.com
Bernhard Stechauner	Anchorage, AK	(907) 290-3050	stechauner@hommati.com
Phil & Donna Ellis	Conway, AR	(501) 391-7300	ellis@hommati.com
Melissa Brimer	Little Rock, AR	(501) 260-7999	melisabrimer@hommati.com
Cary Abbott	Peoria, AZ	(620) 466-6284	abbott@hommati.com
Jeff DeVries	Phoenix, AZ	(310) 600-2968	jeffdevries@hommati.com
Raymond Andruskiewicz	Apple Valley, CA	(909) 258-2221	Andya2z@hommati.com
Napoleon Baltodano	Foster City, CA	(650) 740-3339	baltodano@hommati.com
Paul Santos/Marc Leader	Hawthorn, CA	(310) 908-7617	paulsantos@hommati.com
Tim Lee	Lake Arrowhead, CA	(909) 547-9009	tglee@hommati.com
Wayne Walker	Lake Elsinore, CA	(619) 335-5559	walker@hommati.com
Tim Petsche	Oceanside, CA	(760) 273-5505	timpetsche@hommati.com
Rob Madore	San Clemente, CA	(949) 504-4504	robmadore@hommati.com
Teddy Nicholson	Santee, CA	(619) 678-1122	tnicholson@hommati.com
Randy Reyes	Los Angeles, CA	(818) 927-0045	randyreyes@hommati.com
Nick Cary	Vallejo, CA	(707) 654-5896	nickcary@hommati.com
Wayne Helm	Colorado Springs, CO	(719) 357-5273	waynehelm@hommati.com
Tom Redmond	Durango, CO	(970) 903-7634	redmond@hommati.com
Chris Varner	Eaton, CO	(970) 539-1827	varner@hommati.com
TJ Muldoon	Sandy Hook, CT	(203) 303-7850	tj@hommati.com
Terry Antrum	Vernon, CT	(860) 559-1216	terryantrum@hommati.com
Casey & Debbie Dylan	West Hartford, CT	(860) 531-3233	caseydylan@hommati.com
Chris Hill	Crawfordville, FL	(850) 604-0450	chrishill@hommati.com
Kendall Laine	Huntington Beach, FL	(424) 262-0241	laine@hommati.com
Grace & Dan Allen	Jacksonville, FL	(904) 299-3500	allen@hommati.com
Adam Greene	Kissimmee, FL	(770) 881-1366	adamgreene@hommati.com
Sean DiMatto	Lakeland, FL	(863) 944-9236	seandimatto@hommati.com
Greg Waters	Lake Wales, FL	(863) 271-5588	gregwaters@hommati.com
Randy & Nick Giffing	Land O' Lakes, FL	(813) 938-6612	giffing@hommati.com
Jim Feeney	New Port Richey, FL	(516) 263-6436	feeney@hommati.com
Justin Schulman	Odessa, FL	(813) 812-4888	jschulman@hommati.com
Liz DePietro	Ormond Beach, FL	(386) 871-2424	lizdepietro@hommati.com
Susan Becht	Rockledge, FL	(845) 239-2053	susanbecht@hommati.com
Steve & Kelly Peck	St. Petersburg, FL	(727) 351-3500	stevepeck@hommati.com
Trey Clum	Tampa, FL	(813) 444-9744	treyclum@hommati.com
Mike Cole	Winter Garden, FL	(407) 634-6020	mikecole@hommati.com
Anthony James	Locust Grove, GA	(678) 829-9200	anthonyjames@hommati.com
Robert Landers	Savannah, GA	(970) 922-8990	landers@hommati.com
JC Carson	Eagle, ID	(208) 254-5150	carson@hommati.com
Ken Gillie	Bartlett, IL	(847) 400-9585	gillie@hommati.com
Abraham Bernardini	Belleville, IL	(618) 477-2728	bernardini@hommati.com
Judy & Paul Marchi	Palatine, IL	(847) 250-0222	marchi@hommati.com

