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FRANCHISE DISCLOSURE DOCUMENT

BETTER HOMES REALTY, INC.
1160 N. TOWN CENTER DR., SUITE #110
LAS VEGAS, NV 89144
(866) 998-8781

BETTER HOMES REALTY

FRANCHISE DISCLOSURE DOCUMENT

BETTER HOMES REALTY, INC.
A Nevada corporation
1160 N. TOWN CENTER DR., SUITE #110
LAS VEGAS, NV 89144
(866) 998-8781
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BETTER HOMES REALTY, INC franchises *Better Homes Realty* real estate brokerage offices that specialize in the sale and leasing of residential and commercial properties

The estimated total investment necessary to begin operation of a Better Homes Realty, Inc franchise is between \$43,200 00 and \$333,000 00 This includes \$12,000 00 or \$15,000 00, depending on the payment method you choose, that must be paid to the franchisor The initial franchise fee will increase by \$2,500 00 per office for each additional office that the franchisee owns on the date the franchise is initially granted

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Chuck Scoble at the above address and telephone number

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

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

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

Issuance Date October 14, 2016

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS CERTIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit B for information about the franchisor or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY and WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN NEVADA OUT-OF-STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE AND LITIGATE WITH US IN NEVADA THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT NEVADA LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

<u>State Effective Dates</u>

California	Pending
Illinois	Pending
New York	Pending

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of October 14, 2016

Better Homes Realty, Inc.

Franchise Disclosure Document

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EXHIBITS

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D. Disclosure and Confidentiality Agreement

E. Franchise Agreement including *Path to Success*®, Continuing Guaranty and General Release

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

We are BETTER HOMES REALTY, INC , the franchisor of *Better Homes Realty* offices We are referred to in this Franchise Disclosure Document by words such as "we", "us" and "our"

In this Disclosure Document the words "you" and "your" refer to the person, people and business entity or entities that purchase one of the franchises we offer Except in the case of a sole proprietorship, general partnership or the general partner of a limited partnership, the words "you" and "your" do not refer to the shareholders, limited partners, members or other owners of a business entity However, the shareholders, limited partners, members or other owners of a business entity that is awarded one of our franchises are required to sign personal guaranties of the entity's obligations under the Franchise Agreement and any other agreements between us The Continuing Guaranty we use for this purpose is attached as Exhibit E to this Disclosure Document

Our principal business address is 1160 N Town Center Dr , Suite #110, Las Vegas, NV 89144 Our mailing address is P O Box 82010, Las Vegas, Nevada 89180 Our registered agents for service of process, if applicable, is listed in Exhibit B to this disclosure document

We are a corporation that was incorporated in California on July 10, 1999, under the name RE 100, Inc We changed our name to Avalar Network, Inc on August 28, 2001 We reincorporated in Nevada on February 21, 2003, and assigned all of our assets to the Nevada corporation on that date We changed our name to Better Homes Realty, Inc on July 23, 2014

On January 6, 2003, we acquired all of the assets of the CPS Alliance Corporation, the owner and licensor of the service mark "CPS-Creative Property Services" On June 5, 2008, we acquired all of the stock in Better Homes Realty, Inc the owner of the Better Homes Realty names and marks and it became our wholly-owned subsidiary until March 1, 2009, when it was merged into us Prior to the merger Better Homes Realty, Inc was located at 1777 Botelho Drive, Suite 130, Walnut Creek, California 94596 Other than as set forth, we have no parents, predecessors or affiliates

We began offering Avalar franchises in September, 1999, and stopped selling franchises under that name on July 1, 2014 Better Homes Realty franchises had been offered by Better Homes Realty, Inc since 1970 until we acquired its assets in June, 2008 After that acquisition, we became the franchisor of Better Homes Realty offices We offered CPS franchises from 2009 until October 1, 2012 when we stopped franchising CPS offices CPS offices have been converted to Better Homes Realty offices The remaining Avalar offices co-brand with the Better Homes Realty name We have not offered franchises in any other lines of business and do not do business under any other names

We grant franchises only to experienced real estate professionals The franchised offices specialize in the sale and leasing of residential and commercial real estate If your office or offices have been open less than 12 months when you were granted your first franchise, you operate your office or offices under the Better Homes Realty name, either as the sole name of your business or in conjunction with your individual business name as specified in our Corporate Style Manual If your office or offices have been open more than 12 months when you are awarded your franchise, the Franchise Agreement permits, but does not require, the use of the Better Homes Realty name, whether as the sole name of your business or in conjunction with your individual business name

The franchise offered by this Disclosure Document is for real estate brokerage offices Granting the franchises described in this Disclosure Document and servicing our franchised offices are our only business activities We do not operate any offices although our President owns and operates several CPS offices as indicated on the list of office owners appearing as Exhibit C to this Disclosure Document

Better Homes Realty franchisees can elect participate in our Path to Success revenue sharing program which is described in Exhibit A to our Franchise Agreement Franchisees participating in the program, their full time and part time employees and others affiliated with us and with our participating franchisees are eligible to take part in the program Under the Path to Success program members share in a portion of our royalty income to the extent they have been designated as the sponsor of new sales associates, no matter for which participating office those sales associates work

Our franchised offices are normally located in urban residential and business locations These offices normally occupy from 500 to 10,000 square feet The general real estate buying and leasing public is the market for the services provided by our offices The market for the services provided by our offices is highly developed and very competitive Our offices compete with independent, chain, franchised and other real estate brokers who provide services similar to those provided by our offices Usually our offices compete with other real estate sales organizations and brokers in the same areas in which our franchised offices are located

Our franchised offices are subject to the normal laws and regulations affecting real estate brokerage offices, as well as those pertaining to businesses in general Most states have special licensing laws applicable to real estate brokers and sales agents It is your responsibility to learn about and comply with those laws

ITEM 2: BUSINESS EXPERIENCE

Chuck Scoble – President, Chief Financial Officer, Secretary and Director

Mr Scoble assumed his offices with us upon our formation on July 10, 1999 He has over 30 years of experience as a Realtor®, Sales Manager and Regional Developer in both the real estate and mortgage businesses Mr Scoble was President and a Director of CPS Alliance Corporation which he formed in 1992 CPS Alliance Corporation was merged with us in 2003 Mr Scoble owns several Avalar and CPS offices as described in Exhibit C to this Disclosure Document

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4: BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5: INITIAL FEES

The initial franchise fee for a single office will vary with the payment method you select The fee is $15,000 00 if you elect to pay the fee by making a payment of $5,000 00 at the signing of the Franchise Agreement with a payment of $5,000 00 due one year from that date and another payment of $5,000 00 due on the second anniversary of the signing date The franchise fee is reduced to $12,000 00 if you elect to pay the full amount on signing the Franchise Agreement The foregoing fees cover your first office For each additional office you own when the Franchise Agreement is signed you would pay an additional $2,500 00, payable upon signing the Franchise Agreement Whichever payment method is selected, in some states the initial fee payment is deferred until your initial office is open for business Those states are indicated on the State-Specific Addendum to this disclosure document and the Franchise Agreement

If you add any offices while the Franchise Agreement is in effect, you must pay an additional fee of $2,500 00 for each of those offices That fee is payable in full when you sign the Franchise Agreement for each such office or an addendum adding those offices to your original Franchise Agreement You will not be entitled to a refund of any of these fees if the number of offices you maintain is reduced

If you have chosen to pay the initial franchise fee in installments and you elect to terminate your Franchise Agreement as described in Item 17 below, you will not have to pay any installment that is not then due

If you do not begin the operation of your office or offices within 6 months from the date of the Franchise Agreement, we have the right to terminate your Franchise Agreement If we terminate your Franchise Agreement for this reason, we will refund 50% of the initial franchise fee you have paid to us minus the cost of any third party software we may have purchased on your behalf

See the State-Specific Addendum to this disclosure document for any provisions concerning the payment of the initial fee and other initial charges that may be applicable in your state

ITEM 6: OTHER FEES

OTHER FEES

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Royalty	The *Better Homes Realty* franchisees who elect to become participants in *Path to Success*, the royalty is 3% of monthly gross commission income ("GCI") up to a maximum GCI of $100,000 00 per person during each 12-month period *Better Homes Realty* franchisees that do not elect to participate in *Path to Success* can elect one of 2 royalty options 4 5% of GCI or 6% of GCI with a $7,000 cap per agent per year *Better Homes Realty* franchisees who do not participate in *Path to Success* are entitled to take a 20% monthly discount on their royalty payment if they report their GCI to us electronically by the 10th day of each month and their royalty payment reaches us by the 15th day of the month it is due (See Notes 2 & 3)	Monthly by the 15th day of each month based on your GCI for the prior month	Gross commission income includes all proceeds you receive from all real estate sales and leasing transactions conducted by or through your office whether generated by you or by your sales associates, minus approved deductions
Minimum Monthly Reporting Fee	Amount of royalty due or $250 00 whichever is greater	Monthly by the 10th day of each month	This fee is due monthly per office even if the office has had no GCI during the previous month
Late Charge	$150 00 flat fee	Monthly in the event we do not receive your monthly report and royalty fee payment by the 10th of the month	If applicable law limits the amount of the late charge, the late charge will equal the maximum interest rate allowed on loans between businesses

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Audit Fees	Cost of audit plus late charge on past due balances	As incurred	Due only if an audit of your books shows an understatement of gross commission income of 3% or more for any reporting period or if the audit is needed because you have failed to follow our reporting requirements
Special Visit Fee	Not to exceed $400 00 per day plus our out of pocket expenses	In advance of the service or as we otherwise agree	This fee is for special visits to your office over and above those we provide to you at no extra charge
Relocation Charge	$500 00	At the time we approve your new location	This fee is to compensate us for our efforts in connection with your relocated office
Transfer Fee	Our costs involved in connection with the transfer, not to exceed $1,500 00 per office transferred	When billed	This fee is to compensate us for the costs to us in connection with the transfer of your franchise to a new owner
Liquidated Damages	50% of the royalty fees that would have become due for the period that the Franchise Agreement would have remained in effect but for your default The amount is based on your royalty fees for the 12 months immediately before the date of the termination, whether or not paid, dividing that number by 12, taking 50% of the result and then multiplying that number by the number of months that would have remained on the Franchise Agreement had it not been terminated If your office has been open less than 12 months the amount of the royalty for the period you had been open shall is annualized and used for this calculation	Lump sum	Liquidated damages are payable only if the Franchise Agreement is terminated because you breach the agreement

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Special Meeting Fee	Varies	In advance of meeting	If we hold special training courses, conventions, meetings or special programs, we can charge those attending a fee for the event The fees, if charged, will vary with the event

NOTES

1 These fees are payable to us, are not refundable and are uniformly applicable to all franchisees

2 The amount of royalty per sales associate is determined on an individual basis, not in the aggregate

3 The $7,000 cap per agent is adjustable annually by any increase in the Consumer Price Index

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	$12,000 or $15,000 00 for your initial office, depending on the payment method you select plus $2,500 for each additional office that you own on the date of the Franchise Agreement	In a lump sum or in installments	The fee is $15,000 if you elect to pay the fee $5,000 upon signing the Franchise Agreement, $5,000 12 months thereafter with a final payment of $5,000 12 months after that The fee is $12,000 if paid in a lump sum when the Franchise Agreement is signed The additional office fee, if any, is also paid when the Franchise Agreement is signed	Us

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Office Lease	Usually between $1 50 and $2 00 per square foot per month (See Note 1)	Lump sum	Monthly	Landlord or sublessor
Construction, remodeling and leasehold improvements (See Note 2)	$15,000 to $150,000	Normally in progress payments	As arranged with supplier	General contractor
Equipment, computers, decor, furniture, fixtures, decorations, etc	$5,000 to $100,000	As arranged with supplier	As arranged with supplier	Suppliers of furniture, fixtures, computers, equipment, etc
Office supplies, brochures, stationery, etc	$500 00 to $10,000	As arranged with supplier	As arranged with supplier	Vendors
Signs	$1,000 to $4,000	As arranged with supplier	As arranged with supplier	Sign company
Security deposits, utility deposits, business licenses and other prepaid expenses (See Note 3)	$500 to $3,500	As arranged with supplier	As needed	Landlord, utility companies, government agencies, etc
Insurance	$1,000 to $10,000	As required by insurance carrier	As required by insurance carrier	Property, liability, casualty, errors & omissions and any other insurance coverage you select
Grand Opening advertising	$1,000 to $3,000	As arranged with suppliers	As needed	Newspapers, radio, etc
Travel and Living Costs	$200 to $2,500	As needed	As needed	Costs in connection with attending orientation in Las Vegas
Other pre-opening expenditures	$1,000 to $5,000	As arranged with suppliers	As needed	Attorney, accountant and other providers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional funds required before opening and during the initial 3 to 6 months of your business operation (See Note 4)	$6,000 to $30,000	As needed	As needed	Working capital, ongoing expenses, etc
Total Investment: (See Note 5)	$43,200, assuming a $12,000 initial franchise fee to $333,000 based on a $15,000 initial franchise fee			

NOTES

1 Most offices are in urban areas and can be located in office buildings, free standing buildings, street locations or shopping centers but not in a home With our approval, you can temporarily locate your office in an executive suite or similar facility while you are attempting to find a permanent location for your office but not for longer than 6 months An executive suite may be used as a branch office with our prior approval Offices range in size from approximately 500 square feet to 10,000 square feet Rents will vary depending on what additional charges are payable to the landlord and what services are provided as part of the rent Lease-related charges can include such things as insurance, taxes, assessments, common area maintenance, heating, ventilating and air conditioning, garbage, janitorial services and similar charges We have made no allowance on this chart for any rent that you may have to pay before your office is open for business The need for rent payments before opening will depend on the terms of your lease

2 The cost of leasehold improvements can vary depending on the previous use of the space being improved, costs of labor and materials in the area, local building and other code requirements, landlord construction criteria, the amount of the landlord's contribution to leasehold improvement expenses, if any and other factors

3 Lease security deposits normally equal 1 or 2 months' rent

4 This estimate is based on the 30 years of experience of our principal executive officer in establishing numerous real estate offices and the experience of our franchisees in establishing their franchised offices While these figures are based on our best estimate, we cannot guarantee that you will not have additional cash needs during this period and beyond Your need for additional funds will depend on factors such as whether this franchise is for a new office or is in connection with the conversion of an existing office, your management skill, experience and business ability, local economic conditions, the local market for real estate brokerage services, competition, the sales level you reach during the initial period of your operation and so forth

5 The refundability of payments is up to the individual vendors with whom you contract No allowance has been made in this chart for any principal or interest expenses required before the opening of your office The need for this type of expense will vary with the terms of any financing you get in connection with your office

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You do not need to obtain our approval of the suppliers from whom you purchase any goods or services you may need to operate your business Neither we nor any of our affiliates supply items you must purchase to operate your business although in the future we or they, may become so As long as we or our affiliates do not sell things to you we derive no revenue from your purchases There are no approved suppliers in which any of our officers owns an interest

We provide you with our Corporate Style Guide that contains the specifications you are to follow in connection with your use of our trademarks and service marks

You are required to use the royalty reporting software or system we provide or specify You agree to maintain an account with an Internet Service Provider so that we can communicate with you via e-mail

We do not charge suppliers for doing business with our offices We do not have a purchasing cooperative We may try to negotiate purchase arrangements with suppliers for the benefit of our franchisees

No special benefits are given to franchisees that purchase merchandise or services from any special source

You must maintain the insurance coverage specified in the Franchise Agreement

It is estimated that your signs, insurance policies and items bearing our names and marks, the only items for which we provide specifications at this time, should amount to approximately 5% to 8% of your initial purchases in establishing your franchised office and should amount to less than 5% of your ongoing purchases and leases in operating the business

ITEM 9: FRANCHISEE'S OBLIGATIONS

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 Site selection and acquisition/lease	Section 5 1	Items 8 & 11
b Pre-Opening purchases/leases	Section 6 02	Item 7
c Site development and other pre-opening requirements	Sections 5 1, 5 3, 6 1-6 4	Items 7 & 11

