

FRANCHISE DISCLOSURE DOCUMENT



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City2Shore businesses operate real estate brokerage businesses that assist with the purchase, sale, and exchange of residential and commercial property (“City2Shore Business(es)”). We offer franchises for single City2Shore Businesses and for multi-unit franchises (“Multi-Unit Franchise(s)”) for the right to open multiple City2Shore Businesses. We also offer conversion opportunities to existing independent businesses that provide services and products similar to those offered by City2Shore Businesses.

The total investment necessary to begin operation of a standard model City2Shore franchised business is between \$98,950 and \$159,050. This includes \$45,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operations of a conversion model City2Shore franchised business is between \$89,250 and \$128,250. This includes \$45,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of three City2Shore franchised businesses under a Multi-Unit Franchise is between \$246,850 and \$427,150. This includes \$77,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of ten City2Shore franchised businesses under a Multi-Unit Franchise is between \$764,500 and \$1,365,500. This includes \$200,000 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement 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 Shelley Frody at City2Shore National Franchises, LLC, 6501 Balsam Drive, Hudsonville, Michigan 49426; (616) 662-9664; or Shelleyfrody@city2shore.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP, or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 14, 2023



How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only City2Shore business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a City2Shore franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit D.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Minimum Sales Agents Required**. You must maintain minimum sales agents and associated brokers. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Mandatory Minimum Payments**. You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
6. **Unregistered Trademark**. The primary trademark that you will use in your business is not federally-registered. If the Franchisor's ability to use this trademark is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.

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

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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

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ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “C2SNF,” “we,” “us,” and “our” means City2Shore National Franchises, LLC, doing business as City2Shore Real Estate, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from C2SNF.

The Franchisor and Affiliates

C2SNF is a Michigan limited liability company formed on August 14, 2015. We operate under the name City2Shore National Franchises, LLC, City2Shore Real Estate, and City2Shore. Our principal business address is 6501 Balsam Drive, Hudsonville, Michigan 49426. We offer franchises (“City2Shore Franchises” or “Franchises”) for City2Shore Businesses and have done so since March 2016. We do not conduct business under any other name or in any other line of business and we do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document. We have no predecessor or parent entities.

We have one affiliate, City2Shore Real Estate, Inc. (“C2SRE”), which operates three businesses similar to the type offered in this Franchise Disclosure Document and has operated a similar business since 2011. C2SRE does not and has not offered franchises in this or any other line of business.

Our agent for service of process in Michigan is Shelley Frody, 6501 Balsam Drive, Hudsonville, MI 49426. Our agents for service of process for other states are identified by state in Exhibit D. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

City2Shore franchisees operate real estate brokerage businesses that assist with the purchase, sale, and exchange of residential and commercial property. City2Shore Businesses operate under our system (“System”) using City2Shore’s trademarks, service marks, trade names, and logos (the “Marks”) from an approved location. You will operate your City2Shore Business from an approved location, typically a small office located in an office complex, shopping center, shopping mall, or free-standing structure (“Office”). Each City2Shore Franchise will implement our proprietary multi-tiered real estate agent compensation program (the “Real Estate Advantage Plan” or “REAP”). We require you to maintain a minimum number of real estate agents, which increases until the end of your third year of operation (see Item 12).

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit A (“Franchise Agreement”). You may operate one City2Shore Business for each Franchise Agreement you sign.

We also offer conversion opportunities (“Conversion Franchise(s)”) to existing independent businesses that provide services and products similar to those offered by City2Shore Businesses (“Conversion Owners”). Conversion Owners will sign a Franchise Agreement that will include an “Addendum for Conversion Owners,” which is attached to this Franchise Disclosure Document in Exhibit H. Conversion Owners must modify their business premises to our design plans and specifications, use the Marks, and complete our training.

We offer multiple City2Shore Franchises under our Multi-Unit Franchise. If you purchase a Multi-Unit Franchise, you will sign the “Multi-Franchise Addendum” which is attached to this Franchise Disclosure Document in Exhibit H, in addition to the Franchise Agreement included with this Franchise Disclosure Document. Prior to opening each additional City2Shore Business under the Multi-Franchise Addendum, you must sign the then-current City2Shore Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document. Under the Multi-Franchise Addendum, you are not granted any territorial rights or any other rights except those granted under the franchise agreements for the additional City2Shore Franchises.

Market and Competition

The primary market for the goods and services offered by the City2Shore Businesses is the general public. This market is well developed and highly competitive. The services and products offered by City2Shore Businesses are not seasonal. You may have to compete with numerous other independent and chain-affiliated businesses, some of which may be franchised. Many business franchise systems, in particular, have already established national and international brand recognition.

Industry-Specific Laws

You must obtain all necessary permits, licenses, and approvals to operate your City2Shore Business. You (or if you are an entity, at least one owner with at least a 5% ownership interest) must hold a valid state-issued real estate broker license, and you must comply with state law regulating real estate brokers and sales persons in the state(s) where you conduct business. Your or if you are an entity, one of your owner’s real estate broker license must remain in good standing throughout the term of your Franchise Agreement. If your real estate broker license or that of one or more of your owners is revoked, suspended, or restricted, or if an action to do so is begun by a governmental agency, you must immediately notify us. If you or another owner does not maintain such real estate broker license in good standing throughout the term of your Franchise Agreement, we may terminate your Franchise Agreement. You must also join and remain in good standing and comply with the codes and bylaws of the local, state, and national associations of REALTORS® and, where applicable, local listing services.

In addition, various federal laws could affect your City2Shore Business, such as the Real Estate Settlement and Procedures Act (RESPA), Home Mortgage Disclosure Act (HMDA), Truth in Lending Act (TILA), Equal Credit Opportunity Act (ECOA), and Fair Housing Laws. Your City2Shore Business could be affected by the Financial Institutions Reform and Recovery Act (FIRRA), the Americans with Disabilities Act (ADA), as well as with state usury laws, state and local laws concerning zoning, and other land use matters. If you choose and we approve you to offer mortgage lending and/or brokerage services, then you will have to comply with state usury laws, applicable state laws concerning licensing of mortgage lenders and mortgage brokers (who are not commercial banks, savings and loans, savings banks, or credit unions). If you choose, and we approve you, to offer any residential contracting services, then you must comply with state laws regarding the licensing of residential real estate contractors.

ITEM 2 BUSINESS EXPERIENCE

Co-Founder and Chief Executive Officer: Shelley Frody

Shelley Frody is our Co-Founder and has been our Chief Executive Officer since January 2019 in Hudsonville, Michigan. Prior to that, Mrs. Frody was our President from our inception in August 2015 to January 2019. Mrs. Frody has also served as the President of C2SRE in Hudsonville, Michigan since January 2011.

Co-Founder: Steve Frody

Steve Frody is our Co-founder in Hudsonville, Michigan. Mr. Frody has also been the Vice President of C2SRE in Hudsonville, Michigan since January 2011.

Chief Information Officer: Craig Geers

Craig Geers has been our Chief Information Officer in Hudsonville, Michigan since our inception in August 2015. Mr. Geers has also been a real estate agent for C2SRE through Craig Geers Real Estate, LLC in Hudsonville, Michigan since April 2011.

Vice President of Strategic Growth: Rennie Barton

Rennie Barton has been our Vice President of Strategic Growth in Hudsonville, Michigan since our inception in August 2015. Mr. Barton has also been the co-owner of a City2Shore Franchise in Grandville, Michigan and has been since October 2020. Mr. Barton has also been a real estate agent for C2SRE in Hudsonville, Michigan since January 2011.

Vice President of Training: Kellen Keck

Kellen Keck has been our Vice President of Training in Hudsonville, Michigan since January 2022. Prior to that, Mr. Keck was our Vice President of Training and Director of On-Boarding in Hudsonville, Michigan from October 2017 to January 2022. Mr. Keck has also been a real estate agent for C2SRE in Hudsonville, Michigan since June 2015.

Director of Operations: Lori Hoorn

Lori Hoorn has been our Director of Operations in Hudsonville, Michigan since our inception in August 2015. Ms. Hoorn has also been an office manager for C2SRE in Hudsonville, Michigan since October 2011.

Director of Franchise Relations & Onboarding: Steve Koop

Steve Koop has been our Director of Franchise Relations & Onboarding in Hudsonville, Michigan since January 2022. Prior to that, Mr. Koop was our Director of Franchise Development in Hudsonville, Michigan from October 2020 to January 2022. Mr. Koop has also been a real estate agent for C2SRE in Hudsonville, Michigan since October 2015.

Director of Education: Larissa Frody

Larissa Frody has served as our Director of Education in Hudsonville, Michigan since our inception in August 2015. Ms. Frody has also been a real estate agent for C2SRE in Hudsonville, Michigan since January 2011.

Franchise Sales Recruiter: Jay Capozzoli

Jay Capozzoli has been our Franchise Sales Recruiter since December 2022. Mr. Capozzoli worked in sales for Miracle Ear from October 2020 through May 2021. Prior to that he was a loan officer for Northpointe Bank from 2018 through September 2022. His work experience in the mortgage industry goes back more than 20 years.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

The “Initial Franchise Fee” for a single City2Shore Business or Conversion Franchise is \$35,000. Each Franchise Agreement will grant you the right to operate one City2Shore Business. The Initial Franchise Fee is due when you sign the Franchise Agreement, is uniform and non-refundable.

Multi-Unit Franchise

If you purchase multiple City2Shore Franchises, you will sign the Multi-Franchise Addendum, which is attached to this Franchise Disclosure Document in Exhibit H. Under the Multi-Franchise Addendum, the “Multi-Unit Franchise Fee” for opening three or more City2Shore Franchises and/or Conversion Franchises is \$35,000 for the first unit and \$10,000 for each additional unit, with a maximum of ten units. The Multi-Unit Franchise Fee would be \$55,000 for three units and \$125,000 for ten units. You must open the City2Shore Businesses in accordance with the schedule for development under the Multi-Franchise Addendum. The Multi-Unit Franchise Fee replaces the Initial Franchise Fees. The Multi-Unit Franchise Fee is due when you sign the first Franchise Agreement, is uniformly imposed and non-refundable. To open additional City2Shore Franchises under the Multi-Franchise Addendum, you will be required to sign the then-current City2Shore franchise agreement, but you will not be required to pay an initial franchise fee (all other fees will apply).

Marketing Fee

You must pay us a marketing fee (“Marketing Fee”) of \$5,000, which we will use for your grand opening promotions and initial marketing efforts. You will meet with a representative of our approved marketing firm who will consult with you on the use of those funds. All of these funds will be used in your first year of business, which we will remit to our approved marketing firm for marketing materials, advertisements, social media, and brand awareness for your City2Shore Business. The Marketing Fee is due when you sign the Franchise Agreement, is uniform and non-refundable. For second or subsequent City2Shore Businesses under a Multi-Franchise Addendum, the Marketing Fee is due within 30 days prior to the scheduled opening.

On-Site Training Fee

You will pay us a \$5,000 training fee for two to three days of on-site training at your City2Shore Business (“On-Site Training Fee”). The On-Site Training Fee is due when you sign the Franchise Agreement, is uniform and non-refundable.