Rich Cummings	Plainfield, IL	(773) 531-7456	richcummings@hommati.com
Randy Eick	Indianapolis, IN	(866) 772-5110	randyeick@hommati.com
Brian Brough	McCordsville, IN	(317) 620-6022	brough@hommati.com
Jared Coleman	Manhattan, KS	(785) 312-3230	jaredcoleman@hommati.com
Brian Hellebusch	Overland Park, KS	(913) 755-9222	brianhellebusch@hommati.com
Carrie Mertes	Wichita, KS	(316) 300-1228	carriemertes@hommati.com
Steve Mouser & AJ Maier	Louisville, KY	(502) 345-8583	mouser@hommati.com
Andy Connors	Gray, ME	(207) 618-7300	connors@hommati.com
Thomas Elie	Olney, MD	(204) 630-0455	thomaselie@hommati.com
Michael Daily	Owings, MD	(410) 621-9090	michaeldaily@hommati.com
Greg & Kristin Molzon	Grand Blanc, MI	(810) 584-0400	molzon@hommati.com
Lisa Bugg	McComb, MI	(586) 722-1554	lbugg@hommati.com
Justin Barton	Monroe, MI	(248) 550-0515	justinbarton@hommati.com
Dan & Joanne Gutowsky	Novi, MI	(248) 537-2535	dangutowsky@hommati.com
Chris Pecore		× /	
	Apple Valley, MN	(651) 369-9222	chrispecore@hommati.com
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Franchise Agreement Signed, But Outlet Not Yet Open (As of 11/30/2021)

None

Franchisees Who Had an Outlet Terminated, Cancelled, etc.

The following is a list of the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of each franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with HFN within ten weeks of the disclosure document issuance date.

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

Tony Petiprin Trumbull, CT (203) 993-5901 Sold on 04/05/21

Taylor Morgan Savannah, GA (912) 682-4198 Sold on 08/03/21

Boyd Lowry Glenn Rock, NJ (201) 450-6558 Sold on 10/05/21

The suite of Hommati Operating Manuals consists of 10 sections in six separate manuals for a total of 1,317 pages.



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Section 9 & 10 Franchise Dashboard, Software

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HOMMATI® FRANCHISEE CLOSING QUESTIONNAIRE

1.	Full legal name of franchisee (responsible party on the franchise agreement):					
2.	Address:					
3.	Have you received a franchise disclosure document? (P	lease circle one)				
	Yes No					
4.	. On what date was the disclosure document received, and by whom?					
	Recipient:					
	Date:					
5. Below, please indicate the agreements you are going to sign in connection w the purchase of the franchise and the date when the signature-ready filled-in forms of these agreements were delivered to you:						
	AGREEMENT	DATE				
	Franchise Agreement					
	Authorization Agreement for Prearranged Payment					
	Assignment of Telephone Numbers, Email Address and URL's and Special Power of Attorney					
	Nondisclosure and Noncompetition Agreement					
	Personal Guaranty and Subordination Agreement					
6	Name of franchise seller(s) handling this sale for HFN:					

7.	Do you agree that no oral or written statements (other than statements in Item 19 of the disclosure document) were made to you by HFN, the seller(s) listed above, or any other representatives of HFN concerning the actual sales, profits or earnings of any franchised or company-owned Offices, or potential sales, profits or earnings that could be anticipated for your Office? (Please circle one)		
	Yes	No	If no, please explain in detail (attach additional sheet if necessary) whether and how these statements differed from the statements in Item 19 of the disclosure document.
8.			viewed the disclosure document, franchise agreement and ? (Please circle one)
	Yes	No	If no, please explain:
9.	-		e disclosure document, the franchise agreement and the Please circle one)
	Yes	No	If no, please explain:
10.	 Did you ask HFN any questions concerning the disclosure document, franchise agreement or other agreements that were not satisfactorily answered? (Please circle one) 		
	Yes	No	If yes, please explain:
11.	. Did the seller(s) listed above, or any other employee or representative of HFN, make any statement to you that is inconsistent with the information described in the disclosure document? (Please circle one)		
	Yes	No	If yes, please explain:
12.	•		franchisees of HFN to discuss your possible purchase of t a requirement that you had to, but please circle one)
	Yes	No	

13.	. If your answer to question 14 was yes, please identify these franchisees (attach extra sheet if necessary):				
	1) 2)				
	3)		4)		
	5)		6)		
	7)		8)		
14.	4. Did you employ an attorney to give advice to you concerning the purchase of this franchise? (It is not a requirement that you had to, but please circle one)				
	Yes No If yes, please insert the name, address, and telephone number of the attorney:				
15.	•	e of this fra	accountant or other financial advisor in connection with nchise? (It is not a requirement that you had to, but		
	Yes	No	If yes, please insert the name address and telephone number of the accountant or financial advisor:		
	Accountant	or Other (p	lease describe):		

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

I UNDERSTAND THAT HFN IS ACTING IN RELIANCE ON THE TRUTHFULNESS AND COMPLETENESS OF MY RESPONSES TO THE QUESTIONS ABOVE IN GRANTING A FRANCHISE TO ME. I DECLARE UNDER PENALTY OF PERJURY THAT THE ABOVE IS TRUE AND CORRECT.