Obligation	Section in agreement	Disclosure document item
d Initial and ongoing training	Sections 7 01 &7 2	Item 11
e Opening	Section 5 3	Item 11
f Fees	Sections 3 1-3 3, 4 7, 5 7, 7 2, 8 9, 9 1-9 5, 12 5, 12 8, 16 10, & 16 14	Items 5 & 6
g Compliance with standards and policies/operating manual	Sections 8 1-8 6, 8 10-8 15, 10 1, 10 2 & 10 4	Items 8 & 11
h Trademarks and proprietary information	Sections 2 1-2 6,10 1, 10 2, 10 4, 15 1-15 15, & 17 9 2	Items 13 & 14
i Restrictions on products/services offered	Sections 2 2, 5 8, & 8 4	Items 8 & 16
j Warranty and customer service requirements	Section 8 3	None
k Territorial development and sales quotas	Not applicable	Item 12
l Ongoing product/service purchases	Section 10 3	Item 8
m Maintenance, appearance and remodeling requirements	Section 6 5	Item 8
n Insurance	Sections 13 1-13 8	None
o Advertising	Sections 10 1-10 4	Items 6 & 11
p Indemnification	Sections 14 8-14 11	None
q Owner's participation/ management/staffing	Sections 8 3, 8 12, & 8 16	Items 11 & 15
r Records/reports	Sections 8 8, 9 4, & 12 3-12 5	Item 17
s Inspections/audits	Sections 8 8, 12 5 & 12 6	Items 6 & 11
t Transfers	Sections 16 1-16 28	Item 17
u Renewal	Sections 4 1 & 4 2	Item 17
v Post-termination obligations	Sections 17 9-17 16	Item 17
w Non-competition covenants	Sections 18 1-18 5	Item 17
x Dispute resolution	Sections 19 1-19 5	Item 17
y Relocation	Sections 5 7 & 17 5	Item 17
z Owner's/shareholders' guarantee	Section30 and Exhibit E to this disclosure document	Item 15

ITEM 10: FINANCING

As noted above, the initial franchise fee is $15,000 00 if you elect to pay the fee by making a payment of $5,000 00 at the signing of the Franchise Agreement with a payment of $5,000 00 due one year from that date and another payment of $5,000 00 due on the second anniversary of the signing date There is no penalty for prepayment of any or all of the balance due No interest is charged unless you fail to pay an installment within 10 days of when due In that case, we can declare the entire balance of the fee due with the unpaid balance bearing 10% interest from the date due until paid in full We can also accelerate any unpaid balance so that the entire unpaid balance of the fee will then be due If the debt is unpaid after we give you at least 10 days' notice of your failure to pay an installment when due, we can also terminate your Franchise Agreement You are not required to waive any defenses or other legal rights you have or to assert any defense you may have against us or any assignee of the debt as a condition of this financing It is not our practice or intent to sell, assign or discount to a third party all or part of the debt, although we retain the right to do so

Other than for the above, we do not offer direct or indirect financing We do not guarantee your note, lease or obligation

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

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

Pre-Opening Assistance

Before you open your office, we will

1 Consult with you on the telephone regarding the design and construction of your office (Franchise Agreement Section 6 3)

2 We do not provide assistance in finding you an office location or locations or consult regarding the terms of your lease However, before you take your office site we must review and approve your office location and its design (Franchise Agreement Section 5 1) We have no set time within which we must review and approve your site However, we will not unreasonably withhold or delay our approval We have no specific site criteria that you must meet in order to get our approval You cannot operate your business from a home office With our approval, you can temporarily locate your office in an executive suite or similar facility while you are attempting to find a permanent location for your office but not for longer than 6 months An executive suite may be used as the location of one of your branch offices with our prior approval (Franchise Agreement Section 5 1) Your office must be open for business within 6 months of when you sign your Franchise Agreement (Franchise Agreement Section 5 3) If it is not, we can terminate your Franchise Agreement and retain 50% of your initial franchise fee, plus the cost of any third party software which we provide to you (Franchise Agreement Section 5 3)

3 We provide you with the manuals appropriate to the operation of your office (Franchise Agreement Section 8 1)

4 We provide you with our orientation course (Franchise Agreement Section 7 1)

The typical length of time between the signing of the Franchise Agreement and the opening of your office is 2 to 4 weeks if you already have a suitable office or up to 5 months if you must find and open a new location Factors that can affect the time in which a new office can be built and opened include the time needed to secure a location and lease, the time needed to obtain building permits, requirements of local zoning laws and other ordinances, the availability of labor and materials, delays in installing equipment, fixtures, decor and so forth

Continuing Assistance

During the operation of your office we provide the following services

1 You are allowed the continuing use of the service marks, trademarks, commercial symbols and other proprietary property we specify (Franchise Agreement Section 2 1)

2 You will have the use of our manuals and the other materials we make available to you (Franchise Agreement Sections 8 1 and 8 2)

3 During our normal weekday business hours, we will have a representative available to consult with you by telephone regarding the operation of your office (Franchise Agreement Section 8 7)

4 For those who participate in the program, we administer our Path to Success revenue sharing program and provide you with the payments and reports called for by that program (Franchise Agreement Section 11 and Exhibit A to the Franchise Agreement)

Advertising

We do not have a local, regional or national advertising program The amount you spend on advertising is up to you We do not require you to spend any minimum amount on advertising your office You can create your own advertising However, if we object to any of your advertising, promotion or public relations activities, you must discontinue the items or activities to which we object (Franchise Agreement Section 10)

We do not have an advertising council comprised of franchisees nor any advertising cooperatives

We have the exclusive right to use our brand names, any similar names, our logotypes and any similar logotypes on the Internet or in other electronic media, including as a part of an Internet domain name If we license you to employ any of those names or marks for Internet or for a similar use, we must approve how you use those names and marks and any additional content related to that use You agree not to use any of our names or marks on the Internet or in any other electronic medium without our prior written consent and then only in the manner we approve We can alter or withdraw any of the approvals given at any time and for any reason

Computer Systems and Software

We do not require you to use any particular computer system as long as your system is capable of maintaining accurate records of your office's operation (Franchise Agreement Section 8 11) The computer systems used in modern real estate offices should have no trouble running the required software If you are converting an existing real estate office to one of our brands, you may already have all of the computer equipment and software you need We estimate that if you need to purchase new computers and software your costs for these items will run between $1,500 00 and $10,000 00 You must obtain at your expense a maintenance contract on your hardware and software We estimate the costs of such contracts should run between $150 00 and $1,000 00 per month

If after the date of your Franchise Agreement we require that you use any particular type of computer or other electronic equipment or any different or additional software programs, you are required to comply with our requirements and specifications The cost of the items we require will be comparable to other items of similar quality that are available on the open market We may be the sole supplier of proprietary software for use in our offices There are no contractual limitations on the cost or frequency of these requirements

We will not have remote access to the information or reports on your computer system However, our representatives have the right under the Franchise Agreement to inspect your records, including the information and reports produced by your computer system (Franchise Agreement Section 8 8)

Operations Manuals

You will be allowed to examine our Operations Manual and other manuals at our office before your purchase a franchise You must sign our Confidentiality and Nondisclosure Agreement before you are allowed to review our manuals

Orientation Program

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction	5	0	Home Office
Information technology	1	0	Home Office
Use of licensed names and symbols	25	0	Home Office
Marketing	25	0	Home Office
Franchisee support	5	0	Home Office
Reports and accounting	5	0	Home Office
Building your business	5	0	Home Office

Making the most of your franchise	5	0	Home Office
Totals	4	0	

Franchisees are required to attend our orientation for new franchise owners at our home office in Las Vegas, Nevada It is recommended that you bring your key brokers and office manager to this program Our orientation program is intended to familiarize you with our franchise system and our key personnel We recommend that each franchisee attend our orientation within 90 days of signing his or her Franchise Agreement There is no fee for attending the orientation program However, you will have to pay for your own travel, lodging and similar expenses and those of any employees you bring to the program

Our orientation program is not a training program as such and successful completion of the program is not a prerequisite to continuation of your franchise This program is scheduled as needed

Our manuals are the primary material used in our orientation program Our orientation program is presented by Chuck Scoble, our President, who has been a real estate broker for over 22 years

We may offer additional courses, seminars, conventions, meetings and similar programs for our franchisees or for their employees We have the right to charge reasonable fees for these meetings However, neither you nor your employees are required to attend If you or our employees do attend, you and they will have to pay for the related travel, lodging and similar expenses (Franchise Agreement Section 7 3)

ITEM 12: TERRITORY

The franchise is granted only for the specific brand and the specific location or locations that that are specified in the Franchise Agreement You are not granted an exclusive or protected territory in connection with your office or offices You may face competition from other franchisees, from offices that we own or from other channels of distribution or competitive brands that we control

The Franchise Agreement does not preclude you, us, our affiliates and our other franchisees, no matter the brand name under which they operate, from listing properties, soliciting clients, making sales or performing services of any kind in any area or for any client, whether as sellers or buyers

Nothing in the Franchise Agreement prohibits us, our affiliates, our other franchisees or you from using the Internet, telemarketing, catalogs or other direct or indirect marketing We and our affiliates are not prohibited from using such marketing methods to offer goods and services under trademarks different from the ones you are licensed to use under your Franchise Agreement

Neither we nor our affiliates have any current plans to operate or franchise a business under different trademarks that provide services similar to those you will offer

You can relocate your office or offices only with our prior written consent See Item 6 regarding our relocation fee

We have no obligation to grant you any franchises or to allow you to open additional offices other than those specified in your Franchise Agreement

As noted in Item 1 above, all of our brands are headquartered at our home office in Las Vegas, Nevada We do not maintain or plan to maintain, separate offices or training facilities for our different brands

ITEM 13: TRADEMARKS

As part of the franchise, we grant you a nonexclusive license to use the Better Homes Realty name and mark You may also become a Better Homes Realty affiliate and retain your own business name

The Better Homes Realty shield logotype was registered on the Principal Register of the United States Patent and Trademark Office on June 25, 1985 and bears Registration Number 1344964 The name "Better Homes Realty" without the shield was registered on the Principal Register of the United States Patent and Trademark Office on October 18, 1988 and bears Registration Number 1509510 The combination shield and name "Better Homes Realty" was registered on the Principal Register of the United States Patent and Trademark Office on June 25, 1985 and bears Registration Number 1344964 The Better Homes Realty marks were assigned to us on October 15, 2008

We received a registration for our Path to Success service mark on the Principal Register of the United States Patent and Trademark Office on July 24, 2001 That registration bears number 2472247

All required affidavits and renewals of these marks have been filed

There are no presently-effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relevant to your use of the licensed name in any state There are no pending interference, opposition or cancellation proceedings, nor any litigation, involving the licensed name

We are aware of no superior prior rights or infringing uses that could materially affect your use of our principal marks

There are no agreements currently in effect which significantly limit our rights to use or license the use of the foregoing names in any manner material to your franchise

You have to make reasonable efforts to check the area in which you propose to open your office to find out whether there are any confusingly-similar names being used in that region

You are not allowed to use any of our licensed names or any similar name, in the name of the corporation, limited liability company or other business entity that owns your franchise or in the name of any other corporation or business entity in which you have an interest

If your use of the licensed name is ever challenged, you must notify us immediately Subsequent to your notification, we will decide what action to take, if any We will pay all fees and costs in any action resulting from that challenge We also will pay any damages for which you are held liable in any such action as long as you have used the licensed name as required by the Franchise Agreement and have notified us promptly of the claim You should also notify us immediately if you learn of anyone using any names, marks or symbols that are similar to ours You must cooperate with us in handling any proceedings involving our names

If we determine that another person or entity has prior rights to use the name that we license to you in the market area in which your office is located and as a result we decide that we cannot allow you to use or to continue to use that name, you will have the right to terminate your Franchise Agreement or you can work with us to find a new name for your office or offices If we cannot agree on a replacement name within a reasonable time, either of us can terminate the Franchise Agreement

You agree in the Franchise Agreement not to do anything that may interfere with our rights to our names and marks You acquire no rights in any licensed names, marks or symbols because you use them All of the rights and goodwill associated with the licensed names, marks or symbols belong to us

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

On December 12, 2006, the United States Patent and Trademark Office issued us a utility patent covering our Path to Success® program, our revenue sharing system the terms of which are set forth in Exhibit A to the Franchise Agreement The patent bears number 7,149,707 and is entitled "Method and apparatus for compensating a plurality of franchise participants in a multi-level sales force" The patent will be in effect for 20 years from the date it was applied for, March 25, 2002

There are no current material determinations by the United States Patent and Trademark Office, the United States Copyright Office or a court regarding the patent or any of our copyrights There are no material proceedings in the United States Patent and Trademark Office or any court concerning our patent or copyrights There are no agreements currently in effect which significantly limit our rights to use or license the use of our patent or copyrights We are not aware of any patent or copyright infringement that could materially affect your use of those items

If someone claiming a prior right to a similar program ever challenges your participation in our Path to Success program, you must notify us immediately It is up to us to decide what action to take, if any We will pay all fees and costs in any action resulting from that challenge We will defend you in any action concerning our patent as long as you have not misused or infringed on the patent We also will pay any damages for which you are held liable in any such action as long as you have notified us promptly of the claim You should also notify us immediately if you learn of anyone using any revenue sharing program similar to ours You must cooperate with us in handling any proceedings involving our patent We have the right to control any legal or administrative action that may affect our Path to Success program

Our manuals, software and any other proprietary material and that we may develop are our trade secrets and should only be disclosed as we authorize We also claim copyright protection for these manuals and materials although we have not filed any copyright applications concerning them You must protect our manuals and other trade secret material from unauthorized disclosure You must use our proprietary material only as we direct

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

The Franchise Agreement does not require you to supervise the operation of your office or offices personally although we recommend that you do so Whether or not you are the on-premises supervisor of your office, you must use your best efforts to produce the maximum volume of business from your office to the exclusion of any other business interests or activities if that is required to meet your responsibilities You are ultimately responsible for the operation of your office and compliance with the Franchise Agreement

If required by law, your office must be under the supervision of a licensed real estate broker Since we do not have a mandatory training program, your office supervisor does not need to comply with any training requirements Unless required by law, the supervisor of your office need not have an equity interest in any business entity that owns your office If we require, your office supervisor must sign our nondisclosure agreement in which he or she promises to maintain the confidentiality of our proprietary material and information The confidentiality agreement that we currently use is our Disclosure and Confidentiality Agreement appearing at Exhibit F to this Disclosure Document

As mentioned above, if the franchise is owned by an entity, the owners of that entity must sign our Continuing Guaranty, guaranteeing the franchisee's compliance with the Franchise Agreement Our Continuing Guaranty is attached as Exhibit E to this Disclosure Document

If the franchise is owned by a business entity, a senior executive must be appointed as the principal representative of the entity in dealing with us This person must have the authority to supervise the operation of your office or offices and oversee your compliance with this Agreement

ITEM 16: RESTRICTION ON WHAT THE FRANCHISEE MAY SELL

Your office can only provide those services we specify or approve You must provide all of the services we denote as mandatory although we agree in the Franchise Agreement that such services will be related to the real estate brokerage business

There are no restrictions on the customers to whom you can provide authorized services

We do not have the right to change the services you are required to provide

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a Length of the franchise term	Section 4 1	The initial term of the franchise is one year
b Renewal or extension of the term	Section 4 2	The franchise will automatically renew for additional one year terms unless you give us notice of your election not to renew at least 90 days prior to the term then in effect
c Requirements for franchisee to renew or extend	Sections 4 2 and 4 3	We can update the terms of the Franchise Agreement by giving you a copy of our latest franchise disclosure document and the new agreements you will be required to sign You will have at least 30 days to review these documents You can elect to have the terminate at the end of the term then in effect if you do not want to sign the new agreements by giving us notice with-in 30-day period The terms and conditions of the new agreements may be materially different from those in your original contracts

Provision	Section in Franchise Agreement	Summary
d Termination by franchisee	Section 17 8	You may terminate the Franchise Agreement for any reason by giving us at least 6 months' notice In addition, if we commit a violation under the Franchise Agreement and fail to cure it within 30 days after notice from you, plus such reasonable additional time as may be needed, you can seek all rights allowed by the law governing the Franchise Agreement
e Termination by franchisor without cause	None	Not Applicable
f Termination by us with cause	Sections 17 1-17 8	We can terminate your Franchise Agreement if you violate any of its terms Some violations result in the immediate termination of the Agreement and others will only result in termination if you do not correct the violation after notice and an opportunity to cure
g "Cause" defined - curable defaults	Sections 17 3-17 4 & 17 6-17 8	If your conduct reflects negatively in a material manner on your office or our system, if you fail to pay any sums due to us, if we reasonably determine that your office poses a health or safety danger, if your interest in the franchise is not transferred within the time period allowed following your death or legal incapacity, if you do not open within 6 months of the date of the Franchise Agreement, if you commit any other violation of the Franchise Agreement that does not result in immediate termination and do not cure the violation within 30 days after notice, or if your office lease expires and you do not relocate to an acceptable site within 90 days
h "Cause" defined - non-curable defaults	Sections 17 1, 17 2 & 17 5	If you are declared bankrupt or insolvent, if you abandon your business, if you have made any material misrepresentation to us in acquiring the franchise, if you fail to comply with any applicable law or regulation and do not cure it within the time allowed, if during any 12 month period we give you 3 or more notices of material violations, if your business or the franchise is seized by a government official or creditor, if you are convicted of a felony or