ITEM 6 OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ^{(2) (3)}	6% of Gross Commissions, limited by the “ <u>Royalty Cap</u> ” under certain circumstances (see Note 3)	Due on 10 th of the month for the month prior.	The “ <u>Royalty</u> ” is based on “ <u>Gross Commissions</u> ” during the previous month. See Notes 2 and 3 for more information on Gross Commissions and the Royalty Cap. We will withdraw the Royalty from your account through EFT.
Brand Fund Contribution	\$100 per month	Same as Royalty	This contribution will be used for a system-wide “ <u>Brand Fund</u> ” for our use in promoting and building the City2Shore brand. You will begin paying this fee once your City2Shore Business begins operation. We reserve the right to increase this fee up to an additional \$25 per month each calendar year upon 30 days’ written notice.
Local and Regional Advertising Cooperatives	Established by cooperative members, between \$100 and \$200 per month	Established by cooperative members	We currently do not have a cooperative, but reserve the right to require one to be established in the future. We anticipate each City2Shore franchise will have one vote for each City2Shore Business operated by the member in the designated market. Each City2Shore Business that we own that exists within the cooperatives area will contribute to the cooperative on the same basis as franchisees. Item 11 contains more information about advertising cooperatives.
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to the Brand Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.
Additional Training or Assistance Fees	Then-current fee (currently \$300 per additional person for initial training and approximately \$300 per trainer or attendee per day for additional training)	Payable in advance of the training or assistance	We provide initial training at no charge for up to three people so long as they attend the same initial training program. We may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. The fee amount will depend on the training required and experience level of the trainer. If we send a trainer to your City2Shore Business, you will also be required to pay their travel expenses.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Technology Fee ⁽⁴⁾	Then-current fee (currently \$200 per Agent/Broker per month) plus an additional \$90 per licensed broker, associate broker, real estate agent, and any third-party user, and an additional \$50 for each staff member	Same as Royalty	This fee covers certain technologies used in the operation of your City2Shore Business, including website hosting, email address and software. You will be required to pay an additional \$90 per licensed broker, associate broker, real estate agent, and any other third-party user per month. If you hire administrative staff, you will be required to pay \$50 for each staff member. We reserve the right to upgrade, modify, remove and add new software. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software or from increases from third-party vendors.
Online Educational Platform Fee	Not currently charged, but we reserve the right to charge up to \$400 per real estate agent or associate per educational module or course	As incurred	We provide you, your brokers and your agents access to our online educational platform through our intranet system at no cost as part of your Initial Franchise Fee.
Website Update Fee	Then-current fee (currently \$125 per hour)	As incurred	Payable to us, our affiliates, and/or approved vendors to complete all changes, updates, maintenance, and promotions the website pages for your City2Shore Business.
Convention Fee	Then-current fee (not more than \$995 per person per year)	On demand	This fee is due whether or not you attend our annual convention in any given year. This fee applies to all owners and managing brokers. Any agent or associate broker who attend are required to pay this fee. We will reimburse you up to 10% of your total annual convention fee if at least 90% of your agents and associate brokers attend the annual convention.
Transaction Fee	Then-current fee (currently \$50 for each side of each real estate transaction performed in connection with your City2Shore Business each month)	Same as Royalty	The “ <u>Transaction Fee</u> ” is incurred for each real estate transaction performed in connection with your City2Shore Business (this includes any sale, lease, exchange, auction, or management, of real estate). If dual agency is allowed in your state, and if you represent both the seller and the buyer in a single transaction, this fee will be assessed twice. We reserve the right to increase this fee up to an additional \$10 per transaction upon 30 days’ written notice.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect a new product, service, or proposed supplier nominated by you.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Customer Issue Resolution	Actual costs we incur for responding to a customer complaint, which varies	On demand	You must reimburse us for our actual costs if a customer of the City2Shore Business contacts us with a complaint and we provide anything of value to the customer as part of our addressing the issue.
Payment Service Fee	Up to 4% of total charge	As incurred	If payment is made to us or our affiliate by credit card for any fee required, we may charge a service charge of up to 4% of the total charge.
Late Payment Fee	\$25 per occurrence, plus the lesser of 18% interest per annum or the maximum interest rate allowed by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full. You must also pay any damages, expenses, collection costs, and reasonable attorney fees we incur if you do not make the required payments.
Non-Sufficient Funds Fee	The lesser of \$100 per occurrence, or the highest amount allowed by law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence plus \$100 per week	Your bank account will be debited for failure to submit any requested report within five days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Fund. You will continue to incur this fee until you submit the required report.
Audit Expenses	Cost of audit and inspection, any understated amounts, plus the lesser of 18% interest per annum or the maximum interest rate allowed by law, and any related accounting and legal expenses (we estimate this cost to be between \$1,000 and \$12,000)	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Commissions by more than 2% or you fail to submit required reports.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your City2Shore Business or Franchise.
Management Fee	\$250 per day, plus costs and expenses	As incurred	Payable if we or our designee manages the City2Shore Business in the event of your death, default, or because you are in breach of the Franchise Agreement.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement, or for any costs or fees we incur for any transfer that is not completed. You will also be required to pay any professional fees that we incur for certain transfers as discussed in this Item 6.
Renewal Fee	\$5,000	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Relocation Fee	Our costs up to \$5,000	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your City2Shore Business. We will provide you with copies of our invoices for our expenses from any third-party providers upon request.
Transfer Fee	50% of the then-current Initial Franchise Fee	\$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your City2Shore Business, a transfer of ownership of your legal entity, or the Franchise Agreement. There are various other conditions you must meet for us to approve your transfer request. If we are not offering Franchises at the time of your transfer, the transfer fee will be 50% of the initial franchise fee listed in the most recent Franchise Disclosure Document.
Transfer to Wholly-Owned Entity	Our actual costs	On demand	If you are transferring the Franchise Agreement to an entity that you control, you will not be required to pay a transfer fee but you must pay our actual costs, subject to state law.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Liquidated Damages	Will vary under the circumstances. Liquidated damages are determined by multiplying the combined monthly average of Royalties and Brand Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with date you open your City2Shore Business through the date of early termination, multiplied by the lesser of: (i) 36; or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than thirty thousand dollars (\$30,000)	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your City2Shore Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

1. **Fees.** All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit H). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.
2. “Gross Commissions” means the gross amount, in money or other forms of consideration, that is earned or received from any source related to, or in connection with the sale, lease, exchange, auction or management of real estate by you, your owners, your real estate brokers, your associate brokers and your real estate agents, whether on or off your Office premises. Gross Commissions

also include any personal real estate transactions involving you, any of your owners, real estate brokers, associate brokers and/or any of your real estate agents, whether or not a commission is paid on the transaction. We only exclude real estate transactions for which you or your client has entered into a sales agreement before either the activation of your real estate license as a City2Shore Franchise owner affiliated with us or the opening of your City2Shore Business. If there is no commission paid on a transaction, we reserve the right to calculate a commission will based on the average commission payout on all other transactions.

3. **Royalty.** You are required to pay 6% of Gross Commissions generated by each of you, your real estate brokers, your associate brokers, and your real estate. We will cap the maximum Royalty paid (“Royalty Cap”) individually by you, your real estate brokers, your associate brokers, and your real estate agents for any individual during the prior 12-month period starting on date the individual joined your City2Shore Business (“Anniversary Date”).

The Royalty Cap currently equals the greater of 1% of the average sales price for residential home sales in your Protected Area over the past twelve (12) months or \$3,000 per year per individual, and applies separately and independently to you, your real estate brokers, your associate brokers, and your real estate agents. We reserve the right to increase the Royalty Cap (i) in the event the average sales price in your Protected Area increases by 20% or more and (ii) upon the renewal of your franchise agreement.

If you choose to form teams amongst your real estate brokers, your associate brokers, and your real estate agents (“Real Estate Team(s)” or “Team(s)”), the Royalty Cap shall be increase as set forth in the following chart:

# of Team Members	% Increase	Team Royalty Cap*
1	50%	\$4,500.00
2	45%	\$6,525.00
3	40%	\$9,135.00
4	35%	\$12,332.25
5	30%	\$16,031.93
6	25%	\$20,039.90
7	20%	\$24,047.88
8	15%	\$27,655.07
9	10%	\$30,420.58
10+	5%	\$31,941.61

*Please note that the above chart is based on an estimated Royalty Cap of \$3,000. The amount of the Team Royalty Cap will be increased based on the initial Royalty Cap which is the greater of \$3,000 or 1% of the average sales price for residential home sales in your Protected Area.

Once Royalties for an individual or a Team reaches the Royalty Cap, you will not be required to pay Royalties on that individual or Team’s Gross Commissions until the individual’s or Team’s Anniversary Date, at which time the Royalty Cap calculation will reset to zero. For purposes of Real Estate Teams, the Anniversary Date is the date the Team was formed. We can increase the Royalty Cap for an individual or a Team up to an additional \$1,000 per calendar year upon 90 days’ written notice.

Each associate broker or real estate agent who earns a sales commission as a City2Shore licensed

agent is on a pre-determined “Split” set by the owner or managing broker and based on their production. As an illustration, under a 6/70/30 commission Split, the 6 represents 6% that is deducted from the associate broker or agent’s Gross Commission as described above. The remaining commission is split 70/30—70% going directly to the associate broker or agent and the remaining 30% being split 65/35 between the broker/franchise owner and the Real Estate Advantage Plan (explained in the next paragraph). If applicable, once an associate broker or agent contributes the “Broker Cap”, which is the amount a franchisee sets for their Office location contribution, the associate broker or agent will receive 100% of their Gross Commission until their Anniversary Date, at which point all caps reset and contributions as referenced above are implemented in the original manner. The Broker Cap is set based on the demographics and market condition of each location.

The Real Estate Advantage Plan provides participants an opportunity to collect a residual income. Participation is required for all franchisees. To earn a residual income, you must be the procuring individual who introduces and facilitates the affiliation of an associate broker or agent joining City2Shore as a licensed real estate associate broker or agent and you will be coded to that individual in the C2SSuccess software. Any time that individual earns a commission (unless that individual has reached their Broker Cap for the year), you will receive part of their contribution to REAP as a residual income payment. This residual payment will continue for as long as this individual remains a City2Shore licensed agent, produces a sales commission and contributes to the REAP. We provide details of the Split and Broker Cap under the REAP in our Brand Standards Manual (defined in Item 8). Once a City2Shore licensed agent is assigned to a City2Shore Business under the REAP (“REAP Parent”), that agent may not be transferred to another REAP Parent.

Should an agent or associate broker reach the Sales Volume Quota as measured on the Anniversary Date within any consecutive 12-month time period, that agent or associate broker and the owner or managing broker will determine what “Broker Plan” is appropriate for the agent moving forward. Our Brand Standards Manual contains more details for each Broker Plan. The owner or managing broker may establish Broker Plans with different Splits and Broker Caps based on their market. In the case that there are multiple franchisees that have their own territories but service agents in the same realtor association, those owners or managing brokers are required to jointly determine a Split and Broker Plan for their market area. If these owners or managing brokers are unable to agree, we may determine the Split and Broker Plan in our sole discretion.

All payments received from agents must be processed through the C2SSuccess software and are subject to the REAP. If for any reason an agent does not make a required payment, you are still required to process the amount owed by the agent through the C2SSuccess software, and it will be your responsibility to recoup any past due amounts from agents.