FRANCHISE APPLICANT:

Date:	Signature:	
	Print Name:	
		Individually and on behalf of:
	Signature:	
	Print Name:	
		Individually and on behalf of:

ASSIGNMENT OF FRANCHISE

Subject to the written consent of Hommati Franchise Network, Inc. (Franchisor),

		(Seller), for good and valuable consideration,
the receipt		_
of which is acknowledged, ass Seller's	signs to	(Buyer) all
interest in its HOMMATI® fram (Franchise Agreement) and Agreement and Buyer accepts	in the franch	nised business operated under the Franchise
IN WITNESS TO TH deliver it.	IE FOREGOI	NG, the parties to this Agreement sign and
Sign here if Seller is an individual:		SELLER
Date:		
	Print Name:	
Sign here if Seller is a company:		SELLER
	mpany Name	
Date:	By:	
	Print Name:	
	Print Title:	
<i>Sign here if Buyer is an individual:</i> Date:		BUYER
	Print Name:	
Sign here if Buyer is a company:		BUYER
Print Co	mpany Name:	
Date:	By:	
	Print Name:	
	Print Title:	

CONSENT TO ASSIGNMENT

Seller having met the conditions for transfer stated in the Franchise Agreement or our having waived them, we consent to the transfer described above.

FRANCHISOR

HOMMATI FRANCHISE NETWORK, INC.

Date: _____

By: Print Name: Jerry Clum Print Title: President and CEO

EXHIBIT E STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	December 26, 2021
Minnesota	Pending
New York	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The franchisor is Hommati Franchise Network, Inc. ("Hommati"), located at 6264 South Sunbury Road, Suite 100, Westerville, Ohio 43081, Telephone (833) HOMMATI (833-466-6284).

If Hommati offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

lowa requires that Hommati gives you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Hommati gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the signing and delivery of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Hommati gives you this disclosure document at least 10 business days before the signing and delivery of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Hommati does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed in Exhibit A-2.

Hommati authorizes the agents listed in Exhibit A-3 to this disclosure document to receive service of process for it in the particular state.

Issuance Date: January 13, 2022

The Franchise Sellers for this offering are:

Jerry L. Clum, 6264 South Sunbury Road, Suite 100, Westerville, OH 43081, (833) 466-6284 Joseph Ciamacco, 6264 South Sunbury Road, Suite 100, Westerville, OH 43081, (833) 466-6284 Trey Clum, 6264 South Sunbury Road, Suite 100, Westerville, OH 43081, (833) 466-6284

On _____

, I received a disclosure document dated January 13, 2022, that included

the following exhibits:

A-1: Addendum: Specific State Disclosures

A-2: State Administrators

- A-3: Agents for Service of Process
- B: Financial Statements
- C: Franchise Agreement
 - Attachments
 - 1. Special Release of Claims
 - 2. Authorization Agreement for Prearranged Payment
 - 3. Nondisclosure and Noncompetition Agreement
 - 4. Assignment of Telephone Numbers, Email Addresses and Web Address and Special Power of Attorney

Signature of Prospective Franchisee

- 5. Personal Guaranty and Subordination
 - Agreement
- 6. Your Owners
- 7. Protected Territory
- D-1: Current Franchisees
- D-2: Former Franchisees
- D-3: Table of Contents of Operations Manuals
- D-4: Franchisee Closing
- Questionnaire
- E: State Effective Dates
- F-1: Receipt (Your copy)
- F-2: R eceipt (Our copy)

Print Name of Prospective Franchisee

Signature of Prospective Franchisee

Print Name of Prospective Franchisee

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On ______, I received a disclosure document dated January 13, 2022, that included

5.

6.

7.

Questionnaire

Agreement

D-1: Current Franchisees

D-2: Former Franchisees

D-4: Franchisee Closing

E: State Effective Dates F-1: Receipt (Your copy)

F-2: Receipt (Our copy)

Your Owners

Protected Territory

D-3: Table of Contents of Operations Manuals

the following exhibits:

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- A-2: State Administrators
- A-3: Agents for Service of Process
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- C: Franchise Agreement Attachments
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Personal Guaranty and Subordination

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