Provision	Section in Franchise Agreement	Summary
		other applicable criminal misconduct, if you underreport your gross commission income intentionally or more than 5% in any quarter, if you try to sell or transfer the franchise or allow another to use the assets licensed to you other than as allowed by the Franchise Agreement, if any other agreement between us or between you and any of our affiliates is terminated because of your default, if you solicit and/or attempt to recruit a salesperson or employee of another Better Homes Realty franchisee, or if you lose your lease because of your default
i Franchisee's obligations on termination/ nonrenewal	Sections 17 10-17 17	You must pay all of your accounts with us, you must stop using our name and other proprietary material, you must change the look of your office to make it different from Better Homes Realty offices, you must return all manuals and other material we have provided to you, you must cancel any fictitious business name registrations in which you use our name, you must notify all concerned individuals, entities and agencies that you are no longer affiliated with us, you must not identify yourself or your office as having been affiliated with us, you must continue to pay us until you have accomplished your duties following termination, if the Franchise Agreement was terminated because of your default and you must pay us liquidated damages
j Assignment of contract by franchisor	Section 16 10	We can transfer our interest in the Franchise Agreement without your prior approval We agree that any transfer we make will not materially interfere with your office
k "Transfer" by franchisee - defined	Sections 16 1	Any full or partial transfer of the franchise, the property used in your office or any ownership interest in any entity owning the franchise or the concerned property
l Franchisor approval of transfer by franchisee	Section 16 2	We must approve any transfer

Provision	Section in Franchise Agreement	Summary
m Conditions for franchisor approval of transfer	Sections 16 3-16 8	All information on the transferee and the terms of the transfer must be provided to us, you and your transferee must comply with all procedures and sign all documents we require, upon the transfer of 50% or more of the ownership of the franchise your transferee must sign our then-current Franchise Agreement, you pay our transfer fee, you sign a general release of all claims against us, if an entity owns this franchise, a new principal may have to be appointed
n Franchisor's right of first refusal to acquire franchisee's business	None	Not Applicable
o Franchisor's option to purchase franchisee's business	None	Not Applicable
p Death or disability of franchisee	Sections 16 11-16 12	Your interest in the franchise is transferable by will or intestate succession upon your death or by your court-appointed guardian if you are declared to be legally incompetent Your estate can sell your interest in the franchise to an approved transferee within 6 months after your executor or administrator or guardian is appointed All of our transfer conditions apply to these transfers
q Non-competition covenants during the term of the franchise	None	Not Applicable
r Non-competition covenants after the franchise is terminated or expires	None	Not Applicable
s Modification of the agreement	Sections 19 1-19 3	The Franchise Agreement can be modified only by a written agreement signed by all parties We can modify our manuals and direct changes in the operation of your office at any time and you must comply at your expense with these changes
t Integration/ merger clause	Sections 32 1-32 7	Only the terms of the Franchise Agreement are binding (subject to state law) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable

Provision	Section in Franchise Agreement	Summary
u Dispute resolution by arbitration or mediation	Sections 18 1 & 18 2	Except for certain claims, all disputes between us must be submitted to mediation before any lawsuit is initiated The Franchise Agreement does not contain an arbitration clause
v Choice of forum	Sections 18 4	Except where a different location is required by applicable law, all mediation and litigation and any related proceedings, must be in Las Vegas, Nevada
w Choice of law	Sections 25 1 & 25 2	Except where prohibited by applicable law, Nevada law applies

See the State-Specific Addendum to this Disclosure Document for changes that may be applicable in your state

ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote our franchise

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chuck Scoble, Better Homes Realty, Inc , 1160 N Town Center Dr , Suite #110, Las Vegas, NV 89144, (866) 998-8781, the Federal Trade Commission and the appropriate state regulatory agencies

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

The following tables are segregated by brand name In some instances, offices owned by the same franchisee were consolidated into their other office or offices during the reporting period, reducing the outlet count but not the number of franchise owners All numbers are as of June 30, 2016, the end of our latest fiscal year

The following tables are segregated by brand name

Avalar

Table 1

Systemwide Outlet Summary

For Years 2014 to 2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014	23	22	-1
	2015	22	8	-14
	2016	8	8	0
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	23	22	-1
	2015	22	8	-14
	2016	8	7	-1

Table 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2014 to 2016

NONE

Table 3

Status of Franchised Outlets For years 2014 to 2016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired By Franchisor	Column 8 Ceased Operations-Other Reason	Column 9 Outlets at End of Year
CALIFORNIA	2014	6	0	1	0	0	0	5
	2015	5	0	0	0	0	5	0
	2016	0	0	0	0	0	0	0
COLORADO	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
FLORIDA	2014	2	0	0	0	0	0	2
	2015	2	1	1	0	0	0	2
	2016	2	0	0	0	0	0	2
GEORGIA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
LOUISIANA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
MINNESOTA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
NEW HAMPSHIRE	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	1	0	0	0
NEW JERSEY	2014	3	0	0	0	0	0	3
	2015	3	0	3	0	0	0	0
	2016	0	0	0	0	0	0	0
OREGON	2014	3	0	0	0	0	0	3
	2015	3	0	1	2	0	0	0
	2016	0	0	0	0	0	0	0
PENN-SYLVANIA	2014	2	0	0	0	0	0	2
	2015	2	0	1	0	0	0	1
	2016	1	0	0	0	0	0	1
TENNESSEE	2014	1	0	0	0	0	0	1
	2015	1	0	0	1	0	0	0
	2016	0	0	0	0	0	0	0
TEXAS	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3

WASHINGTON	2014	1	0	0	0	0	0	1
	2015	1	0	1	0	0	0	0
	2016	0	0	0	0	0	0	0
TOTALS	2014	23	0	1	0	0	0	22
	2015	22	1	7	3	0	5	8
	2016	8	0	0	1	0	0	7

Table 4

Status of Company-Owned Outlets
For years 2014 to 2016

NONE

Table 5

Projected Openings As Of June 30, 2016

NONE

The following franchisee left the Avalar system within the fiscal year ending 2016

Ansel Crombleholme II
1 Windhaven Rd
Rochester, NH 03867
603-948-1600

Better Homes Realty
Table 1

Systemwide Outlet Summary

For Years 2014 to 2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014	66	68	2
	2015	68	48	-20
	2016	48	45	-3
Company-Owned	2013	0	0	0
	2014	0	0	0
	2015	0	0	0

Total Outlets	2014	66	68	2
	2015	68	48	-20
	2016	48	44	-4

Table 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2014 to 2016

NONE

Table 3

Status of Franchised Outlets

For Years 2014 to 2016

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reason	Column 9 Outlets at End of Year
California	2014	31	0	1	0	0	0	30
	2015	30	13	4	0	0	0	39
	2016	39	0	5	0	0	0	34
Florida	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Mississippi	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
New Jersey	2014	30	0	0	0	0	0	30
	2015	30	2	30	0	0	0	2
	2016	2	0	0	0	0	0	2
New York	2014	3	1	0	0	0	0	4
	2015	4	0	3	0	0	0	1
	2016	1	0	0	0	0	0	1
Pennsylvania	2014	1	2	0	0	0	0	3
	2015	3	2	1	0	0	0	4
	2016	4	1	0	0	0	0	5
Texas	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Totals	2014	66	3	1	0	0	0	68
	2015	68	18	38	0	0	0	48
	2016	48	1	5	0	0	0	44

Table 4

Status of Company-Owned Outlets For Years 2014 to 2016

NONE

Table 5

Projected Openings As Of June 30, 2016

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company Owned Outlet in the Next Fiscal Year
California	**0**	**0**	**0**

The following *Better Homes Realty* franchisees left the system within our last fiscal Since most of these former franchisees still maintain business premises, we have provided their business addresses and telephone numbers Where the former franchisee is no longer in business, we have provided their last known home address and telephone number

Dean Souza
2811 Castro Valley Blvd # 208
Castro Valley, CA 94546
510-888-3322

Phil Smoley
16540 Highway 175
Cobb, CA 95426-0720
707-928-5113

Phil Smoley
9730 Soda Bay Road Kelseyville, CA 95451-7869
707-277-9255

Phil Smoley
901 South Main Street
Lakeport, CA 95453-5512
707-264-5500

Crystal Smith
210 Porter Drive, Ste 230 San Ramon, CA 94583
510-888-3322

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Better Homes Realty, Inc You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

There are no franchisees who have not communicated with us in the last 10 weeks If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Better Homes Realty, Inc You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

There are no franchisees who have not communicated with us in the last 10 weeks If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

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

There are no trademark-specific franchisee organizations associated with the franchise systems being offered

See Exhibit C for a list of our franchisees as of the end of our last fiscal year

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document is a copy of our audited financial statements for the fiscal year ending June 30, 2016, with comparative information for the fiscal years ending June 30, 2014 and June 30, 2015 Also enclosed are our unaudited financial statements for the period from July 1, 2016 through September 30, 2016

ITEM 22: CONTRACTS

Exhibit D to this Disclosure Document is a copy of our Disclosure and Confidentiality Agreement that you must sign before we show you our manual Exhibit E contains our Franchise Agreement The Franchise Agreement has the following exhibits our Path to Success® revenue sharing program, our Continuing Guaranty that is used if the franchise will be owned by or assigned to a corporation, limited liability company or other entity or if we require someone to guarantee your obligations under your Franchise Agreement, the General Release that you must sign when your franchise is renewed or transferred

ITEM 23: RECEIPTS

The last page of this Disclosure Document contains a detachable Receipt form that you must date, sign and return to us immediately upon your receipt of this Disclosure Document

STATE-SPECIFIC ADDENDUM TO
Better Homes Realty, Inc. FRANCHISE DISCLOSURE DOCUMENT

1 **<u>The following provisions are applicable to franchises in the State of California</u>**

Neither the franchisor nor any person in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or 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

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner of Business Oversight may by rule or order require, before a solicitation of a proposed material modification of an existing franchise

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

The Franchise Agreement requires application of the laws of Nevada This provision may not be enforceable under California law

California Business and Professions Code Sections 20000 through 20043 provide rights to a franchisee concerning termination or nonrenewal of a franchise If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control

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

The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671 certain liquidated damages clauses are unenforceable

The first two paragraphs of Item 5 are deleted and are replaced with the following

The initial franchise fee for a single office will vary with the payment method you select The fee is $15,000 00 if you elect to pay the fee by making a payment of $5,000 00 when you open your Better Homes Realty office for business with a payment of $5,000 00 due one year from that date and another payment of $5,000 00 due on the second anniversary of your opening date The franchise fee is reduced to $12,000 00 if you elect to pay the full amount when you open your office for business The foregoing fees cover your first office For each additional office that you own when your initial fee is paid that is converted to a Better Homes Realty office you would pay an additional $2,500 00 when your initial fees are paid The initial amounts due to us are payable in a lump sum when your initial office opens for business and we have performed all of the pre-opening duties we have agreed to perform under the Franchise Agreement You will not be entitled to a refund of any of these fees if the number of offices you maintain is reduced If you do not begin the operation of your office or offices within 6 months from the date of the Franchise Agreement, we have the right to terminate your Franchise Agreement

The first sentence in the fourth paragraph of Item 5 is amended to read as follows "If you do not begin the operation of your office or offices within 6 months from the date of the Franchise Agreement, we have the right to terminate your Franchise Agreement unless caused by our failure to perform the pre-opening duties we are required to perform for you under this Agreement "

The comment in the "When Due" column in Item 7 concerning when the payment of the Initial Franchise Fee is due is modified to read as follows "When you open your initial office for business and we have satisfied all of the pre-opening our duties under this Agreement "

OUR WEBSITE, www betterhomesus com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

Our registered agent for service of process in California is California Commissioner of Business Oversight, One Sansome Street, Suite 600, San Francisco, California 94104

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

IF BETTER HOMES REALTY, INC 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D C 20580 AND TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGNT AT ANY OF ITS OFFICES

2. <u>The following provisions are applicable to franchises in the state of Illinois:</u>

The Illinois Attorney General's Office has imposed the following deferral requirement because of the Franchisor's financial condition

The initial franchise fee for a single office will vary with the payment method you select The fee is $15,000 00 if you elect to pay the fee by making a payment of $5,000 00 when you open your Better Homes Realty office for business with a payment of $5,000 00 due one year from that date and another payment of $5,000 00 due on the second anniversary of your opening date The franchise fee is reduced to $12,000 00 if you elect to pay the full amount when you open your office for business The foregoing fees cover your first office For each additional office that you own when your initial fee is paid that is converted to a Better Homes Realty office you would pay an additional $2,500 00 when your initial fees are paid The initial amounts due to us are payable in a lump sum when your initial office opens for business and we have performed all of the pre-opening duties we have agreed to perform under the Franchise Agreement You will not be entitled to a refund of any of these fees if the number of offices you maintain is reduced If you do not begin the operation of your office or offices within 6 months from the date of the Franchise Agreement, we have the right to terminate your Franchise Agreement

The first sentence in the fourth paragraph of Item 5 is amended to read as follows "If you do not begin the operation of your office or offices within 6 months from the date of the Franchise Agreement, we have the right to terminate your Franchise Agreement unless caused by our failure to perform the pre-opening duties we are required to perform for you under this Agreement "

The comment in the "When Due" column in Item 7 concerning when the payment of the Initial Franchise Fee is due is modified to read as follows "When you open your initial office for business and we have satisfied all of the pre-opening our duties under this Agreement "

Our agent for service of process in Illinois is the Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62706

In item v of the chart set forth in Item 17, add the following "but litigation must be in Illinois "

In item v of the chart set forth in Item 17, add the following "Where the Illinois jurisdictional requirements are met, Illinois law will apply to the Franchise Agreement "

Add the following paragraph to the RECEIPT Better Homes Realty, Inc authorizes the Illinois Attorney General to receive service of process for Better Homes Realty, Inc in the state of Illinois

IF BETTER HOMES REALTY, INC DOES NOT DELIVER THIS FRANCHISE DISCLSOURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D C 20580 AND TO THE ILLINOIS ATTORNEY GENERAL'S OFFICE, 500 SOUTH SECOND STREET, SPRINGFIELD, ILLINOIS 62706 WHICH ADMINISTERS AND ENFORCES THE ILLINOIS FRANCHISE DISCLOSURE ACT

3. The following provisions are applicable to franchises in the state of New York:

The Franchisor may, if it chooses, negotiate with you about items covered in the prospectus 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 prospectus

1 No person identified in item 2 or an affiliate offering franchises under the franchisor's principal trademark

(a) 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 In addition, include 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 If so, disclose the names of the parties, the forum, nature and current status of the pending action Franchisor may include a summary opinion of counsel concerning the action if the attorney's consent to the use of the summary opinion is included as part of this Disclosure Document

(b) Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property or unfair or deceptive practices or comparable allegations If so, disclose the names of the parties, the forum and date of conviction or date judgment was entered, penalty or damages assessed and/or terms of settlement

(c) 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 is subject to any currently effective order of any 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 If so, disclose the name of the person, the public agency, association or exchange, the public agency, association or exchange, the court or other forum, a summary of the allegations or facts found by the agency, association, exchange or court, and the date, nature, terms and conditions of the order or decree

2 Neither we, our affiliates, our predecessors officers or general partners during the 10-year period immediately before the date of the Disclosure Document, (a) filed as debtor {or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership If so, disclose the name of the person and/or company that was the debtor under the Bankruptcy Code, the date of the action and the material facts

3 The following is added to Item 17 d You may terminate the Franchise Agreement on any grounds available by law

4 The following is added to Item 17 j However, no assignment will be made except to an assignee who in our good faith judgment is willing and financially able to assume our obligations under the Franchise Agreement

5 The following is added to Item 17 w The foregoing choice of law is not a waiver of any rights you have under Article 33 of the General Business law of the state of New York

6 Provisions in the Franchise Agreement requiring a franchisee to execute a general release of claims may not be enforceable under Article 33 of the General Business Law of New York and the regulations issued under it and are amended accordingly to the extent required by law

7 Under Article 33 of the New York State General Business Law, a provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of New York or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this law

Our agent for service of process in New York is the New York Secretary of State, 41 State Street, Albany, New York 12231

IF BETTER HOMES REALTY, INC 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D C 20580 AND TO THE NEW YORK DEPARTMENT OF LAW, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271

______________________________	Better Homes Realty, Inc
______________________________ Signature	By ______________________________ Signature
______________________________ Printed Name	Its ______________________________
______________________________ Title	Date ______________________________
Date______________________________	

STATE FRANCHISE LAW ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT B to Franchise Disclosure Document

State Franchise Law Administrators

California
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104

320 West 4th Street, Suite 750
Los Angeles, CA 90013-1105

1515 K Street, Suite 200
Sacramento, CA 95814-4052

1350 Front Street, Room 2034
San Diego, CA 92101

Telephone 1-866-ASK-CORP

Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, HI 96813

Illinois
Office of the Attorney General
500 South Second Street
Springfield, IL 62706

Indiana
Indiana Securities Division
Secretary of State
302 West Washington Street, Room E-111
Indianapolis, IN 46204

Maryland
Office of the Attorney General
Division of Securities
200 Saint Paul Place, 20th Floor
Baltimore, MD 21202-2020

Michigan
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, MI 48913

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

New York
New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, NY 10271

North Dakota
Office of Securities Commissioner
600 East Boulevard, 5th Floor
Bismarck, ND 58505

Rhode Island
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Department of Commerce and Regulation
Division of Securities
445 East Capital Avenue
Pierre, SD 57501-3185

Virginia
State Corporation Commission
Division of Securities and
Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

Wisconsin
State of Wisconsin
Office of the Commissioner of Securities
345 West Washington Avenue, 4th Floor
Madison, WI 53703

Agents for Service of Process

California
Commissioner of Business Oversight
1515 K Street, Suite 200
Sacramento, California 95814

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

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

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

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

Minnesota
Commissioner of Commerce
Department of Commerce Registration Division
85 Seventh Place East
St Paul, Minnesota 55101

New York
New York Secretary of State
41 State Street
Albany, New York 11231

North Dakota
Securities Commissioner
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 02910

South Dakota
Director of the Division of Securities
Department of Labor and Regulation
445 E Capitol Avenue
Pierre, South Dakota 57501-3185

Virginia
Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219

Washington
Administrator of Securities Department of Financial Institutions Securities Division
150 Israel Road
Tumwater, Washington 98501

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

Better Homes Realty, Inc.