4. Technology Fee. We will provide you with certain technology in exchange for your monthly technology fee, which may change from time to time based on changes to the technology we provide and/or our costs to provide these services. The current technology fee is \$200 per month, plus an additional \$90 per licensed broker, associate broker, real estate agent, and any third-party user, and an additional \$50 for each staff member, beginning the month you begin operations. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software or technology that must be used by City2Shore franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time, which may result in changes to the

technology fee.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Single Franchise - Standard Model

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$35,000	\$35,000	Lump Sum	When you sign the Franchise Agreement	Us
Marketing Fee	\$5,000	\$5,000	Lump Sum	When you sign the Franchise Agreement	Us
On-Site Training Fee	\$5,000	\$5,000	Lump Sum	When you sign the Franchise Agreement	Us
3-Months' Lease Payments ⁽²⁾	\$3,800	\$9,800	As Incurred	Before Opening	Landlord
Leasehold Improvements ⁽³⁾	\$3,500	\$20,000	As Incurred	Before Opening	Landlord
Utility Deposit	\$200	\$350	As Incurred	Before Opening	Local Utility Suppliers
Signage ⁽⁴⁾	\$4,000	\$8,000	As Incurred	Before Opening	Approved Vendors
Furniture and Fixtures ⁽⁵⁾	\$6,000	\$10,000	As Incurred	Before Opening	Approved Vendors
Insurance ⁽⁶⁾	\$3,500	\$5,000	As Incurred	Before Opening	Insurance Company
Professional Fees ⁽⁷⁾	\$1,000	\$5,000	As Incurred	As Incurred	Your Attorneys, Advisors, CPA's And Other Professionals
Business Licenses and Permits	\$1,250	\$2,400	As Required	Before Opening	Government Agencies and Third Parties
Opening Inventory ⁽⁸⁾	\$2,000	\$3,000	As Supplier Requires	Before Opening	Approved Vendors
Travel and Expenses for Initial Training ⁽⁹⁾	\$700	\$3,000	As Required	Before Opening	Providers of Travel, Lodging, and Food Services
Computer System ⁽¹⁰⁾	\$15,000	\$20,000	As Incurred	Before Opening	Vendors
Vehicle ⁽¹¹⁾	\$0	\$2,500	As Incurred	As Incurred	Approved Vendors
Vehicle Graphics ⁽¹²⁾	\$0	\$500	As Incurred	Before Opening	Approved Vendors

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Miscellaneous Opening Costs ⁽¹³⁾	\$500	\$2,000	As Incurred	Before Opening	Third Parties, including Utility Companies
Additional Funds – 3 Months ⁽¹⁴⁾	\$15,000	\$25,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹⁵⁾	\$98,950	\$159,050			

Single Franchise - Conversion Model

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$35,000	\$35,000	Lump Sum	When you sign the Franchise Agreement	Us
Marketing Fee	\$5,000	\$5,000	Lump Sum	When you sign the Franchise Agreement	Us
On-Site Training Fee	\$5,000	\$5,000	Lump Sum	When you sign the Franchise Agreement	Us
3-Months' Lease Payments ⁽²⁾	\$3,800	\$9,850	As Incurred	Before Opening	Landlord
Signage ⁽⁴⁾	\$4,000	\$8,000	As Incurred	Before Opening	Approved Vendors
Insurance ⁽⁶⁾	\$3,500	\$5,000	As Incurred	Before Opening	Insurance Company
Professional Fees ⁽⁷⁾	\$1,000	\$5,000	As Incurred	As Incurred	Your Attorneys, Advisors, CPA's And Other Professionals
Business Licenses and Permits	\$1,250	\$2,400	As Required	Before Opening	Government Agencies and Third Parties
Opening Inventory ⁽⁸⁾	\$2,000	\$3,000	As Supplier Requires	Before Opening	Approved Vendors
Travel and Expenses for Initial Training ⁽⁹⁾	\$700	\$3,000	As Required	Before Opening	Providers of Travel, Lodging, and Food Services
Computer System ⁽¹⁰⁾	\$15,000	\$20,000	As Incurred	Before Opening	Vendors

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Vehicle ⁽¹¹⁾	\$0	\$2,500	As Incurred	As Incurred	Approved Vendors
Vehicle Graphics ⁽¹²⁾	\$0	\$500	As Incurred	Before Opening	Approved Vendors
Miscellaneous Opening Costs ⁽¹³⁾	\$500	\$1,500	As Incurred	Before Opening	Third Parties, including Utility Companies
Additional Funds – 3 Months ⁽¹⁴⁾	\$15,000	\$25,000	As Incurred	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹⁵⁾	\$89,250	\$128,250			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your City2Shore Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. See Item 5 for additional information about your Initial Franchise Fee.
2. 3-Months' Lease Payments. Your actual rent and deposit payments may vary depending upon your location and your market's retail lease rates. Offices will typically be 1,000 to 1,500 square feet in size. Offices are typically located in an office complex, shopping center, shopping mall or free-standing structure. If you purchase instead of leasing the premises for your Office, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.
3. Leasehold Improvements. This estimate does not include any construction allowances that may be offered by your landlord. Building and construction costs will vary depending upon the condition and size of the premises for your Office and local construction costs. A typical City2Shore Business has a reception area, one large open area sectioned into different workstations, one conference room, a break room, and a bathroom.
4. Signage. This estimate is for the purchase of interior and exterior signage, including window graphics. The type and size of the signage you install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where certain signage is not permitted because of zoning or use restrictions.
5. Furniture and Fixtures. This estimate includes desks, tables, a reception desk, chairs, benches, after hours drop box, one full size refrigerator, one compact refrigerator, one microwave, cabinets, shelving, and storage bins, but does not include shipping or delivery costs.
6. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. If you have had prior issues or claims from previous

operations unrelated to the operation of a City2Shore Business, your rates may be significantly higher than those estimated above. This estimated amount represents 12 months of prepaid insurance premiums, excluding workers' compensation insurance, payroll, and classification.

7. Professional Fees. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this Franchise offering and to assist you in setting up your City2Shore Business. Rates for professionals can vary significantly based on area and experience. Professional fees may be lower for Conversion Franchises because business entities and other pre-opening aspects to beginning a business may already be established.
8. Opening Inventory. This includes yard signs, frames and/or posts, lock boxes, marketing and promotional materials, office supplies, and cleaning supplies. The initial investment for Conversion Franchises may be lower as some of this inventory may have been purchased previously.
9. Initial Travel and Expenses for Initial Training. We provide training at our training center in Hudsonville, Michigan or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to three people, one of which must be a principal owner; if additional initial training is required, or more people must be trained, an additional fee will be assessed. This estimate is for the expenses of one person.
10. Computer System. You will need the computer hardware, software, peripherals, and other equipment described in Item 11. The initial investment in technology for Conversion Franchises may be lower as some of this technology may have been purchased previously.
11. Vehicle. This item includes one vehicle that you will use in the operation of the City2Shore Business ("Vehicle"). You may use a vehicle you currently own as your Vehicle, so long as it meets our specifications, and that we approve your Vehicle prior to use; otherwise you will be required to lease or purchase a Vehicle. The body of the Vehicle must be clean and free of any major or minor damage. The low estimate represents use of a vehicle that you currently own as the Vehicle. The high estimate represents the down payment for purchasing a new or used Vehicle. Your costs for a new Vehicle may be reduced if you choose to lease rather than purchase. You may elect to purchase additional Vehicles as your City2Shore Business grows. This chart does not include estimates for items such as purchasing or leasing your Vehicle, acquiring a license, insurance, registration, or other permits for your Vehicle, wrapping your Vehicle, or otherwise making improvements to your Vehicle. We reserve the right to revoke our approval of a Vehicle should the Vehicle no longer meets our minimum standards.
12. Vehicle Graphics. You may choose to add a wrap or other marketing decals to your Vehicle.
13. Miscellaneous Costs. This estimate includes costs such as office supplies, mobile telephone fees, high speed Internet, and business entity filing fees. The initial investment for Conversion Franchises may be lower as some of these goods and services may have been purchased previously.
14. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your City2Shore Business. They include payroll costs, minimum working capital, three months' payment of the Technology Fee, and miscellaneous start-up costs such as: rent for an additional two months, purchase of additional technology items, products, and supplies; marketing expenses; fuel expenses; Vehicle maintenance; hiring additional employees; taxes; prepaid expenses; additional permits; legal fees; accounting fees; and other miscellaneous costs during the first three months of operation, but not any draw or

salary for you. These figures do not include standard pre-opening expenses, Royalties, or advertising fees payable under the Franchise Agreement or debt service and assume that none of your expenses are offset by any sales generated during the start-up phase. The standard pre-opening expenses could include expenses such as incorporation fees, taxes, employee recruitment and other variable costs such as internet service, and mobile phones. They also do not include living expenses. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your City2Shore Business opens for business. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for City2Shore Franchises. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your City2Shore Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your services and products; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your City2Shore Business.

15. Figures May Vary. This is an estimate of your initial start-up expenses for one City2Shore Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

Multi-Unit Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Multi-Unit Franchise Fee ⁽¹⁾	\$55,000	\$125,000	Lump Sum	When you sign the first Franchise Agreement	Us
Initial Investment for the First City2Shore Franchise ⁽²⁾	\$63,950	\$124,050	Per Table Above	Per Table Above	Per Table Above
TOTAL ESTIMATED INITIAL INVESTMENT FOR THREE CITY2SHORE FRANCHISES ⁽³⁾	\$246,850	\$427,150			
TOTAL ESTIMATED INITIAL INVESTMENT FOR TEN CITY2SHORE FRANCHISES ⁽³⁾	\$764,500	\$1,365,500			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your City2Shore Businesses. Our estimates are based on our experience and our current requirements for City2Shore Franchises. All expenditures paid to us or our affiliates are uniform and non-

refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Multi-Unit Franchise Fee. If you purchase multiple City2Shore Franchises at the same time, you will be required to pay a Multi-Unit Franchise Fee instead of the Initial Franchise Fee when you sign the first franchise agreement. The Multi-Unit Franchise Fee is uniform and non-refundable.
2. Initial Investment for First City2Shore Business. These are the estimates to start your first City2Shore Business as described in the single franchise standard model chart above, excluding the Initial Franchise Fee (see Note 1). If you are starting your first City2Shore Business as a conversion model, the initial investment for each City2Shore Business would be \$54,250 to \$93,250, using the conversion model chart above and excluding the Initial Franchise Fee. Costs associated with starting additional City2Shore Businesses are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs and will depend on when the additional City2Shore Businesses are opened.
3. This is an estimate of your initial start-up expenses for multiple City2Shore Businesses. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must operate your City2Shore Business according to our System and specifications. This includes purchasing or leasing all products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the City2Shore Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner that reflects adversely on our Marks or the System.

Our confidential operations manual and online education platforms (the “Brand Standards Manual”) states our standards, specifications, and guidelines for all services and products we require you to obtain in establishing and operating your City2Shore Franchise, and approved vendors for these services and products. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Brand Standards Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Brand Standards Manual or otherwise in writing.

You must use the computer hardware and software that we periodically designate to operate your City2Shore Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify.