LIST OF OFFICES

EXHIBIT C to Franchise Disclosure Document

Avalar Offices
(as of 06-30-2016)

Avalar Real Estate Solutions
Craig McConnell
7495 McLaughlin Road, Ste 101
Falcon, CO 80831-4714
719-495-1336

Avalar Real Estate Services
Lisa Reed
17301 Pagonia Rd , Ste 300
Clermont, FL 34711-2576
352-242-3939

Avalar Real Estate Services
Lisa Reed
1939 Tamiami Trail #B Venice,
FL 34293
352-242-3939

Avalar Real Estate – Poconos
Michael Hughes
HC-1 Box 2346,
Pocono Peddlers Village
Tannersville, PA 18321-9386

Avalar Steiner Ranch
Michael DaSilva
4300 N Quinlan Park,
Ste 220
Austin, TX 78732
512-610-5000

Avalar Austin Lakeway
Michael DaSilva
6203 N Capital of Texas Hwy ,
Ste A-450
Austin, TX 78731
512-610-5000

Avalar Dripping Springs
Michael DaSilva
27490 Ranch Rd , Bldg 2, Ste 6
Dripping Springs, TX 78620 512-610-
5000

Better Homes Realty Offices
(as of 06-30-2016)

Steve Samuels
1451 Danville Blvd , Ste 100
Alamo, CA 94507
925-788-5212

Pat Daly
(virtual office under Chico)
Alamo, CA 94507
925-829-1111

Jim Mann
3000 Delta Fair Blvd
Antioch, CA 94509
925-779-0700

Jeff Mann
3413 Deer Valley Rd
Antioch, CA 94531
925-779-0600

Wayne Metz
1500 A Street
Antioch, CA 94509
925-706-9100

Susan Teixeira
670 Auburn Folsom Rd #107
Auburn, CA 95603
530-885-5128

BHR LezzGo, Inc
Gerry Montelongo
31 S Real Road, Ste 2
Bakersfield, CA 93309
805-815-9600

Mike Daly
1154 East Avenue
Chico, CA 95926
530-345-3006

George Vujnovich
6160 Center St , Ste E
Clayton, CA 94517
925-672-4433

Linda Gorman
2975 Treat Blvd , Ste D-1
Concord, CA 94518
925-676-5300

Glenn Fong
10100 Fair Oaks Blvd , Ste F
Fair Oaks, CA 95628
916-967-0900

Dennis Schuh
2585 E Perrin Ave , Ste 109
Fresno, CA 93720
559-392-2754

Steve Rath
7095 Douglas Blvd , Ste A
Granite Bay, CA 95746
916-880-1122

Leticia Short
1511 Sycamore Ave Ste M
Hercules, CA 94547
510-758-3609

Fred Gregory
7777 Alvarado Rd #269 La
Mesa, CA 91941
619-994-5478

Ed Herold
3701 Mt Diablo Blvd #100
Lafayette, CA 94549
925-284-9500

Patricia Kenney
1494 Second Street
Livermore, CA 94550
925-227-1500

Sheri Fernandez
633 Escobar Street
Martinez, CA 94553
925-293-4151

Kevin Brown
5353 College Avenue
Oakland, CA 94618
510-654-8707

Lynn Worthington
5942 MacArthur Blvd , Ste B
Oakland, CA 94605
510-562-8600

Cindy Peebles
3014 Olive Highway
Oroville, CA 95966-6222
530-532-0400

Terrian McGowan
501 E Washington Street
Petaluma, CA 94952-3217
707-763-1941

Kevin Derendinger
2007-B Opportunity Dr , Ste 14
Roseville, CA 95678
916-780-4318

Glenn Fong
915 Highland Pointe Dr #250
Roseville, CA 95678-
916-899-7373

Phil Billiet
1185 Branham Lane
San Jose, CA 95118
408-448-5600

Rick Hannay
3905 State St , Ste 7
Santa Barbara, CA 93105-5107
805-682-3555

Steve Dick
431 E Street
Santa Rosa, CA 95404-4333
707-578-5400

Duane Margreiter
BHR Property Solutions
6641 Oakmont Drive
Santa Rosa, CA 95409
707-538-6830

Leon Geisberg
BHR Referral Agent Partners
431 E Street
Santa Rosa, CA 95404-4333
707-528-8500

Fred Stoufer
BHR Sebastopol
6876 Sebastopol Avenue
Sebastopol, CA 95472-3414
707-540-9800

Dirk Amberg
3000 N Lake Blvd
Box 6899
Tahoe City, CA 96145
530-583-0199

BHR Top Tier Realty
Scott Reed
2010-A Harbison Drive Box 159
Vacaville, CA 95687-3925
707-514-4516

Cathy Turney
2950 Buskirk Ave , Ste 300
Walnut Creek, CA 94597
925-937-4880

BHR Yuba City Albert Tejeda
1615 Colusa Ave #200
Yuba City, CA 95993
530-751-9888

BHR Majestic Properties
Frank Falbo
3620 NE 8TH Place Ste 3
Ocala, FL 34480-7418
352-620-0207

BHR Flowood
Gary Parker
660 Lakeland East Drive, Ste 106
Flowood, MS 39232-9777
601-373-0514

BHR Atlantic Properties
Bill Ryan
9400 Atlantic Avenue
Margate, NJ 08402
609-823-0400

BHR Atlantic Properties
Bill Ryan
273 Egg Harbor Rd , Ste 3
Sewell, NJ 08080-3135
856-256-1250

BHR New York
Wesam Mazahreh
2080 Central Park Ave
2nd Floor
Yonkers, NY 10710
914-438-7254

BHR Real Estate
Bill Ryan
111 Buck Road, Ste 200
Huntingdon Valley, PA 19006
215-322-0701

BHR Group
Mike Cirillo
380 Red Lion Rd #226
Huntingdon Valley, PA
19006
215-601-9988

BHR Media
Craig Eberhardt
206 W State St #200
Media, PA 19063
610-566-9425

BHR Team
Harold DeFazio
649 2nd Street Pike
Southampton, PA 18966
215-987-0342

BHR of American Heritage
Michael Powers
2655 Neshaminy Interplex Dr,
Ste 207
Trevose, PA 19053
855-525-7900

Better Homes Realty, Inc.

DISCLOSURE AND CONFIDENTIALITY AGREEMENT

EXHIBIT D to Franchise Disclosure Document

DISCLOSURE AND CONFIDENTIALITY AGREEMENT

Better Homes Realty, Inc , a Nevada corporation, is willing to disclose to you certain data, including trade secret material and proprietary information, relating to the site selection, leasing, design, construction, operations and similar information concerning real estate brokerage offices franchised by Better Homes Realty, Inc for your use in evaluating the purchase of à franchise

Your signature below is your agreement on behalf of yourself and any organization or entity with which you are affiliated or may become associated with to hold all such information in confidence, to not disclose the information to others and to not use the information for any purpose, whether commercial or noncommercial or for the developing or improving of any business or any other enterprise, without the prior written consent of Better Homes Realty, Inc You agree that all of the information disclosed to you is the property of Better Homes Realty, Inc and that its unauthorized disclosure will cause Better Homes Realty, Inc irreparable injury

This Agreement is effective from the date written below and is effective so long as there are any offices in operation that are owned or franchised by Better Homes Realty, Inc unless Better Homes Realty, Inc agrees in writing that your obligations under this Agreement can be terminated sooner or until you become a franchisee of Better Homes Realty, Inc If you become a franchisee of Better Homes Realty, Inc , your obligations concerning the concerned trade secret and proprietary information will be contained in your Franchise Agreement

Dated ______________________

____

Signature

____

Signature

Better Homes Realty, Inc.

FRANCHISE AGREEMENT

EXHIBIT E to Franchise Disclosure Document

BETTER HOMES REALTY

FRANCHISE AGREEMENT

Providing a Competitive Edge sm

Better Homes Realty, Inc.

Franchise Agreement

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Exhibit A ***Path to Success®***

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FRANCHISE AGREEMENT

This Agreement is entered into as of ______________________, between Better Homes Realty, Inc , a Nevada corporation, whose address is 1160 N Town Center Dr, Suite #110, Las Vegas, NV 89144, referred to in this Agreement by words such as "we", "us" and "our" and ____, referred to in the Agreement by words such as "you" and "your"

The parties enter into this Agreement based on the following facts, representations and purposes

A We award franchises for *Better Homes Realty* real estate brokerage offices Our *Path to Success*® program allows you and others affiliated with your office or offices to share in our royalty receipts, as further described in Exhibit A to this Agreement While this Agreement may give you the right to open more than one office, we often refer to all the offices you own in the singular but that reference will include all of the offices you open and operate under this Agreement

B You have applied to open one or more offices bearing the *Better Homes Realty* brand name or, if you qualify, electing to be a *Better Homes Realty* affiliate but not using the *Better Homes Realty* name

C We have agreed to award you a franchise to operate one or more offices under the *Better Homes Realty* name based solely on the representations and commitments you make to us and those we make to you in this Agreement By signing this Agreement, you agree to follow our reasonable requirements, specifications and standards and to observe the conduct, policies and procedures we specify

D In this Agreement the words "the licensed assets" refer to all of the trademarks, trade names, service marks, logotypes, other commercial symbols, processes, operating procedures, standards, designs, office formats, fixtures, decorations, trade dress, equipment specifications, trade secrets, trade practices, copyrights, patents, customer lists, manuals, forms, formats, advertising and promotional material and practices, bulletins, notices, communications, training material, goodwill and all other proprietary items and particulars, both tangible and intangible, used in connection with the office or offices franchised by this Agreement, including those we now use as well as those that we may use in the future

E You warrant that you have disclosed to us in writing all of those who will have an ownership interest in your office and in any business entity that will own this franchise You agree to advise us promptly of any material changes in the information that you provided to us in your application and financial disclosure forms

F You warrant to us that you have used reasonable efforts to investigate the region in which you want to open your office and have found no use of the name you wish to use in connection with your office or any similar trade name or other commercial identification in that area that may conflict with your use of the requested name

G An essential assurance that you make to us is that neither we nor anyone else has made any representation, statement or commitment to you concerning the franchise for your office, other than those contained in this Agreement or in the Franchise Disclosure Document that accompanied it, including representations regarding the sales volumes that you are likely to achieve in your office, the profits you are likely to make in your office, your likelihood of success or the amount you are likely to receive as a result of your participation in our revenue sharing program

H As used in this Agreement, the word "days" means calendar days

I As used in this Agreement the words "associates", "employees", "staff", "sales associates", "agents", "personnel" and similar terms include all direct and indirect employees, independent contractors performing real estate sales and administrative functions and any others performing services for clients and customers of your office

In exchange for the commitments of the parties contained in this Agreement and based on the above warranties, recitals, facts, representations and purposes, as well as for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement, intending to be legally bound, agree as follows

1. Incorporation of Recitals.

The representations, facts, promises, warranties, recitals and statements set forth above are true and are incorporated into this Agreement by reference

2. Award of Franchise

We hereby award you a nonexclusive license to operate your office under the Better Homes Realty brand and to use the licensed assets for the term set forth in this Agreement, but only as long as you comply with its terms and conditions

The franchise we award you is for the operation of one or more offices under the selected name at the location(s) appearing in Section 5 5 below and for those additional offices otherwise allowed by this Agreement The award of this franchise does not give you the right to use the licensed assets at any other location or locations, for any other purpose or in any manner not otherwise permitted by this Agreement

You agree to use the licensed assets only as specified in this Agreement You further agree that we have the sole right to use and to permit others to use the licensed assets except as limited by this Agreement You do not have any rights in any of the licensed assets other than as granted to you by this Agreement You will not acquire any ownership or rights in the licensed assets because of the operation of your office or otherwise, including any goodwill connected with the licensed assets even if your operation enhances that goodwill However, nothing in the foregoing is intended to reduce any payment for goodwill you may obtain should you sell your office or offices as allowed by this Agreement except as may be limited by other provisions of this Agreement

From time to time, we may make changes to our franchise program in order to benefit one or more of our franchised systems You agree that any such change, limitation or alteration will not give you any rights against us for any alleged losses or damage resulting from such changes We agree that any such changes will not require a substantial expenditure on your part and will not unreasonably increase the cost of operating your office

3. Franchise Fee.

The initial franchisee for your first office will vary with the payment method you select The fee is $15,000 00 if you elect to pay the fee in installments by making a payment of $5,000 00 at the signing of this Agreement with a payment of $5,000 00 due one year from that date and another payment of $5,000 00 due on the second anniversary of the signing date The balance due shall not bear interest if paid on time If you do not pay any installment of the amount due within 10 days of the due date, we can declare the entire balance due and payable at an interest rate of 10% per annum from the date of the missed installment until the balance of the entire outstanding balance is paid If we bring an action to collect any of these amounts, you agree to pay our costs of collection, including court costs and our reasonable attorneys' fees in addition to any other amounts due If you have chosen to pay the initial franchise fee in installments and you elect to terminate your Franchise Agreement as described below, you will not have to pay any installment that is not then due

The franchise fee is reduced to $12,000 00 if you elect to pay the full amount on signing this Agreement

In addition to the payments, an additional $2,500 00 is payable when you sign this Agreement for each additional office you own as of the date of this Agreement

Whichever payment method is selected, in some states the initial fee payment is deferred until your initial office is open for business Those states are indicated on the State-Specific Addendum to this Agreement

If you add any offices while the Franchise Agreement is in effect, you must pay an additional fee of $2,500 00 for each of those offices That fee is payable in full when you sign the Franchise Agreement for each such office or an addendum adding those offices to your original Franchise Agreement You will not be entitled to a refund of any of these fees if the number of offices you maintain is reduced

4. Term of the Franchise.

This Agreement is effective upon signing and has an initial term of one year beginning on ______________________

The franchise term will automatically renew for additional periods of one year each unless you give us notice of your desire not to renew your franchise at least 90 days prior to the anniversary of the date on which the term begins

We can update the terms of our Franchise Agreement prior to the anniversary date of the Franchise Agreement then in effect by giving you our latest disclosure document and a copy of the Franchise Agreement that will be used for the new term You will have 30 days after you receive the documents to review the agreement If you decide that you do not want to renew your franchise after reviewing the new Franchise Agreement, you can elect to terminate your franchise at the end of the term then in effect by giving us notice of that election within the 30-day period