You must obtain the insurance coverage required under the Franchise Agreement, including (1) commercial general liability insurance with limits of at least \$1 million per occurrence, at least \$2 million aggregate, and at least \$1 million per person; (2) personal and advertising injury insurance with a limit of

at least \$1 million; (3) products-completed operations commercial general liability insurance with a limit of at least \$1 million aggregate; (4) all risks coverage insurance on rented premises with limits of \$300,000 per occurrence and all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Business (including flood and/or earthquake coverage where there are known risks) for full replacement value; (5) workers compensation insurance consistent with applicable law but not less than the following coverage: employer liability with a limit of at least \$500,000 each accident, and employer liability disease with a limit of at least \$500,000 each employee and \$500,000 aggregate; and (6) Errors and Omissions Insurance with coverage based on your past sales history also including a rider for cyber coverage encompassing data theft and cybersecurity and cyber fraud as it relates to the Real Estate Industry. The insurance company must be authorized to do business in the state where your City2Shore Business is located and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. You must provide certified copies of each insurance policy on the earlier of your opening of the City2Shore Business or 60 days following the date that the Franchise Agreement is executed. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties.

Purchases from Approved Suppliers

We will provide you with a list of our designated and approved suppliers in our Brand Standards Manual. We may periodically re-inspect approved suppliers’ facilities and products and we reserve the right to revoke our approval of any supplier, product, or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product, or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

We are the only approved supplier of advertising, marketing and promotional materials. We are also the only approved supplier of the designated software for the City2Shore Business and the proprietary real estate agent educational modules and courses found on our online educational platform. Some of our officers own an equity interest in C2SNF. We are currently the only approved supplier for branded City2Shore brand merchandise. We, and our affiliates, reserve the right to become approved suppliers of any services or products.

We estimate that approximately 30% to 40% of purchases required to open your City2Shore Business and 15% to 25% of purchases required to operate your City2Shore Business will be from us or from other approved suppliers or under our specifications. We and our affiliates may receive license fees, commissions, promotional fees, advertising allowances, rebates, or other monies from some suppliers based on your purchase of services and products, and we have no obligation to pass them on to our franchisees or use them in any particular manner.

During the last fiscal year, ended December 31, 2022, neither we nor our affiliates derived revenue or other material consideration from required purchases or leases franchisees; however, we reserve the right to do so.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees, and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We currently do not have any purchasing or distribution cooperatives.

Approval of New Suppliers

We may update the list of approved suppliers in the Brand Standards Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit

samples of the supplier's products or services to us, along with a written statement describing why such products, services, or suppliers should be approved for use in the System. We will use commercially reasonable efforts to notify you within thirty days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee (estimated to be approximately \$100 to \$500) to evaluate the proposed supplier (See Item 6). We do not make our supplier specifications and/or standards generally available to franchisees or suppliers but we apply the following general criteria in approving a proposed supplier: (1) ability to purchase the product in bulk; (2) quality of services; (3) production and delivery capability; (4) proximity to City2Shore Franchises to ensure timely deliveries of the product or services; (5) the dependability of the supplier; and (6) other factors. The supplier may also be required to sign a supplier agreement with us. While we will be required to respond to a request within 30 days, we generally respond to a request for an additional approved supplier within seven days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document. "FA" refers to the Franchise Agreement, "MFA" refers to the Multi-Franchise Addendum to the Franchise Agreement.

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Section 7 and Attachment B MFA: Not applicable	Items 7 and 11
b. Pre-opening purchases/leases	FA: Sections 7, 12 and 17 MFA: Not applicable	Items 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Sections 7 and 17 MFA: Not applicable	Items 7 and 11
d. Initial and ongoing training	FA: Section 5 MFA: Not applicable	Items 6, 7 and 11
e. Opening	FA: Section 7 MFA: Not applicable	Items 6, 7, 9 and 11
f. Fees	FA: Sections 4, 5, 6, 7, 8, 11, 12, 15, 17, 21 and 22 MFA: Section 1	Items 5, 6 and 7
g. Compliance with standards and policies/Brand Standards Manual	FA: Sections 7, 8, 11, 12, 17 and 19 MFA: Not applicable	Items 8, 11, 12, 14 and <u>Exhibit F</u>
h. Trademarks and proprietary information	FA: Section 19 MFA: Not applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: Section 12 MFA: Not applicable	Items 8 and 16
j. Warranty and customer service requirements	FA: Section 12 MFA: Not applicable	Items 1 and 11
k. Territorial development and sales quotas	FA: Sections 3 and 13 MFA: Section 3	Items 1, 11 and 12
l. Ongoing product/service purchases	FA: Sections 11, 12 and 17 MFA: Not applicable	Items 8 and 16

Obligation	Section in Franchise Agreement	Disclosure Document Item
m. Maintenance, appearance, and remodeling requirements	FA: Sections 7, 12, 21 and 23 MFA: Not applicable	Items 7, 8 and 11
n. Insurance	FA: Section 17 MFA: Not applicable	Items 6, 7 and 8
o. Advertising	FA: Section 11 MFA: Not applicable	Items 11, 13 and 14
p. Indemnification	FA: Section 20 and Attachment D MFA: Not applicable	Not Applicable
q. Owner's participation/management and staffing	FA: Sections 8, 12 and 22 MFA: Not applicable	Items 11, 15 and 17
r. Records and reports	FA: Section 17 MFA: Not applicable	Item 11
s. Inspections and audits	FA: Section 18 MFA: Not applicable	Items 6 and 11
t. Transfer	FA: Section 21 MFA: Not applicable	Item 17
u. Renewal	FA: Section 4 MFA: Not applicable	Item 17
v. Post-termination obligations	FA: Section 23 MFA: Not applicable	Item 17
w. Non-competition covenants	FA: Sections 16 and 23 MFA: Not applicable	Item 17 and Exhibit H
x. Dispute resolution	FA: Section 24 MFA: Not applicable	Item 17

ITEM 10 FINANCING

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

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING

Except as listed below, C2SNF is not obligated to provide you with any assistance.

Pre-opening Obligations

Before you open your City2Shore Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Provide an initial training program no earlier than 30 days before the date your City2Shore Business opens for operation or opens its Office (only after you have obtained or have hired—or partnered with—someone who has a valid real estate broker license and you or that other person has all necessary licenses and/or certifications as required by your state) that is designed to assist you and your management staff in the operation of your City2Shore Business, at no additional charge (See Franchise Agreement - Sections 5.1 and 5.2).

2. Provide you with all recommended guidelines for locating associate brokers, real estate agents and employees. You are responsible for all day-to-day activities, including hiring, training, and/or firing of your associate brokers, real estate agents and employees. You are responsible for all associate brokers, real

estate agents and employees you hire during the operation of your City2Shore Business (See Franchise Agreement – Section 8.3).

3. Provide you with access to the Brand Standards Manual. The Brand Standards Manual lists approved products and services and approved suppliers. The Brand Standards Manual is exclusively available in digital format, but when printed, it is approximately 766 pages. The table of contents for the Brand Standards Manual is attached to this Franchise Disclosure Document as Exhibit F (See Franchise Agreement - Section 6.1).

4. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the site for your City2Shore Business. In evaluating a proposed site, we consider such factors as general location and neighborhood, competition, population density, traffic patterns, freeway access, parking, convenience, size, layout, and other physical characteristics. We generally do not own the premises for the City2Shore Business and lease it to you (See Franchise Agreement - Section 7.1). We will have 30 days after we receive the information and materials to evaluate the proposed site. If we do not approve a proposed location within this 30-day period, the site will be deemed disapproved unless we extend the approval period. If we disapprove of the proposed site, you must select another site, subject to our consent. You must purchase or lease the site for your Office within 90 days after signing the Franchise Agreement. If you do not locate a site that is acceptable to us within 90 days of signing the Franchise Agreement, we may terminate the Franchise Agreement.

5. Review the lease agreement for your City2Shore Business to ensure that its terms contain our required provisions and otherwise meet our minimum standards. You must submit the lease to us for our approval at least ten days before you sign the lease agreement. You must send us a signed copy of the lease within five days of both parties signing the lease (See Franchise Agreement - Section 7.2).

6. Provide guidance on obtaining licenses, certifications, and applying for permits, if required by your locality to operate your City2Shore Business. It is your responsibility to comply with all laws, ordinances, and regulations, as you are ultimately responsible for obtaining all necessary approvals, certifications, licenses, and permits to operate your City2Shore Business (See Franchise Agreement - Section 6.9).

7. Inform you of any of our mandatory specifications, architectural and design plans, floor plans, interior and exterior signage, décor, designs and layouts for the City2Shore Business at the accepted location. We will provide you with guidelines for the design and layout of your City2Shore Business, and you may need to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. You will be required to confirm that your City2Shore Business satisfies all state and local zoning ordinances, regulations, fire, health, and building codes. We may, if necessary, review your set of drawings. It is your responsibility to comply with all laws, ordinances, and regulations, zoning, and building codes for your City2Shore Business (See Franchise Agreement - Section 7.3).

8. Provide you with access to our online educational platform and offer certain training programs designed to assist you and your business management staff in the operation of your City2Shore Business. We may require that you, any owner, and/or any manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement (See Franchise Agreement - Section 5.3). We reserve the right to charge you a fee for access or assistance, including fees for brokers and agents to access educational modules or courses.

We do not provide the above services to renewal franchisees and do not provide certain of the services to Conversion Owners or franchisees that purchase existing City2Shore Businesses.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the City2Shore Business can vary from 60-90 days for a Conversion Franchise and 90-180 days for any other City2Shore Franchise. This estimate assumes that you will identify a site for your City2Shore Business shortly after signing the Franchise Agreement. You must purchase or lease the site for your Office within 90 days after signing the Franchise Agreement. If you have a Conversion Franchise, you must complete all modifications of any existing Office within 60 days after signing the Franchise Agreement. Your physical Office must be open and you must be operating within 90 days after signing a Franchise Agreement for a Conversion Franchise, and within 180 days after signing a Franchise Agreement for any other City2Shore Franchise. Some factors that may affect this timing are: your ability to secure any necessary financing; your ability to obtain a location for your City2Shore Business that is approved by us; negotiation of a lease agreement (if applicable); construction or build out of your Office; time of year you open the City2Shore Business; your ability to obtain any necessary permits and certifications; the time to complete required training; availability of products and supplies necessary for you to begin operating your City2Shore Business; the timing of the delivery of any inventory or equipment; and hiring and training of your staff.

If you are properly licensed, and unless otherwise specified in writing by us, you may begin operating your City2Shore Business immediately after you complete our initial training program and before you have an Office.