5. Office Location

It is your responsibility to find a location for your office and to negotiate a lease for the space We must approve the location and design of your office before you can sign a lease for your office location or undertake modification of the space You may not locate your office within a home With our approval, you can temporarily locate your office in an executive suite or similar facility while you are attempting to locate a permanent location for your office but not for longer than 6 months An executive suite may be used as the location of one of your branch offices with our prior approval If we do assist you in any way in connection with your location or lease, you agree that we are not responsible for any mistakes or oversights we make in providing that assistance

Neither you nor our other franchisees have any priority as to when you or they can open an office

If your office is not open for business within 6 months from the date of this Agreement, we have the right to terminate this Agreement In that event, we will refund 50% of the initial franchise fee you have paid to us minus the cost of any third party software we may have purchased on your behalf We will make this refund within 30 days of when you have complied with all of your post-termination duties described in Section 17 10 of this Agreement

We do not grant you a protected or exclusive territory We have the right to open, or grant others the right to open, our offices at any location even if they compete with you even if they may have an effect on your business

Once your initial office location(s) is/are agreed upon, it/they will be described below If this Agreement covers more than one office, the following list will be revised or additional exhibits will be attached to this Agreement as each new location is added We mutually agree that the location(s) for your initial office is/are

Neither you, our other franchisees, our affiliates nor we are prohibited from listing properties, soliciting clients, making sales or engaging in any other real estate-related activity in any area

You do not have the right to open any additional offices at any location without our prior written approval We have no obligation to allow you to open any additional offices whether you propose to open them in proximity to your existing office or elsewhere You have been granted no rights of first refusal or other preferential rights to open additional offices

If you want to relocate your office, we must approve the new location before you lease it You must provide us the information we request to help us decide whether to approve the location Your relocated office will continue to be subject to the terms of this Agreement including the franchise term then in effect Upon the relocation of your office, you must pay us a relocation fee in the amount of $500 00 to cover our administrative costs in connection with your relocation

No business other than the business franchised by this Agreement can be located in your office without our prior written consent You cannot operate your office inside the business premises of someone else without our prior written consent

6. Design and Construction of the Office; Maintenance and Repair.

All costs incurred in connection with the design, construct or remodeling of your office are your responsibility

If your office or offices have been open less than 12 months when you join our system, you must use the brand name you have selected in your office identification, either as its sole identification or in conjunction with your existing business name If your office or offices have been open more than 12 months when you join our system, you may, but are not required to, use the selected name as the sole name of your business or in conjunction with your existing business name

If you use the selected name in connection with your office or offices, you agree to comply with our graphic standards requirements, including our requirements for signs, business cards, stationery, forms and so forth as described in our Corporate Style Manual or our other directives

We will be available to consult with you on the telephone during our normal business hours regarding the design and construction of your office However, it is your responsibility to see that your office is designed, built, equipped, decorated, stocked and opened without delay and in accordance with our requirements We assume no responsibility for the work of independent contractors that you employ

You agree to maintain your office in a high condition of appearance, maintenance and repair throughout the term of this Agreement

7. Orientation and Preopening Assistance.

We will provide an initial orientation for you and key members of your administrative staff at a location we specify, normally our home office You will not be charged an extra fee for attending this orientation but you must bear your own costs of travel, lodging and related expenses and those of your employees, as well as any salaries and benefits of your employees

Even though we provide an orientation program, the training of your staff and sales associates is your responsibility

We may offer courses, seminars, skill sessions, conferences, conventions, meetings and similar programs for our franchisees and/or for their employees Unless we specify otherwise, you are not required to attend or to have your employees attend these meetings If we schedule and hold these meetings, we can charge a fee to those attending In addition, you must pay your own travel, lodging and similar expenses in connection with attending these meetings and the salaries and travel expenses of your employees

8. Office Operations, Continuing Assistance and Duties.

We will provide you with manuals, systems, procedures, forms and various other materials in connection with the operation of your office You agree to follow the requirements contained in that material to the extent we indicate that compliance is mandatory Our manuals and other materials contain our trade secrets You agree not to reveal the contents of the confidential portions of our manuals and other proprietary material to anyone we do not approve in advance in writing You agree to use your best efforts to prevent any unauthorized disclosure of our trade secret material by your employees, sales associates, contractors, agents and others over whom you have control In this regard, you agree to follow the security procedures and employ the security practices that we specify You agree to return all manuals and other material that we have provided to you upon the expiration or termination of this Agreement or as we otherwise require

You must obtain and maintain at your expense all licenses and permits necessary for the operation of your office If required by law, your office must be under the supervision of a licensed real estate broker Regardless of who oversees the operation of your office, you agree to see that your office is conducted in a businesslike manner using sound business practices and in accordance with our mandatory requirements

You agree to use your best efforts to produce the maximum volume of sales from your office as long as those efforts are consistent with the terms of this Agreement and with our manuals and directives You agree to operate your office in the highest quality manner and in accordance with the requirements of this Agreement, our manuals, our other directives, in compliance with the National Association of Realtors® Code of Ethics and Standards of Practice and applicable law

In order to maintain and enhance the high standards and public image of the offices we franchise, you agree to provide only the services that we specify or approve You agree to provide all of the services we specify in the manner we direct However, we agree that any or all additional services we require that you provide in connection with your office will be related to the real estate brokerage business

You can use only the signs we specify in our Corporate Style Guide or that we have otherwise approved in advance for display in, on or outside your office You agree not to use any hand-made signs in or on your office

You agree to advise us in writing of any limitations on the authority of your supervisory personnel In the absence of that advice, we can rely on the obligations and commitments undertaken on your behalf by your supervisory personnel and those commitments will be binding on you

We agree to have a representative available by telephone during our normal weekday business hours to consult with you on the operation of your office

We are not required to send any of our representatives to visit your office during the term of this franchise However, if we elect to do so and so request, you agree to be present or to appoint in writing someone to act as your agent during our visit We will give you at least 3 days prior notice of our visit if we want you or your agent to be present during the visit You and your agent must cooperate fully with our representative during his or her visit You agree to use your best efforts to have any other people attend that we request to be present during the visit You must make available to our representative at such times as we reasonably request, all information, reports, accounts, books, records, listings, contracts, statements and any other information that we request We agree that our visits will be during your normal business hours and will take place at your office unless both of us agree otherwise You agree that our representative will have access to and can inspect your entire office premises including your office rooms, locked areas, back rooms and all other areas of your office If we notify you at any time of deficiencies or unsatisfactory conditions in the appearance, operation or other condition in connection with your office, you agree to correct those deficiencies or conditions promptly in the way we direct

If you request a special visit to your office by one of our representatives, we will do our best to arrange a time for the visit that is convenient for you If we require, you must pay us an additional fee for a special visit Typically the cost for such a consultation will not exceed $400 00 per day plus travel and lodging expenses

You agree to operate your office in compliance with all applicable laws, statutes, ordinances, rules, regulations and governmental orders, including those that are related to health, safety, employment, the environment and toxic materials You agree to insure that all of your personnel have and maintain in good standing all licenses and permits required by applicable law for the conduct of their activities You agree to notify us promptly if any licenses or permits required in connection with your business are suspended, revoked or otherwise impaired or if you, any of your sales associates or any of your other personnel become subject to any disciplinary action or if any is threatened against them, related to their professional activities

Except as may be otherwise provided in our manuals or as we otherwise direct, we do not require you to use any particular computer equipment or software other than as necessary to maintain accurate records of your business and make reports to us If at a later time we require that you use any particular type of computer or other electronic equipment or any different or additional software programs, you agree to comply with our requirements and specifications The cost of the items we require will be comparable to other items of similar quality that are available on the open market We may be the sole supplier of proprietary software for use in our offices

You agree to obtain and maintain throughout the term of this Agreement access to the Internet or to any other electronic communications system as we may periodically request, including securing and maintaining an e-mail address at which we can communicate with you You agree to advise us promptly of your e-mail address and any web site or its equivalent, that you establish, participate in or maintain

You are responsible for all taxes, liens, assessments, costs, expenses, debts, salaries, accounts, liabilities, charges, fines, claims, duties, fees, damages and all other liabilities, outlays or obligations, whether they involve the payment of money or performance, resulting in any way from the construction, opening, operation or otherwise related to, your office

If this franchise is owned by a business entity, a senior executive of that entity must be appointed as the principal representative of the entity in dealing with us This person, referred to in this Agreement as "your managing agent", must have the authority to supervise the operation of your office or offices and oversee your compliance with this Agreement You agree that your managing agent will continue to have the authority to speak for and bind the owner or owners of any entity that owns this franchise in all matters pertaining to your office and compliance with this Agreement You agree that we can rely on the authority of your managing agent until we are notified by a majority of the owners of the entity owning this franchise of any change in your managing agent or in your managing agent's authority

9. Royalty Fees.

As used in this Agreement, gross commission income ("GCI") means the total proceeds from all of the real estate listings and sales, leasing, exchanges, property management and other real estate-related activities, including origination fees, discount fees, lease rebates, rental and leasing fees, referral fees and receipts from other types of transactions conducted by or through your office or offices GCI does not include any receipts you receive from home warranty sales, serving as an escrow agent or for general insurance services including title insurance transactions Your GCI includes the total amount received from all applicable transactions prior to any deductions for payments to sales associates, salaries, expenses, overhead or other costs Your GCI includes amounts from all transactions no matter where the concerned properties are located, where the parties to the transactions are located, where the closing of the transaction takes place or whether payments from transactions are made first to your sales associates or others and a portion of the proceeds are then paid to you Your GCI is considered received when you or any sales associate or anyone else affiliated with you or your office receives payment

(a) If you are enrolled in our Path to Success revenue sharing program you will pay a monthly royalty fee equal to 3% of your GCI At the time you or one of your sales associates generates $100,000 00 in GCI in any 12-month period and royalties of $3,000 00 have been paid on that amount, the royalty fee will cease for the person producing the $100,000 00 in GCI for the balance of that 12-month period

(b) Each of your offices must pay a minimum monthly reporting fee of $250 00 whether or not that office has produced any GCI during that period

(a) You can elect one of 3 royalty options

Please indicate your preference by initialing next to the royalty arrangement you prefer

__________(1) You can elect to participate in our Path to Success program in which case you will pay the royalty described in subsection 9 2(a) above,

__________(2) You can pay a monthly royalty equal to 4 5% of GCI, or

__________(3) You can pay a monthly royalty 6% of GCI with a $7,000 maximum per agent per year

(b) Under options (2) and (3) you are entitled to take a 20% discount on each royalty payment if you report your GCI to us electronically by the 10th day of each month and we receive by the proper royalty payment by 15th day of the month it is due

(c) You can only change the royalty plan you have selected with our consent

You agree to pay us the required royalty fee by the 15th day of each month based upon your GCI for the prior month At that time you agree to send us a statement of your GCI for the month for which the fees are paid using the reporting form that we specify You must certify that each statement is correct If the payments and reports have not been received by the 15th day of the month, a $150 00 late fee shall be due to compensate us for our additional administrative costs

Your royalty payments are not refundable

10. Signage, Advertising and Promotion.

If you use our brand name in connection with your business, all of your advertising, promotion and public relations activities must be consistent with our image and must reflect favorably on the offices, services and system bearing that brand name Therefore, you must discontinue any advertising, promotion and public relations activities to which we object

If you use our brand name in connection with your business, you agree to note on all signage, supplies, stationery, business cards and advertising in the manner we specify that you are licensed to use that name by us Whether or not you use one of our brand names, if we so request you must indicate on all printed material and signs that your office is independently owned and operated If you elect to use one of our brand names, we will provide you with initial graphic layouts for business cards, office stationery, yard signs, open house signs and other materials We will provide this material to you on a CD, similar storage device, over the Internet or by other means that your printer or sign maker can use to provide you with finished products The cost of all changes, fabrication, delivery, installation and so forth, is your responsibility All changes to this material must comply with our Corporate Style Guide or be approved by us before its use

You agree that we have the exclusive right to use our brand name, any similar names, our logotypes and any similar logotypes on the Internet or in other electronic media, including as a part of an Internet domain name If we license you to employ any of those names or marks for Internet or for a similar use, we must approve how you use those names and marks and any additional content related to that use You agree not to use any of our names or marks on the Internet or in any other electronic medium without our prior written consent and then only in the manner we approve We can alter or withdraw any of the approvals given at any time and for any reason

11. *Path to Success*

If you participate in Path to Success, our unique revenue sharing program, when you sign this Agreement you must submit to us a list of your sales associates and other full- and part-time employees as well as your qualifying shareholders, officers, directors, partners, members and owners You must submit to us promptly a completed Path to Success participation form for each eligible participant affiliated with your office along with a completed IRS Form W-9 for that person You must advise us promptly if you add any sales associates or staff or if eligible members of our Path to Success program leave your office or otherwise lose their eligibility to participate in the program The details of Path to Success are set forth in Exhibit A to this Agreement

12. Accounting, Audits, Trade Accounts and Late Charges.

You agree to keep all of the books and records customarily kept by real estate brokerage offices, including those records that we list in our manuals and other materials If at any time we specify a particular accounting system that you must use or a particular chart of accounts for you to employ as a part of your accounting system, you agree to use the system and the chart of accounts in the manner and at the time we direct

You agree to maintain current and accurate records showing the results of the operations of your office and your GCI These records shall include copies of all of your property listings, copies of all sales contracts in which your office was involved, all escrow closing statements for transactions in which your office participated, your books, financial statements, tax returns and all related back-up material for the period required by law but at least for 3 years from the end of the year to which those materials pertain

You agree at your expense to provide us with reports on your operations, including the gross sales price of each of the properties in which your office participated in any capacity which were sold during each month, the gross commissions paid by the parties to the transaction, the gross commissions received by your office on account of each of those transactions, the GCI received by your sales associates on account of each transaction and the other data we specify in our manuals and as we otherwise direct We can require these reports and data to be transmitted to us by telephone or other electronic means

If we request, you agree to send us copies of your federal and state income tax returns promptly upon their filing to the extent those returns pertain to your business

We have the right to examine or audit your books and records at any reasonable time at your office If the audit reveals an understatement of GCI for any reporting period in an amount of 3% or more or if the audit is necessary because you have not complied with the financial reporting or record keeping requirements of this Agreement, our manual or manuals or our other directives, you agree to pay the costs of the audit as soon as we advise you of those costs The audit costs can include the costs and expenses incurred for the salaries and expenses of our employees as well as our accountants, attorneys or any others with whom we have incurred costs in connection with the audit We agree that the audit costs will be reasonable and commensurate with the amount of work required to conduct the audit Regardless of whether you have to pay the costs of the audit, you agree to pay all sums that are shown to be due because of any understatement of GCI or any other underpayment

We can terminate this Agreement if you underreport your GCI in the amount of 5% or more in any calendar quarter even if the underreporting is unintentional or if you have intentionally underreported your GCI in any amount In addition, whether or not we terminate this Agreement for the foregoing reasons we will have all of our other rights and remedies under this Agreement and those available to us under applicable law

It is very important to the each franchise system that our offices keep their trade accounts current Therefore, you agree to keep your trade accounts current both with us, our affiliates, your contractors, suppliers and other vendors

We can charge you a late charge on all amounts that are past due The late charge is a flat fee of $150 00 If applicable law does not allow a charge in that amount, the late charge will be equal to the highest lawful rate of interest on loans between businesses in the state whose law governs this Agreement Even if the late charge is assessed and you pay it, we do not waive any of the rights we may have because of your not paying us on time

13. Insurance.

You agree to keep in force public liability, including professional errors and omissions liability and property damage insurance in the minimum amount of $1,000,000 00 combined single limit These policies must be with insurance companies that we find reasonably acceptable Your insurance policies must cover liability resulting from your business activities, the operation of your office, anything that happens on or near your office premises for which you can be held liable Your policies must also cover liability in connection with owned, hired and non-owned vehicles in a minimum amount of $300,000 00 combined single limit Your policies also must have broad form contractual and fire legal liability coverage To be acceptable, your insurance carrier must have and maintain a Best rating of at least "A-7" or its equivalent

You also agree to maintain real and personal property insurance, including fire and extended coverage insurance on a replacement cost basis, in amounts adequate to repair and re-supply your office in the event of a covered loss These insurance policies must be carried on an all risk basis subject to standard insurance industry exclusions

In addition to the insurance requirements described above, you agree to carry any other insurance required by your office's lease that required by any of your lenders or equipment leasing companies and any other insurance required by applicable law, such as workers' compensation insurance