Continuing Obligations

During the operation of your City2Shore Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications, and procedures for the operation of your City2Shore Franchise (See Franchise Agreement - Section 6.3).
2. Upon reasonable request, provide advice regarding your City2Shore Business's operations based on reports or inspections. Advice will be given during our regular business hours and via written materials, electronic media, telephone, or other methods in our discretion (See Franchise Agreement - Section 6.4).
3. Review and approve all advertising, marketing, and promotional materials prior to publication in addition to any promotions, edits, changes, or updates to your website pages that you submit to us (See Franchise Agreement - Section 6.6, 11.3.3).
4. Provide you with advice and guidance on advertising and marketing (See Franchise Agreement - Section 6.5).
5. Provide additional training to you for newly hired personnel on the City2Shore brand and System guidelines, refresher training courses, and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement - Section 5.7).
6. Allow you to continue to use confidential materials, including the Brand Standards Manual and the Marks (See Franchise Agreement - Sections 6.1 and 19.3).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques.
2. Make periodic visits to the City2Shore Business for the purpose of assisting in all aspects of the operation and management of the City2Shore Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements to the operation of the City2Shore Franchise, and detailing any problems in the operations that become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.
3. Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to service standards, in addition to operational and sales matters related to a City2Shore Business. You will be responsible for the transportation, room and board, and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (See Franchise Agreement - Section 5.7).
4. Maintain and administer a Brand Fund. We may dissolve the Brand Fund upon written notice (See Franchise Agreement - Section 11.2).
5. Hold periodic national or regional conferences to discuss business and operational issues affecting City2Shore franchisees.
6. We may decide to offer a program in the future whereby franchisees can receive a flat referral fee of \$2,500 in cash, services or product credit for referring a third-party franchise prospect to us, who ultimately becomes a City2Shore Franchisee. You are authorized only to identify the prospect to our company franchise sales staff. You are not authorized to act as our agent or franchise broker and may not provide any information to prospects other than our information brochure. If you receive a referral fee, notice will be given to the prospective franchisee receiving the Franchise Disclosure Document. We retain the right in our sole discretion to modify or terminate this referral program at any time with or without notice. The factors concerning our decision to start, modify, or terminate the referral program include the number of Franchises that we sell, the number of referrals that we receive from current franchisees and the quality of referrals that we receive from current franchisees.
7. Establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

Advertising

Brand Fund

We have created a Brand Fund for marketing, developing and promoting the System, the Marks, and City2Shore Businesses. You must pay \$100 per month for the Brand Fund (“Brand Fund Contribution”). Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement.

City2Shore Businesses owned by us will contribute to the Brand Fund on the same basis as franchisees. We reserve the right to increase the Brand Fund Contribution.

The Brand Fund will be administered by us or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account, or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional, national or international marketing, advertising, sales promotion and promotional materials, public and consumer relations, franchisee education, research and development, website development and search engine optimization, the development of technology for the System, quality control programs, market research, changes and improvements to the System, and any other purpose to promote the Marks. The Brand Fund may also be used for local franchisee group advertising or marketing and franchisee advisory council expenses. We may use any media for disseminating Brand Fund advertisements, including direct mail, print ads, signs, billboards, the Internet, radio, and television. We may reimburse ourselves, our authorized representatives, or our affiliates from the Brand Fund for administrative costs; independent audits; reasonable accounting, bookkeeping, reporting, and legal expenses; taxes; and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct, or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. During our fiscal year ending December 31, 2022, the Brand Fund was spent as follows: 20% on Production, 37.5% on social media (Facebook), 37.5% on digital advertising software (Choozle), and 5% on administrative expenses.

Local Advertising

You are not required to spend any minimum amount each month on local advertising and promotion for your City2Shore Business. You must order sales and marketing material from us or our designated suppliers. We provide all marketing materials, including custom marketing materials (at your cost). However, before you publish any advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Fund.

You will pay us a Marketing Fee of \$5,000 for assistance with your grand opening promotions and initial marketing efforts. The Marketing Fee includes templates for print and advertising materials to support your City2Shore Business, and a start-up kit that includes marketing materials to help accelerate the opening

of your City2Shore Business. The start-up kit includes an inventory of new agent recruiting materials, social media setup guide, and a marketing awareness campaign. You will need to replenish items in the start-up kit, and all items must be purchased from us, our affiliates, or approved vendors and/or suppliers. All of these funds will be used in your first year of business for marketing materials, advertisements, social media, and brand awareness. You will meet with a representative of our approved marketing firm who will guide you on the use of those funds.

If you wish to advertise online, you must follow our online policy which is contained in our Brand Standards Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

Advertising Cooperatives

You may be required to participate in any local or regional advertising cooperative for City2Shore Franchises that are established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each City2Shore Franchise that the franchisee owns that exists within the cooperative's area. Each City2Shore Franchise we own that exists within the cooperative's area, may contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member, which would be between \$100 and \$200 per month. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your territory, you will be required to participate in compliance with the provisions of the Brand Standards Manual, which we may periodically modify at our discretion. Any amounts you contribute to your cooperative will be in addition to your Brand Fund Contribution.

System Website

We have established a System website ("System Website") for City2Shore Businesses which includes local sitelets for each franchisee. Your sitelet will include information relating to your specific business location and select content that we provide from our System Website and includes a personal page for each agent or broker. Your page will also showcase City2Shore services and products. You agree to use the supplier designated in the Brand Standards Manual to establish your page. Any changes or updates to your local pages must be done by us, our affiliates, or approved vendors. You are responsible for all costs associated with any such changes or updates and will be charged a website update fee (as described in Item 6). Our response to your request for such changes or updates to your local pages will be made within 30 days after we receive them. We reserve the right to change the requirements relating to your page at any time.

You may not establish or maintain any other website or engage in any other electronic marketing of services or products without our prior written approval. All such information shall be subject to our approval prior to posting. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, linking, advertising, and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet

usage rules, policies, and requirements. We intend any franchisee website be accessed only through the System Website.

If you wish to advertise online, you must follow our online policy, which is contained in our Brand Standards Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

We have the right to use the Brand Fund assets to develop, maintain, and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System standards relating to the System Website.

Franchise Advisory Council

We formed a franchise advisory council in April 2022 (“Council”) to advise us on System policies. Currently, the Council consists of up to two franchisee members and seven franchisor members. The Council’s bylaws specify the manner in which members are selected. The initial franchisee members of the Council were appointed by us, but in future years will be elected by all franchisees in the System. The franchisor members will be appointed by us. The Council serves in an advisory capacity only. We will have the power to form, change or dissolve the Council, in our sole discretion.

Computer System

You are required to purchase a computer system that consists of the following hardware and software (“Computer System”): (a) for owner or managing broker and for each of the administrative staff, a desktop or laptop computer that is capable of operating Windows 10, connecting to the Internet, and has sufficient memory, processing power, and storage to run the software described in this paragraph or elsewhere in the Franchise Disclosure Document, and at least a 15-inch monitor (dual monitors is recommended for each administrative staff); and a printer, a copier, a fax machine, a router, modems, one digital camera, two high definition flat screen high definition televisions, a camera surveillance system, one phone system, and a sound system; and (b) Microsoft Office 365 Suite, City2Shore Dotloop Premium Edition system software, and C2SSuccess software, all software of which are included in the Technology Fee and provided by us. We estimate the cost of purchasing the Computer System will be approximately \$15,000 to \$20,000. The Computer System will manage the daily workflow of the City2Shore Business. City2Shore Dotloop Premium Edition software tracks and manages all real estate transactions and has remote access functionality allowing third parties to view, download, and electronically sign documents. The C2SSuccess software computes real estate agent compensation based on our proprietary multi-tiered agent compensation program, the Real Estate Advantage Plan. You must record all Gross Commissions on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Commissions of your City2Shore Franchise. You must also maintain a high-speed Internet connection at the City2Shore Business. We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for the Computer System (See Franchise Agreement - Section 12.6). You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. The cost of maintaining, updating, or upgrading the

Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will range between \$1,000 and \$2,000, but this could vary (as discussed above).

We (or our designee(s)) have the right to independently access the electronic information and data relating to your City2Shore Franchise and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your City2Shore Business, or from other locations.

Training

Initial Training

You or your designated owner if you are an entity, your designated managing broker (if applicable), your office manager, or other representative that we require must successfully complete the initial training to our satisfaction before you open your City2Shore Business. If you or your designated owner, your designated managing broker, or your office manager does not satisfactorily complete our initial training program, or if we determine, in our sole discretion, that any of these individuals are not qualified to manage a City2Shore Business, we will notify you, and you may then select and enroll a substitute person in our initial training program at your expense. If that person does not satisfactorily complete our training, we have the right to terminate the Franchise Agreement. We provide initial training at no cost for up to three people, so long as they attend the same initial training program (see Item 6 for fees for additional persons). You or your designated owner, your designated managing broker (if applicable), and your office manager must complete the initial training program to our reasonable satisfaction, as determined by the specific program instructors, before you are able to open the City2Shore Business. Initial training classes are held once a month to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food, and similar expenses. We plan to provide the initial training listed in the table below.

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location of Training and Material*
CITY2SHORE History and Culture	.75	.75	At corporate headquarters in Hudsonville, MI or as we otherwise specify
Pre-Work: Corp/LLC, Trade name, Fed EIN, Office location	4	0	*Online Training Only* C2SImmersion Academy Course
Pre-Work: Bank accounts, establishing compensation plans, Insurances	5	0	*Online Training Only* C2SImmersion Academy Course
Pre-Work: Operations & Admin set up, MLS syndication, Office Set-up	4	0	*Online Training Only* C2SImmersion Academy Course

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location of Training and Material*
Pre-Work: Agent Success Coordinator doc prep, a-la-carte services	2	0	*Online Training Only* C2SImmersion Academy Course
Marketing – Branding and Compliance, Library	1	0	*Online Training Only* C2SImmersion Academy Course
C2SSuccess Proprietary Software – CRM, Closing file checklist, External Links	3	0	*Online Training Only* C2SImmersion Academy Course
Agent Support Orientation	2	0	*Online Training Only* C2SImmersion Academy Course
Breaking down Brokerage Split and REAP Revenue	1	0	*Online Training Only* C2SImmersion Academy Course
Agent Success Coordinator – Tasks & Approved 3 rd Party Software	1	1	At corporate headquarters in Hudsonville, MI or as we otherwise specify
Agent Success Coordinator – Agent Onboarding	2	2	At corporate headquarters in Hudsonville, MI or as we otherwise specify
Agent Success Coordinator – Commission Processing	3	3	At corporate headquarters in Hudsonville, MI or as we otherwise specify
Agent Recruitment and Developing REAP tree agents	1.5	0	*Online Training Only* C2SImmersion Academy Course
C2SAcademy – JumpStart, Agent Education Series, Commitment Contract	2.5	0	*Online Training Only* C2SImmersion Academy Course
Community Programs and Networking	1	0	*Online Training Only* C2SImmersion Academy Course
Marketing – Website Training	2	0	*Online Training Only* C2SImmersion Academy Course
General office, Admin, Bookkeeping Tasks and Responsibilities	2	2	At corporate headquarters in Hudsonville, MI or as we otherwise specify
TOTAL **	37.75	8.75	

*Assigned Onboarding Coordinator may provide additional support and training materials during onboarding process.

**Additional software training may be provided to franchisees and may be performed by our approved vendors after the initial training described above is completed.

Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program. We will use the Brand Standards Manual as the primary instruction materials during the initial training program.
2. Kellen Keck has been serving as our Vice President of Training since October 2017. Mr. Keck has been responsible for developing our online, educational platform and keeping all the modules and

courses up to date. Mr. Keck has been instrumental in building and developing the training platform for on-boarding new franchisees. He began his career with City2Shore in June 2015. Prior to joining City2Shore, he spent more than a decade in various leadership positions in the home improvement retail industry where he helped develop and train other store leaders as well as collaborate on and develop training programs at the corporate level.