Your insurance policies must not contain a coinsurance clause The deductible portion of any claim or loss under any of your insurance policies cannot exceed $10,000 00 without our prior written consent

You agree to require your sales associates and others performing functions for your office who travel by automobiles that do not belong to you to carry automobile personal injury and property damage liability insurance in the minimum amount of $300,000 00 combined single limit naming you and us as additional insureds

All of your insurance policies must cover losses and liabilities on an "occurrence" basis and not on a "claims made" basis except for claims under your professional errors and omissions insurance policies

We have the right to require you to carry different limits, different types of insurance coverage and to get different or additional riders or endorsements on your policies from those discussed in this section

You agree at your expense to name us and our officers, directors, shareholders, agents, employees, successors and assigns as additional insureds on all of your policies of liability insurance We have the right to designate other entities and people to be named as additional insureds on your insurance policies You agree to have your insurance companies send us certificates of insurance showing the required coverage All of your insurance policies must state that the insurance carrier will give 30 days prior written notice to each additional insured if the policy on which they are named is to be canceled or not renewed

14 **Relationship of the Parties; Indemnification.**

As used in this section, "we", “us” and “our” also mean our affiliates and our and their officers, directors, shareholders, employees, agents or others for whose conduct they or we are responsible

Even though you will operate your office under one of our brand names, in all matters you are an independent contractor Nothing in this Agreement or in our franchise relationship makes you our agent, partner or joint venturer Similarly, we are not your agent, partner or joint venturer for any purpose None of your employees are to be considered our employees and none of our employees are to be considered your employees Neither of us is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, negligence, errors or omissions of the other

Each of the parties to this Agreement guarantees that they will not do anything that will give anyone the impression that they are other than franchisor and franchisee If you do anything or if you fail to act in any way that causes us to be exposed to any liability or to incur any expense solely because of our relationship, you must indemnify and hold us harmless against any liability, cost or expense, including attorneys' fees, resulting from that act or failure

You agree to defend, indemnify and hold us harmless against all losses, liabilities, damages, fines, suits, proceedings, claims, costs and expenses, including reasonable attorneys' fees, resulting directly or indirectly from or in any way pertaining to the design, construction, fixturing, decorating, use, occupancy, maintenance, repair, operation, sales policies, employment policies and practices, procedures, practices, actions or any other activities of your office and business including your intentional acts and negligence and those of your agents, officers, directors, partners, shareholders, members, contractors, employees, owners and any others for whose conduct you are legally responsible If we learn about a matter against which you have indemnified us, we will notify you about it and you agree to defend us against it However, if the claim is one that can have an effect on more than one of our owned or franchised offices, other than the ones that you own, we can take over the defense of the matter with counsel of our choosing In that case, you will still be responsible for your pro rata share of the costs and expenses involved in defending the matter If you are defending us in any action, you have the right to settle the matter on terms you decide However, you cannot commit us to spend any money or to take or withhold any action or inaction as a part of the settlement without our prior written consent

15. Use and Protection of the Licensed Commercial Symbols and Other Proprietary Property.

In this Agreement the term "our intellectual property" refers to the trademarks, trade names, service marks, logotypes, symbols, office formats, designs, patents, copyrighted material, trade secrets and other proprietary property that we license to you under this Agreement including those we license to you in the future

This Agreement gives you a nonexclusive license to use only the brand name and the other portions of our intellectual property that we specify Except as otherwise limited by this Agreement, we can use and can permit others to use our intellectual property in any way or at any place that we wish

You agree not to use any of our brand names or any name similar to them, in the name of any corporation, partnership, limited liability company or other entity that you own or form for any purpose, including for the ownership of this franchise and/or your office, whether that entity presently exists or is formed in connection with any other activity in which you engage You agree to inform us of any corporate, business or fictitious name you propose to use in connection with the ownership of your office If we object to that name, you agree to change it and use a name that has our approval

If you are ever subject to any claim of infringement or challenge resulting from your use of any of our intellectual property, you agree to immediately notify us of the facts concerning the claim or challenge We have sole discretion as to what action to take, if any, regarding the claim or challenge We will have exclusive control over any legal or administrative action of any type concerning our intellectual property We agree to pay for all fees and costs in connection with this type of action as long as you have followed our directions concerning the use of our intellectual property and provided that you cooperate with us as we may require in the defense of any such action We also agree to pay any damages for which you are held liable in any proceeding involving your right to use our intellectual property but only on the condition that you have used our intellectual property in strict accordance with this Agreement, our manual or manuals and our other directives, have promptly notified us of the claim or the challenge to your use of our intellectual property and fully cooperate with us in the handling of any legal and administrative proceedings concerning our intellectual property You agree to comply with our directives in the event your right to use our intellectual property or any of it is challenged, including discontinuing the use of any names, symbols or marks licensed to you under this Agreement

If you learn of anyone else using any names or marks that sound or look like those we have the right to use or license, you agree to inform us at once If we decide to take any legal or administrative action concerning that use, you agree to join as a party to the action or to allow the action to be brought in your name but only as and if we direct If we bring any such action, we will pay the legal fees and court costs involved You agree to cooperate fully with us in the handling of any such legal or administrative proceeding involving our intellectual property

You must use our intellectual property strictly in compliance with all of the terms of this Agreement, our manuals and in accordance with all of our other directives You can use our intellectual property only in connection with the operation of your office and only in the manner we specify You agree not to make any application for registration or other protection of any of our intellectual property or anything similar to it or to take any action that may tend to interfere with the use or ownership of our intellectual property You agree not to contest the validity or ownership of any of our intellectual property or to assist anyone else in doing so If we request, you agree to give the notices, file the forms and take any other action we reasonably require in connection with your use of our intellectual property In connection with your use of our intellectual property, you agree to show all of the symbols we specify indicating that the marks, names, logotypes or symbols are a trademark, service mark, copyright or otherwise are subject to protection under the law and are owned by us

16. Transfer of the Franchise.

When we refer to a "transfer" we mean any assignment, sale or other disposition of this Agreement, the franchised business or a substantial portion of the assets of the franchised business, whether it occurs voluntarily or involuntarily "Transfer" also means the transfer, issuance, reacquisition or other change in the ownership interest in any entity that owns any interest in this franchise, as well as the merger, acquisition, consolidation or other restructuring of any entity that owns any interest in this franchise, the franchised business or any material portion of the property used in your office When we refer to "this franchise", we mean any interest in this Agreement, the franchise and license granted by this Agreement, the franchised business and any ownership interest in any entity that owns any interest in this franchise or in any significant part of the tangible property that is used in the operation of your office

You can only transfer this franchise with our prior written consent, which consent we will not unreasonably withhold or delay You agree that you will finalize the proposed transfer only when you receive our written approval of the prospective transferee and the transfer transaction Any attempt to transfer this franchise without our consent or any transfer we do not approve in writing, even if not binding on us, is grounds for the termination of this Agreement

You must provide us with the information we reasonably request about your proposed transferee so that we can make the necessary investigation and determination of the acceptability of the proposed transferee Until all of the information we reasonably request is provided, we are not obligated to take any action on the proposed transfer

You agree to follow the transfer procedures, provide us with the documents and to perform the other duties, required by our policies and procedures at the time of transfer, including, including signing a general release of all claims against us You agree that we can require that the closing date of the transfer be delayed for a reasonable time in order to allow us to perform our duties concerning the transfer

If any transfer transaction results in the cumulative transfer of over 50% of the ownership from the original owner or owners of this franchise or the original owners of any entity owning this franchise, as a condition of our approving the proposed transfer, we can require the transferee to sign the current form of Franchise Agreement we are using at the time of the transfer for new franchisees using the licensed brand name Even though a new Franchise Agreement may be signed, the franchise term under that agreement will be the term remaining on this Agreement However, no new franchise fee will be payable We can charge you a one-time set-up transfer fee to make appropriate changes to our records and accounting resulting from the transfer This fee will be based on our actual costs in performing these functions and will not exceed $1,500 00 per office If for any reason the transfer is not completed after you have paid the transfer fee, we will return the transfer fee to you

You can transfer this franchise to a corporation, limited liability company or other business entity wholly-owned by those who owned the franchise before the transfer This type of transfer will not require our approval, the payment of the transfer fee or the signing of a new Franchise Agreement Those transferring this franchise to the new business entity must own the entity in the same proportion as they currently own the franchise and, if they were so before the transfer, they remain personally responsible for the entity's performance of the terms of this Agreement and any other agreements between us The share or ownership certificates of the entity must show the restrictions required by this section You must notify us before the transfer so that we can send you the applicable forms we require you to sign You agree that prior to the completion of the transfer you and the other owners of the new entity will sign the documents we require concerning the transfer, including, if required, personal continuing guarantees of the obligations of the new entity If for any reason you do not notify us before you transfer the franchise to a new business entity, your failure to sign the documents we require will not affect the personal liability of the owners of the entity to which this franchise is transferred

If any transfer of this franchise results in a change in the person who is principally responsible for the operation and supervision of the franchised office and for compliance with this Agreement, the provisions of Section 8 of this Agreement concerning the appointment of a successor managing agent will apply

If a proposed transfer of this franchise is only between the original owners of any entity which owns this franchise, we agree not to charge the transfer fee in connection with the transfer or require a new Franchise Agreement to be signed in connection with the transfer However, if the transferee owned less than 50% of this franchise prior to the transfer but will own 50% or more after the transfer, all of the terms applicable to a transfer of this franchise to a new owner apply

You may not to use this franchise as security for a loan or otherwise encumber this franchise You do not have the right to grant a subfranchise under this Agreement or to franchise, license or permit anyone else to use any of the licensed assets that you are allowed to use under this franchise

We can transfer any of our rights in this franchise in whole or in part without your consent However, we agree that any such transfer will not interfere in any significant manner with the benefits granted to you by this Agreement

Subject to our rights in the event of a proposed transfer, your interest in this franchise is transferable by will or by intestate succession upon your death If you are determined by a court of competent jurisdiction to be legally incompetent, your court-appointed guardian can transfer this franchise on your behalf If there is a transfer of this franchise because of your death or legal incompetence, that transfer is subject to all of the conditions and requirements concerning transfers described in this Section 16, including our right to approve the potential transferee and the payment of the transfer fee described above If we approve the transfer, the transferee must sign the form of Franchise Agreement that we are using at the time for new franchisees of the licensed brand at the time of the transfer During any period following your death or declaration of incapacity, your estate must comply with the terms of this Agreement and must run your office are required by this Agreement

If we do not approve a potential transferee who proposes to take this franchise as a beneficiary under your will or by intestate succession if you die without leaving a will or if you do not leave this franchise to an heir under your will, your estate can sell this franchise to a transferee acceptable to us within 6 months after the appointment of your executor, administrator or other personal representative If an approved transfer of this franchise is not completed within the 6 month period, we have the right to terminate this franchise

If a court of competent jurisdiction orders you to transfer to your spouse all or any part of your interest in this franchise, that order will constitute a proposed transfer of this franchise subject to all of the terms and conditions concerning transfers described above

17. Defaults, Cures, Termination and Remedies.

You can terminate this Agreement for any reason by giving us at least 6 months' notice of your desire to end the agreement All sums due to us prior to the date of the termination must be paid in full for the termination to be effective

Except as otherwise provided in this Section 17, we can terminate this Agreement without giving you an opportunity to correct a default under any of the following circumstances

a) If you are declared bankrupt or judicially determined to be insolvent, if all or a substantial part of the property you are using in your office is assigned for the benefit of any creditors or if you admit your inability to pay your debts as they become due,

b) If you abandon the franchised business or if your office has been closed for any period during which you are required by this Agreement to operate it unless that failure is caused by fire, flood, earthquake or other similar cause beyond your control not including your inability to operate the business, whether financial or otherwise,

c) If we mutually agree in writing to terminate this Agreement,

d) If you have made a material misrepresentation in your acquisition of this franchise,

e) If you fail to comply with any material federal, state or local law or regulation applicable to the operation of your business within any time period allowed for the cure of the violation, including any applicable licensing requirements,

f) If during any 12 month period you receive 3 or more notices of material defaults under this Agreement even if those defaults have been cured within the time limits allowed in the notices,

g) If this franchise, your office, your business premises or any material portion of your business property is seized, taken over or foreclosed by a government official in the exercise of his or her duties or is seized, taken over or foreclosed by any of your creditors, lienholders, lessors, sublessors or anyone else or if a final judgment against you remains unsatisfied for 30 days or more unless you have filed an appropriate appeal bond or if a levy of attachment or execution has been made on this franchise, your office or on a substantial portion of your business property and it is not discharged within 5 days of the levy,

h) If you are convicted of a felony of any type or any criminal misconduct that is relevant to or reflects adversely on your office or the franchised system,

i) If you intentionally underreport your GCI in any amount or if you underreport your GCI in the amount of 5% or more in any calendar quarter even if underreporting is unintentional,

j) If you attempt to sell, transfer, assign, subfranchise or otherwise dispose of all or any part of this franchise except as allowed by this Agreement or if you allow any person or entity not authorized by us to use or participate in any way in the rights, assets or property licensed to you under this Agreement or that you use in connection with your office

k) If you solicit and/or attempt to recruit a sales associate or employee of ours or of any of our franchisees, no matter which brand name they use, without giving prior written notice to the manager or owner of that franchise,

In addition to the grounds for immediate termination described in Section 17 1 above, we can terminate this Agreement immediately if you violate any other material term of this Agreement, any other agreement between us or any agreement between you and any of our affiliates, and that violation is not corrected within the time period allowed by the concerned agreement This means that if you own more than one of our franchises, you can lose all of your franchises if you violate any of your Franchise Agreements or any other agreement, between us or between you and any of our affiliates

In addition to the other grounds for termination described in this Agreement, we can terminate this Agreement if you do not cure the following defaults within the time periods indicated

If you conduct yourself in any way that reflects upon the operation or reputation of your office or the franchised system to which you belong in a materially negative manner and do not alter that conduct in the manner we specify within 10 days after written notice from us,

If you fail to pay any franchise fee, royalty fee, transfer fee or any other fees, charges or other amounts due to us or to any of our affiliates within 10 days after receiving notice that such fees, charges or other amounts are overdue

If we make a reasonable determination that your continued operation of the franchised business will result in imminent danger to public health or safety and you do not correct the condition that has led to that determination within 5 days after written notice from us,

If the transfer or sale of this franchise following your death or declaration of incompetence is not accomplished within the time periods and in the manner specified in this Agreement and following 10 days written notice from us,

If you have committed any other violation of this Agreement and that violation does not result in the termination of this Agreement as specified in Sections 17 1, 17 2 or 17 3 above, if any of those provisions are not enforceable as written or if we elect not to enforce them, you must correct the concerned default to our reasonable satisfaction within 30 days after we give you notice of the violation and the corrective action that you must take to cure the default, if any corrective action is possible If the default is of a type that more than 30 days are reasonably required to cure it, we will give you the additional time we feel is reasonably necessary to cure the default However, you agree to start your corrective action within the 30 day period and proceed with the cure diligently to its completion

We can also terminate this Agreement if you lose your right to occupy your business premises by virtue of a default you commit under your lease In that event, the termination of this Agreement will be effective as of the date that your lease is terminated

If the term of your lease expires or if your right to the possession of your business premises is otherwise lost without you being at fault in our reasonable judgment, we will not terminate this Agreement as long as you relocate and reopen your office at a location acceptable to us and in compliance with our then-current location, design, construction and opening requirements Your relocated business must be open to the public within 90 days from the date on which your prior lease terminated You must also pay us our relocation fee as described in Section 5 7 of this Agreement at the time we approve your new location in order to compensate us for our efforts in connection with the relocation of your office

If this Agreement is terminated because you are unable to relocate your office as discussed in Section 17 6 and in our reasonable judgment you have made a good faith effort to relocate your office within the required time period, the termination of this Agreement will not be considered to be a termination because of a default and the liquidated damages provisions of Section 17 12 of this Agreement will not apply

If you do not correct a default under this Agreement within any time period allowed for the cure of the default, the termination of this Agreement will occur without further notice as of the expiration of the time allowed to cure the default

If you think that we have committed a violation of any material term of this Agreement, you agree to give us written notice of the claimed default We will then have 30 days after our receipt of that notice within which to correct any actual default If we do not cure the default within the designated time period, plus such additional time as is reasonably necessary to accomplish the required action, you can pursue all rights allowed to you by applicable law

On the termination of this Agreement for any reason, including its expiration at the end of its term, you agree that at our direction you will

a) Immediately bring current all accounts with us and our affiliates,

b) Immediately stop using our licensed assets including our trade names, trademarks, service marks, logotypes, commercial symbols, designs, formats, patents, copyrighted material, trade secrets, proprietary material and other intellectual property,

c) Promptly discontinue the use of any furniture, fixtures, decor, color schemes, interior or exterior decoration, signs, displays, advertising and promotional material, and/or any other indications that in our judgment are distinctive to our franchised offices,

d) Immediately return to us all manuals and other material that you obtained or by virtue of being our franchisee and immediately cancel any fictitious business name or equivalent registrations or listings indicating that you are in any way affiliated with our franchised systems,

e) Promptly notify all of your suppliers, customers, utilities, landlords, creditors and concerned others, including those with which you have placed advertisements, that you are no longer affiliated with our franchised systems and in the future not identify yourself, any present or future business in which you may have an interest or any entity that owned any interest in this franchise as having been associated with our systems This provision will not prevent you from responding to inquiries about your employment history but, rather, is intended to prevent you from indicating to the public your former affiliation with us Until you have completed all of the foregoing duties, you agree to pay us on a monthly basis an amount equal to the monthly average of the royalty fees you paid us over the 12-month period just prior to the termination or expiration of this Agreement You agree that this obligation does not permit you to continue to use the licensed assets or our intellectual property

If this Agreement is terminated because you default, we will lose your royalty fees, as well as the goodwill we get from the operation of your office before the scheduled expiration of this Agreement Since the extent of the actual loss to us will be extremely difficult to determine, if this Agreement is terminated because you default, you agree pay to us in a lump sum an amount equal to 50% of the royalty fees that would have become due following the termination of this Agreement for the period that this Agreement would have remained in effect but for your default The term "the royalty fees that would have become due" means the amount determined by taking the royalty fees for the 12 months immediately before the date of the termination, whether or not paid, dividing that number by 12 and multiplying the result by the number of months that would have remained on this Agreement had it not been terminated If your office had been open less than 12 months when you default, the amount of the royalty for the period you had been open shall be annualized and used for this calculation

In addition to any liquidated damages you pay under Section 17 12 above, if you default under this Agreement, you agree to pay us immediately all royalties and other amounts due to us under this Agreement as of the date of termination in addition to all other damages caused to us by virtue of your default

In addition to the remedies described above, if you default under this Agreement, we will have all of the other remedies available to us at law or in equity that apply because of your default

Upon the expiration, termination or non-renewal of this franchise for any reason, no payment is due to you on account of any goodwill, going business value, equity or other intangible asset that you may claim because of the operation or ownership of your office or otherwise

If this Agreement is terminated because of your default, you will lose all right to participate in our Path to Success revenue sharing program You will also lose any accrued rights that you may have acquired under that program In that event, you will be removed from the revenue sharing hierarchy and those under you will move up as though you were not a member of that hierarchy

All of the provisions of this Agreement that concern your duties following the expiration or termination of this Agreement will remain in effect and be enforceable even though this Agreement has been terminated or its term has expired

18. Dispute Resolution

In the event of any controversy or claim between us arising out of or related to, this Agreement, its inducement, its execution or a claimed breach and we cannot resolve the dispute between us, we both agree to refer the matter to mediation under the mediation rules of, the dispute resolution firm JAMS The mediation will be limited to one day. The costs of the mediation service will be shared equally between us Each party to the mediation proceeding will bear his, her or its own costs and expenses in the matter, including their own attorneys' fees

Nothing in this Section 18 or elsewhere will prevent either of us, without prior resort to the mediation procedure set forth above, from seeking a temporary restraining order and an injunction to prevent or remedy any irreparable injury or damage, including, on our part, to our trademarks, trade names, service marks, logotypes, commercial symbols, goodwill, trade secrets, and/or other of our intellectual or proprietary property and/or any of our systems

In the event of litigation or arbitration concerning this Agreement, its inducement, execution or a claimed breach or default under this Agreement, the court or arbitrator shall award the party prevailing in the matters its reasonable attorneys and expert witness fees, court costs and other costs of suit.

We both agree that the venue of any mediation or legal action or any arbitration to which we both agree, involving this Agreement, as well as any subsequent proceedings such as judicial judgment debtor exams, will be in Las Vegas, Nevada You agree to submit to the jurisdiction of the mediation and arbitration tribunals and courts located in Las Vegas, Nevada You agree that any process issued by those tribunals and courts will be effective when delivered to you as though you were present in Las Vegas, Nevada at the time of delivery

19. Modification of This Agreement.

This Agreement can be modified only by a written agreement signed by the parties to this Agreement

You agree that we can modify our manuals when and how we decide If we make any changes in our manuals or if we give you any directions or instructions concerning the operation of your office, you agree to comply with those changes, directives and instructions as though they were a part of this Agreement

We can modify our concept, office formats, designs, signage, decor, products, services or any other aspect of our offices and of the franchised system to which you belong at any time if that is necessary in our reasonable business judgment to meet competition, to improve the appearance of our offices, to enhance the business of your office or for any other legitimate business reason We reserve the right to modify our Path to Success revenue sharing program at the times and in the manner we decide, provided that, if you are a participant in that program, your participation and that of your associates, will not be adversely affected in a material manner

20. Notices.

In order to be effective, all notices, approvals and consents required by this Agreement or related to it must be in writing By providing a facsimile number and or an electronic mail address to the other party, the indicating party consents that notices, approvals and consents can be transmitted to them electronically as long as the method of electronic communication creates a record that can be retained, retrieved and reviewed by the recipient and can be directly reproduced in paper form through an automated process

Notices, approvals and consents shall be deemed to have been received by the addressee at the earlier of when personally delivered to the addressee, when an acknowledgment of receipt is signed by the addressee or a duly authorized agent of addressee, when sent to the addressee by facsimile transmission at a telephone number or by electronic mail when sent to an address specified by the addressee, the next weekday after they are deposited with a recognized overnight express delivery service or 4 days after the deposit in the United States mail, when sent by certified mail, postage prepaid and properly addressed

The addresses set forth at the beginning of this Agreement can be used for notices and other communications Any party to this Agreement can change his, her or its address by giving written notice of the change to the other party as provided above

21 **Heirs, Successors and Assigns.**

This Agreement is binding on and inures to the benefit of the parties and their heirs, successors, representatives and assigns, except to the extent and only on the conditions and in the manner, more specifically set forth in this Agreement

22. Waivers.

The failure by either party to this Agreement to enforce any right that he, she or it may have or to declare any default by the other party under this Agreement is not a waiver or abandonment of the concerned right or default unless the right or default is waived in writing and is signed by the party who is waiving it

The waiver of any right or default in one instance is not to be considered a continuing waiver of the concerned right or default or a waiver of the concerned right or default in any other instance

The acceptance of money or other performance by either party will not be a waiver of any right or default other than the one to which that payment or performance pertains and then only to the extent that the payment or performance is accepted by the other party

If we grant any waiver, concession or allowance to any of our franchisees, you agree that we do not have to grant the same waiver, concession or allowance to you or to any of our other franchisees

23. Severability.

The invalidity or unenforceability of any portion of this Agreement will not affect the validity of any other portion of this Agreement and unless substantial performance of this Agreement taken as a whole is prevented by the invalidity or unenforceability of any portion of this Agreement, this Agreement will remain in full force and effect

The invalidity or unenforceability of any portion of this Agreement in any jurisdiction does not invalidate that portion in any other jurisdiction

To the extent permitted by the law governing this Agreement, you waive any provisions of law or regulations that render any portion of this Agreement altered, invalid or unenforceable in any respect

24. Covenant of Further Assurances.

Whenever in our sole judgment it is advisable to execute any other documents that we believe are necessary or desirable to carry out the purposes of this Agreement, you agree to sign those documents promptly, provided that they do not materially alter your rights or increase your duties under this Agreement

You agree to respond promptly and accurately to all inquiries from our accountants, auditors, lenders and others we authorize to make inquiries of you, concerning the status of this Agreement, the status and amounts of any accounts between us and any other matters pertaining to the rights and obligations of the parties to this Agreement

25. Governing Law.

This Agreement and its interpretation are to be governed by the laws of the state of Nevada

Even though Nevada law has been selected for the interpretation of this Agreement, if your office is not located in Nevada you agree that Nevada's choice of law and conflicts of law rules will not apply If a court of competent jurisdiction determines that this Agreement must be governed by the laws of a state other Nevada, then the laws of that other state will govern the interpretation of this Agreement

If applicable law requires there to be terms other than or in addition to the terms contained in this Agreement, then the required terms will be considered to be a part of this Agreement but only to the extent necessary to prevent the invalidity of this Agreement or any of its provisions or to prevent the imposition of any civil or criminal penalties or liability

To the extent the law governing this Agreement permits, we both agree to the following

a) Neither party shall be entitled to punitive or exemplary damages against the other,

b) Any claim either of us may have against the other will expire one year from the date the claim arises, unless through the exercise of reasonable diligence the complaining party could not have learned of the claim, in which case the one year period of limitations will begin when the complaining party learns of the claim or through the use of reasonable diligence could have learned of the claim

c) To the extent permitted by the law of the state whose law governs this Agreement, we both waive a trial by jury

26. Counterparts.

If more than one copy of this Agreement is signed by the parties, all of the copies taken together make up only one agreement

27. Headings and Gender.

The headings used in this Agreement are for convenience only and are not to be used in interpreting the provisions of this Agreement

As used in this Agreement, the male or female gender includes the other and the neuter If the singular case is used in this Agreement, it also includes the plural and the plural case includes the singular, as appropriate

28. Miscellaneous.

Time is of the essence in this Agreement This means that the performance called for in this Agreement must be accomplished within the time periods specified in this Agreement

By entering into this Agreement neither party intends to confer a benefit or right on any person or entity not a party to this Agreement No third party has or will have any right to claim any benefit or right as a third party beneficiary under this Agreement or any of its provision

You are not entitled to claim any rights or benefits, including those of a third party beneficiary, under any contract, understanding or agreement between us and any other person or entity, unless that contract, understanding or agreement specifically refers to you by name or to a class to which you belong and specifically grants rights or benefits to you or to the concerned class

You agree that whoever signs this Agreement has full power and authority to enter into this Agreement If this franchise will be owned by a partnership, corporation, limited liability company or other entity, you agree that whoever signs this Agreement for that entity has authority to do so and that the partnership, corporation, limited liability company or other entity has been duly organized, is validly existing and is in good standing in the jurisdiction in which it was formed You also agree that if it is necessary as a condition of doing business in the state where your office is or will be located, that entity is authorized to do business and is in good standing in that state At our request, each of the concerned signatories agrees promptly to provide us with a certified copy of the resolution authorizing the signing of this Agreement on behalf of the entity

You agree that no fees, charges, royalties or other payments of any kind that you make to us or that are made to us on your behalf, are refundable in whole or in part except as otherwise provided in this Agreement

All of the approvals, consents, directives, instructions and specifications that we can give or withhold under the terms of this Agreement can be given or withheld in our sole and absolute discretion unless this Agreement specifies otherwise

All of the approvals, consents, directives, specifications and the like, that you are required to receive from us before you can take any action must be in writing in order to be effective All of the requests, notices, advisories, submissions and the like, that you are required to give us before you take or withhold any action must be given to us in writing in order to be effective

29 **Accord and Satisfaction.**

No payment that you make or that is made by anyone else for your account or our receipt of any amount that is less than that which is required to be paid will be anything except a payment on account regardless of any endorsement to the contrary contained on the payment or in any oral or written communication transmitted in connection with the payment This applies whether the payment is made under the terms of this Agreement, under any other agreement between the parties or otherwise or whether the payment is made to us or to any of our affiliates

Neither by endorsing any check nor by accepting any amount from you or one given to us on your behalf binds us to any claim that such endorsement or acceptance was an accord and satisfaction for less than the full amount due

All payments made to us or to our affiliates by you or on your behalf will be applied first to any late charges or interest owing and then to the earliest of the principal amounts due

If we or our affiliates accept any payment from you or one that is made on your behalf, the acceptance of that payment will not be a waiver of any right we or our affiliates have to require the full payment and performance of all of your duties and obligations under this Agreement or any other agreement under which the concerned obligation arose

30. Joint and Several Liability.

If two or more individuals, corporations, partnerships, limited liability companies or other entities or any combination of them, sign this Agreement, the liability of each is joint and several

All of the partners of a general partnership, all of the general and limited partners of a limited partnership, all of the shareholders of a corporation, all of the members of a limited liability company and all of the members or owners of an association or other unincorporated entity, that owns any interest in the franchise awarded by this Agreement are jointly and severally liable for the performance of the concerned entity under this Agreement to the extent allowed by applicable law You agree that we can refuse to approve this franchise or any transfer of this Agreement or if previously approved, we can withdraw our approval of this franchise or of a transfer of this Agreement if any of your shareholders, partners, members or other owners, refuse to sign our guaranty forms reflecting their agreement to be obligated for the performance of their entity under this Agreement

31. State-Specific Modifications.

The following modifications to this Agreement are applicable only where this Agreement is made with residents of the following states or where the franchise is to be operated within those states The modifications will not apply except in the states indicated

California

31 1 1 Rather than being payable when your sign this Agreement, the portion of the initial franchise fee that is due upon signing and any other preopening costs due to us are payable when you have begun business pursuant to the terms of this Agreement and we have performed all pre-opening services we have agreed to provide to you under this Agreement

31 1 2 The first sentence of Section 5 3 is modified to read "If your office is not open for business within 6 months from the date of this Agreement, we have the right to terminate this Agreement unless that occurs as a direct result of our failure to perform the pre-opening duties we are required to provide to you under this Agreement "

Illinois:

31 1 3 Rather than being payable when your sign this Agreement, the portion of the initial franchise fee that is due upon signing and any other preopening costs due to us are payable when you have begun business pursuant to the terms of this Agreement and we have performed all pre-opening services we have agreed to provide to you under this Agreement

31 1 4 Where the Illinois jurisdictional requirements are met, the jurisdiction and venue of any legal action will be in Illinois

31 1 5 Where the Illinois jurisdictional requirements are met, the laws of the state of Illinois will govern this Agreement and its interpretation

31 1 6 The Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that Act or any other law of the State of Illinois is void This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code

New York:

31 1 7 Wherever in the Franchise Agreement you are required to sign a release in our favor, that release will not affect any claims you may have under Article 33 of the New York General Business Law

32. Entire Agreement.

This Agreement and the signed exhibits to it contain the entire understanding between us and include all of the representations on which you have relied in connection with this transaction However, nothing in this Agreement requires you to waive your reliance on representations made in the Franchise Disclosure Document that accompanied this Agreement

This Agreement supersedes all negotiations, agreements, representations, promises, commitments, inducements, assurances, conditions and covenants between you, us and our representatives whether direct, indirect or implied and whether oral or written However, nothing in this or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you

You agree that we have made no commitments to you that are not contained in this Agreement or the Franchise Disclosure Document that accompanies it, including representations concerning your potential for success in or the profitability of your office or its location

You agree we have advised you that there can be no guarantee of any given sales levels, profitability or success in your office other than those promises contained in our Franchise Disclosure Document, if any You agree that your business ability and your personal dedication to your office are crucial to your chances of achieving success

We mutually intend this Agreement to be the entire integration of all of our understandings of every kind concerning the matters contained in or related to the subject matter of this Agreement, whether those understandings happened before or at the same time as the execution of this Agreement

No other agreements, representations, negotiations, understandings, promises, commitments, inducements, assurances, terms, conditions or covenants of any kind or nature exist between us except those set forth in this Agreement and the signed exhibits to it, whether they concern this Agreement or any future, further or additional rights that you may claim to have To the extent that there may be any agreements, representations, negotiations, understandings, promises, commitments, inducements, assurances, terms, conditions, covenants or the like, not contained in this Agreement and in the signed exhibits to it, you agree that they are waived

YOU AGREE THAT WE HAVE ADVISED YOU THAT YOU MUST INSURE THAT ALL PROMISES AND REPRESENTATIONS FOR PRESENT AND FUTURE RIGHTS AND RESULTS, WHETHER ABSOLUTE OR CONTINGENT, ARE CONTAINED IN THIS FRANCHISE AGREEMENT OR THEY ARE FOREVER LOST

Executed at Las Vegas, Nevada, as of the date first written above

______________________________	Better Homes Realty, Inc
______________________________ Signature	By ______________________________ Signature
______________________________ Printed Name	Its ______________________________

Better Homes Realty, Inc.