3. Other trainers and instructors include: Larissa Frody who has been a real estate agent for our affiliate, C2SRE since January 2011; Shelley Frody who began her real estate career in 2000 which includes 9 years' experience with C2SRE; Steve Frody who began his real estate career in 2004 which includes 9 years' experience with C2SRE; Alexis Sabo who is a trainer for agent support who has been with C2SRE since 2020; Mari Anne Vogelaar, who is a trainer for agent support and commission processing, who has been with City2Shore since 2012; Steve Koop who has been with C2SRE since 2015; and Lori Hoorn who has administrative experience dating back to 1986 and began her work experience with us in 2011.
4. Other instructors will include experienced City2Shore store managers and/or assistant managers with a minimum of one year of experience in the City2Shore System. Occasionally, different guest speakers may make an appearance at the training program to provide information about services and products used and offered by us. For example, some speakers may be our employees, franchisees, vendors or industry experts.

On-Site Training

We will provide you with two to three days of on-site training at your City2Shore Business once you open for business. You will pay our \$2,500 On-Site Training Fee when you sign the Franchise Agreement to help cover the expenses we and our representative(s) will incur in providing this training. You are responsible for all costs and expenses of you and your employees in participating in the on-site training, including wages and salaries.

Ongoing Training

Our online educational platform houses a database of our proprietary real estate agent training modules and courses (which includes curriculum, lesson plans, workshops, and testing materials) for you to use to complement your real estate agent training and continuing education program. From time to time, we may require that you, owners, managers, office managers, and other employees attend system-wide refresher or additional training courses. Refresher or additional training programs may also be conducted through the telephone or through webinars or video training. Some of these courses may be optional, while others may be required. If you appoint a new designated owner, designated manager, or office manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your City2Shore Business. If we conduct an inspection of your City2Shore Business and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your City2Shore Business).

In addition to participating in ongoing training, you will be required to attend an annual meeting of all franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all franchisees. You are responsible for all travel and expenses for your attendees.

We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the City2Shore System and brand standards to

your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the City2Shore Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the City2Shore Business.

ITEM 12 TERRITORY

You will receive a designated geographic area to establish your Office (the “Protected Area”). The Protected Area is determined based on the geographic area and populations properties within that area and other relevant demographic characteristics and will typically be a two-mile radius around your Office. In certain densely populated metropolitan areas, the Protected Area may be small if it has a high population density, while franchisees operating in less densely populated urban areas may have significantly larger areas. You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Protected Area, so long as you are operating within the limits of your real estate broker and agent licenses. We may, in our discretion, allow you and other franchisees or company-owned businesses to sell products (if we authorize the sale of products) through an alternative channel of distribution (such as on the Internet or Websites), so long as you adhere to our standards. This may create competition and you will not receive any compensation from such sales made by other franchisees or company-owned locations. If we authorize you to sell products through alternative channels of distribution, all products sold must be from your City2Shore Business. If you renew your Franchise, your Protected Area may be modified depending on the then-current demographics of the Protected Area, and on our then-current standards. The continuation of the Protected Area is not dependent upon your achievement of a certain sales volume or market penetration, but it does depend on maintaining minimum real estate agent requirements (“MREAR”), which are determined each year on the anniversary of the last day of the month in which your City2Shore Business is deemed to be opened. You must maintain, for the entire year, the minimum number of associate brokers and real estate agents required at the end of the prior Anniversary Year (defined below) in order comply with the MREAR. The current MREAR is:

Anniversary Year	Number of Associate Brokers and Real Estate Agents During Anniversary Year
1	5
2	10
3+	15

The term “Anniversary Year” means each 12-month period in which your City2Shore Business is open for operation and starts the first month your City2Shore Business is deemed open for operation. For example, if your City2Shore Business is deemed open for operation anytime in the month of July then July 31st of the following year concludes your first Anniversary Year. Assuming you hold the proper licenses, your City2Shore Business is deemed opened for operation immediately after you complete the initial training program, regardless of whether you have an Office, unless otherwise specified in writing by us.

During the term of the Franchise Agreement, we will not establish or franchise others to establish another City2Shore Business within your Protected Area so long as you meet the MREAR. Failure to meet such minimum associate broker and real estate agent requirements will be deemed a material breach and subject to termination of the Franchise Agreement. If you fail to meet the MREAR or if you are in default

of the Franchise Agreement, as an alternative to termination, we may modify or eliminate any rights that you may have with respect to your Protected Area effective 10 days after delivery of written notice to you.

You may not relocate the Office without our prior written approval. We may approve a request to relocate the Office if you satisfy the requirements under the Franchise Agreement and our then-current site selection policies and procedures. You will be required to reimburse us for any expenses that we incur as a result of an approved relocation.

Your associate brokers and real estate agents are authorized to have a home office so long as: (i) the brokers and real estate agents do not advertise the home office in any way as an authorized City2Shore Business location and do not meet any client and/or third party at their home; and (ii) the home office otherwise complies with all of our guidelines in this Disclosure Document and the Brand Standards Manual. A “Home Office” is defined as a secondary workspace located in an associate broker’s or real estate agent’s principal residence from which the real estate agent conducts business and communications.

So long as you have the proper licenses, you and your associate brokers and real estate agents may list properties, sell properties, offer services, represent clients, or sell products to anyone from anywhere. Other City2Shore franchisees as well as our company or affiliate-owned business may also do the same to anyone from anywhere (including in your Protected Area). In addition, you are not limited to marketing and advertising your services and can market and advertise anywhere. You are required to use business telephone numbers with prefixes and exchanges that are within your Protected Area unless we otherwise approved. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services and/or products to any business or non-profit organization which owns, manages, controls, or otherwise has responsibility for locations in more than one area whose presence is not confined with any one particular franchisee’s territory, regardless of the contract amount of the services to be performed (a “National Account”). After we sign a contract with a National Account, we may, at our option, provide you the option to perform services and/or provide products in your Protected Area at negotiated rates under the National Account contract. If you choose not to perform services and/or provide products at negotiated rates, there will be no penalty, and if we choose, or if you choose not to perform services and/or provide products to a National Account, then we may perform services and/or provide products directly ourselves, or through another franchisee or third party even if the services to be performed and/or products to be sold are within your Protected Area, without compensation to you.

We reserve the right to issue binding policies to coordinate advertising councils and/or advertising cooperative programs. For example, we intend to require that all franchisees within proximity to home shows or expos participate in the cost and benefit of the show. We intend to direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets.

We, and our affiliates, have the right to operate, and to license others to operate, City2Shore Businesses at any location outside the Protected Area, even if doing so will or might affect your operation of your City2Shore Business. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights, all rights not expressly granted to you. These include the right to:

1. to advertise, market, and sell City2Shore branded and trademarked services and products in your Protected Area;

2. to advertise, offer, and promote the services and products to promote the System through the Internet and/or other similar venues to anyone from anywhere to brand the System;

3. to sell, distribute, or offer anywhere any services or products to anyone located anywhere through any alternative or other channel of distribution, other than local business operations providing services and products under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Protected Area designated on your Franchise Agreement;

4. to develop, manufacture, produce, and distribute proprietary products that have been branded with our Marks or logo, or different branded products through any outlet located anywhere (including, by way of illustration, discount club chains, retail stores, over the Internet and/or electronic media and similar venues), and on any terms and conditions we deem appropriate. If we decide to distribute products, you will receive no compensation from us for such sales inside your Protected Area unless otherwise agreed to in writing by us;

5. to implement advertising cooperative programs that may allow us or others to offer services, products, or solicit or sell to clients anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;

6. to own and/or operate ourselves or authorize others to own and/or operate: (a) any business located outside the Protected Area as designated in your Franchise Agreement, whether or not using the Marks and/or System; (b) any business anywhere, whether using the Marks and /or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement; and/or (c) any business anywhere which does not use the Marks;

7. to use and license the use of technology to non-franchisee locations inside and outside the Protected Area; and

8. to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your City2Shore Business, whether located inside or outside of the Protected Area.

We are not required to pay you if we exercise any of the rights specified above within your Protected Area. We do not pay compensation for soliciting or accepting orders inside your Protected Area.

The Multi-Franchise Addendum grants you the right to enter into Franchise Agreements to open additional City2Shore Businesses subject to the terms of the franchise agreement signed for each additional Franchise. You are not granted any territorial rights or other rights except those granted under the franchise agreement for each additional Franchise. You will not receive an exclusive territory under the Multi-Franchise Addendum. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You do not receive the right to acquire additional City2Shore Franchises within the Protected Area unless you have purchased a Multi-Unit Franchise and signed a Multi-Franchise Addendum. You are not given a right of first refusal on the sale of existing City2Shore Franchises. If you wish to purchase an additional City2Shore Franchise, you must apply to us, and we may, at our discretion, offer an additional City2Shore Franchise to you. We consider a variety of factors when determining whether to grant additional City2Shore Franchises. Among the factors we consider, in addition to the then-current requirements for new

City2Shore franchisees, are whether or not the franchisee is following the requirements under their current Franchise Agreement.

ITEM 13 TRADEMARKS

The Franchise Agreement and your payment of the Royalty grants you the non-exclusive right and license to use the Marks. You may also use other future trademarks, service marks, and logos we approve to identify your City2Shore Franchise.

The Marks and the System are owned by Stephen J. and Shelley R. Frody (“Frodys”) and are licensed to us. Frodys have granted us a license (“Trademark License”) to use the Marks to franchise the System around the world. The Trademark License is perpetual and began on March 1, 2016. It will continue for an indefinite term unless the parties agree otherwise in writing. We must also not be in default of the Trademark License by failing to conform to quality standards and specifications. If the Trademark License is terminated, Frodys have agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. Frodys have registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Trademark	Registration Number	Date of Registration	Register
	4567502	July 15, 2014	Principal
CITY2SHORE	4945923	April 26, 2016	Principal
CITY2SHORE	7017351	April 4, 2023	Principal
CITY2SHORE	6001888	March 3, 2020	Principal

Frodys have applied to register the following trademark with the USPTO:

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the City2Shore Business. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent, nor may you use any trade name, trademark, service mark, emblem, or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your City2Shore Business that

you are an independently owned and operated licensed franchisee of City2Shore National Franchises, LLC and on all Vehicles, checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase “A franchise of City2Shore Real Estate” or such other phrase as we occasionally direct. You must obtain any fictitious or assumed name registrations as we require or required under law. You may not use the Marks in the sale of unauthorized services or products, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the City2Shore Business, or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, under the Franchise Agreement, infringes upon that party’s intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately in writing if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue, or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Brand Standards Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Brand Standards Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your City2Shore Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Brand Standards Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of City2Shore Franchises, our training materials and techniques, information concerning

service and product sales, operating results, financial performance, and other financial data of City2Shore Franchises and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement and the Brand Standards Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your City2Shore Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other City2Shore Franchises during the term of the Franchise Agreement.

You must notify us within three days after you learn about another’s use of language, a visual image or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets, and we are not required to participate in the defense of, or provide indemnification to you in connection with, any proceeding related to the Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge or claim. We will act as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. If we require you to modify or discontinue use of the Copyrighted Works, Confidential Information or Trade Secrets, you must comply with all our requirements. We will not be liable to you for any expenses, losses, or damages that you incur because of any addition, modification, substitution, or discontinuation of the Copyrighted Works, Confidential Information or Trade Secrets.

No patents or patents pending are material to us at this time.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The City2Shore Franchise shall be managed by you, or if you are an entity, a shareholder, partner, or member who is a natural person designated in writing to us as the person to make all decisions for the

franchisee entity (“Designated Owner”). If neither you nor your Designated Owner (if you are an entity) is a licensed real estate broker in the state(s) where you will operate, you must appoint a designated managing broker (“Designated Managing Broker”) to run the day-to-day operations of the City2Shore Business. The Designated Managing Broker must be a licensed real estate broker in the state(s) where you operate and successfully complete our training program. We must approve the Designated Owner and the Designated Managing Broker, if applicable. A licensed Designated Owner or the Designated Managing Broker, if you have one, must have a minimum 5% ownership interest in the legal entity of the City2Shore Franchise owner. If you change or replace a licensed Designated Owner or Designated Managing Broker, the new licensed Designated Owner or Designated Managing Broker must satisfactorily complete our training program at your own expense. Your City2Shore Franchise must operate under the direction of a licensed real estate broker at all times. Upon the death, permanent disability, or other departure of a licensed Designated Owner or Designated Managing Broker from the City2Shore Business, you must appoint another Designated Owner or Designated Managing Broker approved by us within the lesser of 30 days or the time period permitted under applicable law.

You are required to retain a manager for the operation and management of your City2Shore Business (“Office Manager”). The Office Manager may be you or one of the owners of the City2Shore Business. The Office Manager must be approved by us.

Any Office Manager, and, if you are an entity, an officer that does not own equity in the franchisee entity, must sign the “System Protection Agreement,” which is attached to this Franchise Disclosure Document in Exhibit H. All of your associate brokers, real estate agents, employees, service providers, independent contractors, agents or representatives, principals, and affiliates that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), which is attached to this Franchise Disclosure Document in Exhibit H. If you are an entity, each direct and indirect owner must sign an Owners Agreement guarantying the obligations of the entity, which is attached to the Franchise Agreement as Attachment D. We also require that the spouses of the City2Shore Franchise owners sign the Owners Agreement. The Owners Agreement contains a personal guaranty and covenant not to compete.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those services and products authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees and may vary depending on the operating season and geographic location of your City2Shore Business or other factors. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products, at our discretion, with prior notice to you. There are no limits on our right to make such changes. If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions, if applicable and as allowed by law.

You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the City2Shore Franchise, us, or any of our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document. “FA” refers to the Franchise Agreement, “MFA” refers to the Multi-Franchise Addendum to the Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	FA: Section 4.1 MFA: Section 6	Ten years.
b. Renewal or extension of the term	FA: Section 4.1 MFA: Not applicable	If you are in good standing and you meet other requirements, you may add two consecutive successor terms of ten years each.
c. Requirements for franchisee to renew or extend	FA: Section 4.2 MFA: Not applicable	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. You must provide written notice; full compliance; sign our then-current Franchise Agreement and any ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, for example, higher Royalty and advertising contributions) from the Franchise Agreement that covered your initial term; have the right under your lease to maintain possession of your premises for the duration of the successor term; upgrade City2Shore Business to then-current standards; and pay renewal fee.
d. Termination by franchisee	FA: Section 22.1 MFA: Not applicable	You may terminate the Franchise Agreement if you are in compliance with it, and we are in material breach, and we fail to cure that breach within 60 days of receiving written notice, subject to applicable state law.
e. Termination by franchisor without “cause”	FA: Not Applicable MFA: Not applicable	Not applicable.
f. Termination by franchisor with “cause”	FA: Section 22.2 MFA: Section 3	We can terminate upon certain violations of the Franchise Agreement by you.
g. Curable defaults	FA: Section 22.3 MFA: Not applicable	Except for non-curable defaults in Section 22.2, you have 30 days to cure any failure to comply with the Franchise Agreement, provision in the Brand Standards Manual, or any other agreement with us.

Provision	Section in Franchise Agreement	Summary
h. Non-curable defaults	FA: Section 22.2 MFA: Section 3	Non-curable defaults: failure to complete initial training, failure to obtain site approval, failure to obtain a lease, failure to open within required time period, insolvency, asset seizure, abandonment, loss of license, felony conviction and others listed in Section 22.2 of the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	FA: Sections 4.3, 16.2, 21.4 and 23 MFA: Not applicable	Obligations include: cease operation of City2Shore Business; deliver cancelled assumed or similar name registrations; cease use of Confidential Information and Marks; complete de-identification; payment of amounts due; return of confidential Brand Standards Manual, all property containing the Marks, all Confidential Information, Trade Secrets, and records; assign phone numbers and domain names; comply with covenants; and do not notify clients of termination without our written approval.
j. Assignment of contract by franchisor	FA: Section 21.1 MFA: Not applicable	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	FA: Section 21.2 and Attachment A MFA: Not applicable	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, and exchange, grant of a security interest or change of ownership in the Franchise Agreement, the Franchise, or interest in the City2Shore Franchise.
l. Franchisor approval of transfer by franchisee	FA: Section 21.2 MFA: Not applicable	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	FA: Section 21.2 MFA: Not applicable	You are in full compliance; new owner must have sufficient business experience and financial resources to operate the City2Shore Franchise; new owner has obtained the necessary licenses and permits; you must pay all amounts due; new owner and employees must complete the initial training program; your landlord must consent to the transfer of the lease; you must pay transfer fee; you must sign a general release in favor of us; you sign a subordination agreement; new owner must agree to bring the City2Shore Business up to current standards; new owner signs a new franchise agreement in the then-current form; you must sign a non-compete agreement not to engage in a competitive business for 2 years within 10 miles of your Protected Area or the Protected Area of any City2Shore Franchise for two years; and we do not exercise our right of first refusal.

Provision	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	FA: Section 21.5 MFA: Not applicable	We have 30 days to match any offer for your City2Shore Business.
o. Franchisor's option to purchase franchisee's business	FA: Section 23.2 MFA: Not applicable	We may, but are not required to, purchase your City2Shore Franchise, inventory, or equipment at fair market value if your City2Shore Franchise is terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
p. Death or disability of franchisee	FA: Section 21.4 MFA: Not applicable	The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the Franchise	FA: Section 16.3 MFA: Not applicable	Neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have an ownership interest in, loan money to, or perform services for a competitive business anywhere. You may not interfere with our or our other franchisees' City2Shore Franchise(s), subject to applicable state law.
r. Non-competition covenants after the Franchise is terminated or expires	FA: Section 16.4 MFA: Not applicable	Owners and their spouses cannot have any direct or indirect interest in, own, manage, operate, finance, control, or participate in any competitive business within 10 miles of your Protected Area or the Protected Area of any City2Shore Franchise for 2 years. Owners may not solicit any customer of the Franchise or any City2Shore Franchise for two years (subject to applicable state law).
s. Modification of agreement	FA: Sections 4.1, 12.2, 13 and 26.8 MFA: Not applicable	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Brand Standards Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	FA: Section 26.8 MFA: Not applicable	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	FA: Section 24 MFA: Not applicable	Except for certain claims, all disputes must be mediated and arbitrated in Ottawa County, Michigan, or such other county in which our corporate headquarters is located, subject to applicable state law. Arbitration must comply with AAA standards.
v. Choice of forum	FA: Section 24 MFA: Not applicable	All disputes must be mediated, arbitrated, and if applicable, litigated in Ottawa County, Michigan, or such other county in which our corporate headquarters is located, subject to applicable state law.
w. Choice of law	FA: Sections 26.1 MFA: Not applicable	The laws of the state where the City2Shore Business is located applies, subject to applicable state law.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or affiliate-owned outlets, if there is a reasonable basis for the information, and 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 performance at a particular location or under particular circumstances.

As of December 31, 2022, there were three affiliate-owned City2Shore Businesses ("Affiliate Locations") and seven franchised City2Shore Businesses ("Franchise Locations"). The financial information provided in the following tables represents a historic representation based on the past performance of the three Affiliate Locations and five Franchise Locations ("Reporting Group") in operation for the entire 2022 calendar year ("Reporting Period"). One of the Franchise Locations in the Reporting Group is co-owned by one of our officers (the "Affiliated Franchise Location"). None of the locations in the Reporting Group were a Conversion Franchise.

The following tables show the monthly and annual Total Revenue (as defined below) earned by each location in the Reporting Group during the Reporting Period and the monthly number of agents. The financial information was prepared from internal accounting records and reports from our proprietary software. The total revenue is broken down by "Cap from Agents" revenues (described in Note 2 below) and the "Transaction Management Fee" revenues (described in Note 3 below). Tables 1 to 3 are ordered based on the length of time each Affiliate Location has been in operation, beginning with the oldest location. Tables 4 to 7 are ordered based on the length of time each Franchise Location in the Reporting Group has been in operation, beginning with the oldest location, and Table 8 includes the data of the Affiliated Franchise Location. While some of the representations below relate to the performance of Affiliate

Locations and an Affiliated Franchise Location, Franchise Locations will share many of the same characteristics, including degree of competition, method of operations, and services provided. The Affiliated Franchise Location and Affiliate Locations pay Royalty Fees, Technology Fees, Brand Fund Contributions, and Transaction Fees (see Item 6). The Protected Areas of the Affiliated Franchise Location and Affiliate Locations are not materially different from the Protected Areas offered in this disclosure document.

I. Affiliate Locations

Total Revenue for Allendale, MI (Franchise Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$3,247.00	\$1,925	15	\$5,172.00
February	\$9,818.81	\$2,300	15	\$12,118.81
March	\$4,672.70	\$1,950	16	\$6,622.70
April	\$6,664.32	\$2,020	16	\$8,684.32
May	\$9,991.32	\$4,225	17	\$14,216.32
June	\$13,078.90	\$3,900	17	\$16,978.90
July	\$14,879.26	\$4,550	17	\$19,429.26
August	\$7,173.78	\$3,945	17	\$11,118.78
September	\$4,090.53	\$1,950	18	\$6,040.53
October	\$7,491.78	\$3,575	18	\$11,066.78
November	\$16,346.04	\$3,250	18	\$19,596.04
December	\$12,053.93	\$4,550	19	\$16,603.93
Total	\$109,508.37	\$38,140		\$147,648.37

Table 2

Total Revenue for Hudsonville, MI (Affiliate Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$23,284.23	\$5,550	32	\$28,834.23
February	\$12,351.99	\$3,750	32	\$16,101.99
March	\$8,098.02	\$5,850	32	\$13,948.02
April	\$7,363.83	\$3,900	32	\$11,263.83

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
May	\$21,828.33	\$4,525	32	\$26,353.33
June	\$8,479.87	\$5,060	32	\$13,539.87
July	\$13,060.55	\$5,365	32	\$18,425.05
August	\$12,213.30	\$4,552.50	34	\$16,765.80
September	\$11,314.71	\$5,270	34	\$16,584.71
October	\$5,052.37	\$2,925	34	\$7,977.37
November	\$11,144.23	\$3,320	34	\$14,464.23
December	\$6,539.98	\$3,970	34	\$10,509.98
Total	\$140,730.91	\$54,037.50		\$194,768.41