PATH TO SUCCESS®

EXHIBIT A to Franchise Agreement

Path to Success®

ELIGIBILITY

Path to Success is a revenue sharing program for individuals affiliated with the franchised systems ("the systems") of Better Homes Realty, Inc Those eligible to participate in the *Path to Success* revenue sharing pool include shareholders and full and part-time employees of Better Homes Realty, Inc , franchisees of Better Homes Realty, Inc , the full and part-time employees and the sales associates of those franchisees and others specifically approved in writing by Better Homes Realty, Inc While only natural persons are allowed to participate in *Path to Success*, if a franchisee is an entity, its partners, shareholders, members and other owners can participate as individuals However, a member can assign his or her interest in *Path to Success* revenues to an entity wholly-owned by the member, such as a corporation, limited liability company, trust and the like, if doing so will provide the member with tax advantages However, no other transfers or assignments are allowed and there can be no other owners of the entity The entity's participation will be tied to the conditions pertaining to the member as an individual, such as the termination of rights upon the death of the member and as otherwise described below

CHOOSING A SPONSOR

At the time a person becomes eligible for membership in the Path to Success program, he or she must designate a sponsor on the form and in the manner specified by Better Homes Realty, Inc It is strictly within the discretion of the new member who he or she designates as a sponsor The member does not have to work for the office which or franchisee with whom his or her sponsor is affiliated Once a member has selected a sponsor, changes in sponsorship are not allowed

PROVIDING A SPONSORSHIP CHOICE

Upon a member becoming affiliated with a franchisee's office, it is the responsibility of the franchisee of that office to promptly provide Better Homes Realty, Inc with an IRS Form W-9 and a Path to Success membership form providing the nature of the affiliation and the sponsor designated by the concerned member The franchisee must also supply a change form if a member affiliated with the franchised office resigns, changes his or her address, is terminated, relocates, dies or whose status as a program member is otherwise altered

PROHIBITION AGAINST PAYMENT FOR SPONSORSHIP

Members are prohibited from paying fees or giving other consideration of any kind for the privilege of joining the *Path to Success* program Payment to a *Path to Success* member or potential member by a sponsor for allowing or designating sponsorship is prohibited and will result in removal of the offending sponsor from the *Path to Success* program

REVENUE SHARING CONTINUES UPON RETIREMENT

Once a sponsor has been a continuous member in *Path to Success* for 3 years, he or she becomes entitled to accrue *Path to Success* benefits for his or her lifetime at the rate of 20% of his or her *Path to Success* benefits per year At the end of 7 years of continuous membership in the program, the member is eligible to continue receiving his or her full *Path to Success* benefits for life unless they are otherwise lost as described below

LOSS OF REVENUE-SHARING RIGHTS

A member's right to participate in *Path to Success*, including the accrued portion of a member's participation, can be lost if he or she is a franchisee of Better Homes Realty, Inc and his or her Franchise Agreement is not renewed or is terminated due to a default, if the member is convicted of a felony of any type or any criminal misconduct that reflects unfavorably on the franchised system to which he or she belongs or on the *Path to Success* program, if the member engages in any other misconduct reflects adversely on the franchised system to which he or she belongs in a material manner, if the member leaves his or her Better Homes Realty, Inc franchise, if the member goes to work for a competitor where there is an office franchised by Better Homes Realty, Inc within a 50 mile radius of his or her home or if the member dies If a member in *Path to Success* retires after accruing *Path to Success* benefits, he or she can continue as a member in the program until death as long as the member does not otherwise lose his or her accrued rights as described above If a member's right to participate in *Path to Success* is lost, the member will also lose the right to any revenue-sharing funds earned by the member but not yet paid by *Path to Success*

FUNDING OF *PATH TO SUCCESS*

The revenue sharing pool is derived from a portion of the royalty fees received by Better Homes Realty, Inc from its franchisees Each franchisee pays a monthly royalty fee based upon the GCI, as defined in the Franchise Agreement, generated by each principal and sales associate affiliated with the franchisee Twenty-Five percent of the royalty income that is received by Better Homes Realty, Inc is placed in the *Path to Success* revenue sharing pool ("the pool")

EXAMPLE OF REVENUE SHARING

The portion of the pool payable to each sponsor is based on the GCI of each sales person in that sponsor's downline The appropriate portion is allotted among those designated as sponsors of each sales person in the downline in the manner described below

Payments from the pool will be sent to each qualifying recipient every other month beginning on January 15th of each calendar year based on the following distribution plan

Level 1	**50%**
Level 2	**10%**
Level 3	**8%**
Level 4	**8%**
Level 5	**8%**
Level 6	**8%**
Level 7	**8%**

For example, if you were designated as the sponsor of Agent X, you would receive a Level 1 distribution in an amount equal to 50% of the pool amount generated by Agent X If Agent X were designated as the sponsor of Agent Y, you would receive a Level 1 distribution equal to 50% of the pool amount generated by Agent X and a Level 2 distribution equal to 10% of the pool amount generated by Agent Y If Agent X produced $100,000 00 in GCI during the calendar year, 25% of the amount paid in royalties on account of the activities of Agent X would go into the pool As such, if $3,000 00 in royalties had been paid to Better Homes Realty, Inc during the calendar year based on the GCI of Agent X, $750 00 of that amount would go into the pool for that period Since you were designated by Agent X as his or her sponsor, you would receive $375 00 on account of the GCI produced by Agent X If Agent Y produced $100,000 00 in GCI during the same calendar year, you would receive another $75 00 on account of the GCI generated by Agent Y A sponsor can only participate in up to 7 generations/levels of revenue sharing If 8 or more levels are achieved by his or her downline, the sponsor will only participate in revenue sharing from the first 7 levels

If less than the entire pool is distributed during any distribution period, the undistributed portion or bonus pool ("breakage") is put into a bonus pool and is distributed as follows

Executive Agents	30%
Senior Agents	60%
Better Homes Realty, Inc	10%

"Executive Agents" are sponsors who have at least 8 sales people on their first level and at least 20 sales people in their total downline "Senior Agents" are sponsors who have at least 3 sales people on their first level and at least 8 sales people in their total downline Executive Agents will also be Senior Agents and will participate in the distributions due both categories The share of each Executive Agent and each Senior Agent will be determined by dividing each portion of the bonus pool by the number of Executive Agents and Senior Agents For example, if there are 10 Executive Agents and 20 Senior Agents eligible to participate in the breakage for the year, the bonus pool will be divided into 10 30% shares and 30 60% shares Each Executive Agent will receive one 30% share and one 60% share and each Senior Agent will receive one 60% share

Better Homes Realty, Inc retains 10% of the bonus pool to help defray the cost of administering the *Path to Success* program In addition, a nominal transaction fee will be deducted from those members that receive revenue sharing checks to compensate Better Homes Realty, Inc for administering the program

Better Homes Realty, Inc 's contractual responsibility to administer the *Path to Success* program runs exclusively to its franchisees It is the responsibility of each franchisee to compensate the *Path to Success* members working with the franchisee's office or offices and those otherwise affiliated with the franchisee Better Homes Realty, Inc has no obligation to or relationship with any *Path to Success* member other than those who have executed a Franchise Agreement with Better Homes Realty, Inc By signing below the parties agree to the foregoing

______________________________	Better Homes Realty, Inc
______________________________ Signature	By ______________________________ Signature
______________________________ Printed Name	Its ______________________________
______________________________ Title	
______________________________ Date______________________________	

Better Homes Realty, Inc.

CONTINUING GUARANTY

This form is used to guaranty the obligations of a corporate or limited liability company franchisee or to guaranty the obligations of a franchisee other than the guarantor

EXHIBIT B to Franchise Agreement

CONTINUING GUARANTY

____("Guarantors") whose main address is ____ as a material inducement to and in consideration for Better Homes Realty, Inc (hereinafter referred to as "Franchisor") entering into a Franchise Agreement ("the Agreement") with ____ (hereinafter referred to as "Franchisee"), dated ____________________, unconditionally guarantees and promises, to and for the benefit of Franchisor, that Franchisee will perform faithfully and completely all of the provisions, obligations and duties that Franchisee has agreed to perform under the Agreement and/or any other obligations undertaken or to be undertaken by Franchisee in favor of Franchisor or Franchisor's parent, subsidiary or affiliated corporation, corporations, individuals or other entities

If Guarantor is more than one person, Guarantor's obligations are joint and several Guarantor's obligations are also independent of Franchisee's obligations A separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against Franchisee or any or all of them or whether any other Guarantor or Franchisee is or are joined in the action

Guarantor waives the benefit of any statute of limitations or other provision of law that in any way affects or limits Guarantor's liability under this Guaranty

The provisions of the Agreement or other obligation involving Franchisee, may be changed between Franchisor or the other concerned party or entity and Franchisee at any time and in any manner, either by written or oral agreement, by operation of law, by course of conduct or otherwise, without the consent of or notice to Guarantor This Guaranty shall continue to guaranty the performance of Franchisee under the Agreement and/or other obligation as so modified without further agreement or act of Guarantor being required

Assignment by Franchisee or by Franchisor of the Agreement or other obligation as permitted in that Agreement or the other obligation shall not affect this Guaranty and the obligations of Guarantor hereunder shall carry over to the transferee of either party to the Agreement or other obligation

This Guaranty shall not be affected nor the obligations of Guarantor hereunder limited in any way by Franchisor's delay in enforcement or failure to enforce any of its rights under the Franchise Agreement, other guaranteed obligation or under this Guaranty

If Franchisee commits a breach of the Agreement or other guaranteed obligation, Franchisor can proceed immediately against Guarantor or Franchisee or both or Franchisor can enforce against Guarantor or Franchisee or both, any rights that it has under the Agreement, other obligation or pursuant to applicable law or both If the

Agreement or other obligation terminates, Franchisor can enforce any rights it has following such termination against Guarantor, Franchisee or both, without giving prior notice to Guarantor, Franchisee or either, and/or without making demand on Guarantor, Franchisee or either

Guarantor waives the right to require Franchisor to proceed against Franchisee before proceeding against Guarantor, to proceed against or exhaust any security that Franchisor holds from Franchisee, Guarantor or any other source, and/or to pursue any other remedy available to Franchisor prior to proceeding against Guarantor, Franchisee or either Guarantor further waives any defense available to Guarantor, Franchisee or either, by reason of any disability of Franchisee and further waives any other defense based on the termination or limitation of Franchisee's liability by reason of any cause, event, term or condition including any defense or limitation available by operation of law

Until all of Franchisee's obligations to Franchisor have been satisfied and discharged in full, Guarantor waives any right of subrogation against Franchisee Guarantor waives any right it may have to enforce any remedies that Franchisor may now have against Franchisee or may have at a later time Guarantor further waives all presentments, protests, demands of any type, notices of any type, including notices of protest, notices of dishonor and notices of acceptance of this Guaranty Guarantor waives the foregoing as to present and/or future obligations and specifically waives any and all notices of the existence, creation or incurring of any new or additional obligations of Franchisee to Franchisor

If Franchisor is required in its discretion to enforce Guarantor's obligations under this Guaranty by legal proceedings, and/or by the employment of an attorney or is takes any other or additional collection or other action to enforce its rights hereunder, Guarantor agrees to pay to Franchisor all costs incurred by Franchisor in such proceedings, action, and/or employment, including court costs, costs of suit and attorneys' fees

This Guaranty shall be binding upon Guarantor and each and all of them if more than one and upon his, her, its or their, successors, representatives and assigns

______________________________	______________________________
Guarantor	Guarantor
______________________________	______________________________
Printed Name	Printed Name
______________________________	______________________________
Date______________________________	Date

Better Homes Realty, Inc.

GENERAL RELEASE

This Release is used on the renewal, transfer or termination of the Franchise Agreement

-EXHIBIT C to Franchise Agreement

GENERAL RELEASE

This General Release is made on ______________________________, by ____, hereinafter referred to as "Franchisee" in favor of Better Homes Realty, Inc , a Nevada corporation, hereinafter referred to as "Franchisor"

This General Release is made with reference to the following facts

A Franchisor and Franchisee entered into a Franchise Agreement dated _______________, granting Franchisee the right to operate one or more ______________________________________ (insert brand name) offices, hereinafter referred to as "the Franchise Agreement"

B Franchisee's office(s) is/are located at

____

____

____

____

C Franchisee is required by the Franchise Agreement to provide Franchisor with this General Release as a condition of the renewal or transfer of the Franchise Agreement

NOW, THEREFORE, in consideration for the renewal or transfer the Franchise Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and with the intent to be legally bound, the parties hereto agree as follows

1 The facts set forth above are true

2. <u>RELEASE</u>. Except for the obligations undertaken by Franchisor in any other written agreements that survive this General Release, Franchisee hereby forever releases, forgives and discharges Franchisor from any and all liability of any kind and nature whether arising out of the Franchise Agreement, its inducement, execution and performance, the franchise relationship between Franchisee and Franchisor or otherwise, including, but not limited to, any and all claims, demands, rights of action, causes of action and liability caused by errors, omissions, intentional acts and negligence, of any kind or character whatsoever, which Franchisee may now have or claim to have against Franchisor. Franchisee understands and agrees that this release covers all claims of every kind and nature, past and present, known and unknown, suspected and unsuspected, except for claims arising pursuant to obligations undertaken under this General Release.

3 If any legal action or other action or proceeding, is brought for the enforcement of this General Release or because of a dispute, breach, default or misrepresentation in connection with any of the duties, obligations, covenants, representations, warranties, performance, promises or provisions of this General Release, the party prevailing in that action or proceeding shall be entitled to recover its reasonable attorneys' fees and all other costs incurred in that action or proceeding in addition to any other relief to which that party may be entitled

4 Franchisee warrants and represents it has full power and authority to enter into this General Release Franchisee warrants and represents that no third party has any interest or right

in any claim, potential claim, right of action or cause of action covered by this General Release and the consent of no third party is required for the effectiveness of this General Release

5 It is agreed that the agreements and undertakings contained in this General Release shall be binding upon Franchisee and also upon Franchisee's heirs, successors, representatives and assigns

6 Unless prohibited by any applicable law, this General Release shall be construed and governed by the laws of the state of Nevada. This General Release does not release any claims the forgiveness of which is specifically prohibited by any applicable law

7 If the franchise is subject to California law, Franchisee expressly waives any and all rights or claims under Section 1542 of the *California Civil Code*, which states

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 executing the release, which if known by him must have materially affected his settlement with the debtor.

8 If this Release is governed by the law of any other state that has a provision similar to 1542 of the *California Civil Code,* Franchisee expressly waives all rights and claims under that provision and provides a waiver similar to that above

9 Should any provision of this General Release be found to be invalid or unenforceable under any law which may be found to govern this General Release, such invalidity or unenforceability shall not affect the validity or enforceability of any other portion of this General Release and, unless substantial performance of this General Release taken as a whole is prevented thereby, this General Release shall remain in full force and effect

10 This General Release contains the entire understanding and agreement of the parties pertaining to the subject hereof and supersedes all prior and contemporaneous negotiations, inducements, assurances, conditions, agreements, contracts, representations, promises, commitments, covenants and understandings between them whether direct or implied and whether oral or written

IN WITNESS WHEREOF, this General Release has been duly executed it as of the date first written above

FRANCHISEE

By______________________________

Its ______________________________

RECEIPT

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

If Better Homes Realty, Inc 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

In New York, we must provide you with this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship

If Better Homes Realty, Inc 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 on Exhibit B

The franchise seller with whom you have dealt in connection with this franchise offer is Chuck Scoble, 1160 N Town Center Dr, Suite #110, Las Vegas, NV 89144 (866) 998-8781

The issuance date of this disclosure document is October 14, 2016 The effective dates of this document in certain states are listed on the State-Specific Addendum to this disclosure document as are the franchisor's registered agents for service of process in those states

I have received the Better Homes Realty Inc Franchise Disclosure Document dated October 14, 2016 This Disclosure Document included the following exhibits

A. Financial Statements

B State Franchise Law Administrators and Agents for Service of Process

C. List of Offices

D. Disclosure and Confidentiality Agreement

E. Franchise Agreement including *Path to Success*®, Continuing Guaranty and General Release

Date ________________________ (Do not leave blank)

____
Signature of Prospective Franchisee

____

____
Print Name
And, if applicable, as an officer, director, member, partner or owner of

____

You may return the signed receipt either by signing, dating and mailing it to Better Homes Realty, Inc at 1160 N Town Center Dr, Suite #110, Las Vegas, NV 89144 (866) 998-8781 or by faxing a copy of the signed and dated receipt to Better Homes Realty, Inc at (702) 895-8998

RECEIPT

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