Table 3

Total Revenue for Grand Rapids, MI (Affiliate Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$908.01	\$3,085	24	\$9,993.01
February	\$7,581.16	\$2,645	25	\$10,226.16
March	\$7,093.90	\$2,810	25	\$9,903.90
April	\$8,301.34	\$4,180	26	\$12,481.24
May	\$17,397.86	\$4,160	26	\$21,557.86
June	\$6,852.17	\$3,205	26	\$10,057.17
July	\$4,870.44	\$2,950	26	\$7,820.44
August	\$9,431.84	\$4,470	26	\$13,901.84
September	\$3,892.85	\$2,210	26	\$6,102.85
October	\$5,501.34	\$2,555	26	\$8,056.34
November	\$5,510.55	\$3,275	26	\$8,785.55
December	\$10,377.09	\$3,340	26	\$13,717.09
Total	\$93,718.45	\$38,885		\$132,603.45

Table 4

Total Revenue for Holland, MI (Affiliate Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$339.10	\$395	2	\$734.10
February	\$0.00	\$0.00	2	\$0.00
March	\$1,887.53	\$720	2	\$2,607.53
April	\$1,237.28	\$325	2	\$1,562.28
May	\$1,119.06	\$650	2	\$1,769.06
June	\$2,738.51	\$650	5	\$3,388.51
July	\$1,594.12	\$495	7	\$2,089.12
August	\$5,400.29	\$2,475	7	\$7,875.29
September	\$4,398.84	\$990	7	\$5,388.84
October	\$3,088.43	\$650	7	\$3,738.43
November	\$0.00	\$0.00	9	\$0.00
December	\$9,314.82	\$1,880	9	\$11,194.82
Total	\$31,117.98	\$9,230		\$40,347.98

II. Franchise Locations

Table 5

Total Revenue for Lake City, MI (Franchise Location)
During the Reporting Period*

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$19,266.44	\$9,440	21	\$28,706.44
February	\$9,090.03	\$10,915	21	\$20,005.03
March	\$15,049.47	\$8,260	21	\$23,309.47
April	\$22,644.82	\$11,210	23	\$33,854.82
May	\$11,684.92	\$11,800	24	\$23,484.92
June	\$9,020.09	\$12,095	24	\$21,115.09
July	\$24,114.26	\$17,405	24	\$41,519.26
August	\$31,633.20	\$16,520	24	\$48,153.20
September	\$19,378.29	\$15,635	23	\$35,013.29

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
October	\$11,564.34	\$13,865	23	\$25,429.34
November	\$13,017.60	\$11,505	23	\$24,522.60
December	\$11,685.32	\$8,555	23	\$20,240.32
Total	\$198,148.78	\$147,205		\$345,353.78

Table 6

Total Revenue for Bryon Center, MI (Franchise Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$1,483.31	\$975	16	\$2,458.31
February	\$12,183.04	\$1,300	15	\$13,483.04
March	\$4,091.80	\$2,925	15	\$7,016.80
April	\$5,114.93	\$2,275	15	\$7,389.93
May	\$13,504.98	\$2,600	15	\$16,104.98
June	\$13,208.64	\$4,425	15	\$17,633.64
July	\$9,873.41	\$3,225	15	\$13,098.41
August	\$16,039.47	\$5,100	16	\$21,139.47
September	\$4,749.96	\$2,575	16	\$7,324.96
October	\$6,122.91	\$3,700	17	\$9,822.91
November	\$4,120.87	\$3,750	17	\$7,870.87
December	\$16,956.61	\$3,770	18	\$20,726.61
Total	\$107,449.93	\$36,620		\$144,069.93

Table 7

Total Revenue for Fort Myers, FL (Franchise Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$494.35	\$2,100	21	\$2,594.35
February	\$3,114.54	\$1,750	24	\$4,864.54

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
March	\$4,154.62	\$700	25	\$4,854.62
April	\$9,686.96	\$2,450	26	\$12,136.96
May	\$8,688.90	\$1,400	27	\$10,088.90
June	\$4,258.91	\$1,050	27	\$5,308.91
July	\$3,937.89	\$1,500	28	\$5,437.89
August	\$2,114.44	\$350	28	\$2,464.44
September	\$0.00	\$0.00	30	\$0.00
October	\$1,075.00	\$350	30	\$1,425
November	\$6,779.64	\$1,400	30	\$8,179.64
December	\$1,525.00	\$350	30	\$1,875
Total	\$45,830.25	\$13,400		\$59,230.25

Table 8

Total Revenue for Kentwood, MI (Franchise Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$8,319.57	\$490	7	\$8,809.57
February	\$5,984.06	\$980	7	\$6,964.06
March	\$5,334.21	\$1,175	7	\$6,509.21
April	\$5,441.77	\$585	7	\$5,996.77
May	\$9,552.49	\$2,260	8	\$11,812.49
June	\$19,673.36	\$2,350	9	\$22,023.36
July	\$12,962.12	\$1,865	11	\$14,827.12
August	\$12,620.97	\$3,540	11	\$16,160.97
September	\$11,080.73	\$2,445	11	\$13,525.73
October	\$11,321.10	\$690	11	\$12,011.10
November	\$14,281.73	\$1,670	12	\$15,951.73
December	\$4,494.60	\$585	12	\$5,079.60

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
Total	\$121,036.71	\$18,635		\$139,671.71

Table 9

Total Revenue for Manistee, MI (Franchise Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$787.15	\$0.00	8	\$787.15
February	\$4,008.91	\$1,650	8	\$5,658.91
March	\$2,597.58	\$550	8	\$3,147.58
April	\$2,473.94	\$1,100	8	\$3,573.94
May	\$2,184.69	\$1,375	8	\$3,559.69
June	\$239.92	\$0.00	8	\$239.92
July	\$3,454.98	\$825	8	\$4,279.98
August	\$3,397.54	\$550	8	\$3,947.54
September	\$3,633.55	\$1,700	8	\$5,333.55
October	\$0.00	\$1,100	9	\$1,100
November	\$211.42	\$275	9	\$486.42
December	\$0.00	\$1,650	9	\$1,650
Total	\$22,989.68	\$10,775		\$33,764.68

III. Affiliated Franchise Location

Table 10

Total Revenue for Grandville, MI (Affiliated Franchise Location)
During the Reporting Period

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
January	\$4,330.77	\$2,085	14	\$6,415.77
February	\$1,734.41	\$650	15	\$2,384.41
March	\$3,720.05	\$2,650	16	\$6,370.05
April	\$6,403.49	\$2,050	17	\$8,453.49

Month	Cap from Agents	Transaction Management Fee	Number of Agents	Total Revenue
May	\$10,561.41	\$3,700	17	\$14,261.41
June	\$5,295.89	\$2,220	18	\$7,515.89
July	\$7,599.64	\$3,545	18	\$11,144.64
August	\$13,787.23	\$4,295	18	\$18,082.23
September	\$7,234.96	\$4,095	18	\$11,329.96
October	\$8,115.25	\$2,755	19	\$10,870.25
November	\$9,886.48	\$6,005	19	\$15,891.48
December	\$3,553.48	\$2,055	19	\$5,608.48
Total	\$82,223.06	\$36,105		\$118,328.06

Notes:

1. The Affiliate Locations, Franchise Locations and Affiliated Franchise Locations in the Reporting Group have been open since the following dates:

Location	Opening Date and Notes
Hudsonville, MI (Affiliate Location)	Opened in 2011 by C2SRE
Grand Rapids, MI (Affiliate Location)	Opened in October 2017 by C2SRE
Lake City, MI (Franchise Location)*	Opened in January 2018
Byron Center, MI (Franchise Location)	Opened in March 2018
Holland, MI (Affiliate Location)	Opened in September 2018 by C2SRE
Fort Myers, FL (Franchise Location)	Opened in November 2018
Manistee, MI (Franchise Location)	Opened January 2020
Grandville, MI (Affiliated Franchise Location)	Opened October 2020
Allendale, MI (Affiliate Location)	Opened in September 2021
Kentwood, MI (Affiliate Location)	Opened in February 2021

*The Lake City location was originally opened by our affiliate in 2017. This location was sold to a franchisee on November 20, 2017, and operations began January 2018. In August 2018, this franchisee opened a satellite office in Manton, MI. In September 2019, this franchisee opened a second satellite office in Cadillac, MI. Numbers for the main office in Lake City and satellite offices in Manton and Cadillac are reflected together. We no longer allow franchisees to operate a satellite office under a franchise agreement for a single City2Shore Business.

2. The “Cap from Agents” operates as follows:

Each associate broker or real estate agent who earns a sales commission as a City2Shore licensed agent working at an Affiliate Location or Franchise Location is on a commission Split (see Item 6 for a discussion of the Split). The amount shown above under Cap from Agents is the amount of money earned by each City2Shore Business after all recruiting agents were paid their share of the Real Estate Advantage Plan. Once an associate broker or agent contributes the Broker Cap (explained in Item 6), the associate broker or agent will receive 100% of their commission until

their Anniversary Date at which point all caps reset. Broker Cap is set based on the demographics and market condition of each location. All Franchise Locations have the opportunity to adjust their “Caps from Agents” according to standards in their specific markets.

3. “Transaction Management Fee” is a flat rate, transaction-based fee common in the real estate industry and is paid by the client buyer or seller in the transaction upon closing. The above-listed Transaction Management Fees are the actual amounts collected for the periods listed above.
4. For purposes of this Item 19, “Total Revenue” means the sum of Cap from Agents and the Transaction Management Fee and does not include any adjustments for tax, discounts, or allowances. The Royalty is paid from Gross Commissions and not Total Revenue as explained in Item 6.
5. The financial performance representations above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Total Revenue figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request.

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

Other than the preceding financial performance representation, City2Shore National Franchises, LLC does not make any financial performance representations. 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 Shelley Frody, 6501 Balsam Drive, Hudsonville, Michigan 49426, (616) 662-9664, Shelleyfrody@city2shore.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2020 - 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	4	6	+2
	2021	6	7	+1
	2022	6	6	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned	2020	3	3	0
	2021	3	3	0
	2022	3	3	0
Total Outlets	2020	7	9	+2
	2021	9	10	+1
	2022	9	9	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2020 - 2022

State	Year	Number of Transfers
Totals	2020	0
	2021	0
	2022	0

Table No. 3

Status of Franchised Outlets
For Years 2020 – 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Arizona	2020	0	1	0	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Florida	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan*	2020	3	1	0	0	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Total Outlets	2020	4	2	0	0	0	0	6
	2021	6	2	1	0	0	0	7
	2022	7	0	0	0	0	0	7

*One of these locations is co-owned by one of our officers.

Table No. 4

Status of Company-Owned Outlets
For Years 2020 - 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Michigan	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Total Outlets	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3

Table No. 5

Projected Openings as of
December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Michigan	0	2	0
California	0	1	0
Total	0	3	0

The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit C. The name and last known address and telephone number of every current franchisee and every franchisee who has had a City2Shore Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the one-year period ending December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit C. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the City2Shore Franchise System. You may wish to speak with current and former franchisees but know that not all such franchisees can communicate with you. During the last three fiscal years, certain franchisees have signed confidentiality provisions that restrict their ability to speak openly about their experience with the City2Shore Franchise System. If you buy a City2Shore Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21
FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: unaudited financial statements as of Month Day, YEAR and audited financial statements as of December 31, 2022, December 31, 2021 and December 31, 2020. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit A. These include our Franchise Agreement and all exhibits to it (Franchisee Acknowledgement Statement, Marks, Territory Description, General Release, Conditional Assignment of Lease, Statement of Ownership Interests in Franchisee, Spousal Guaranty, Confidentiality and Non-Compete Agreement, Internet, Social Media, and Telephone Listing Agreement).

ITEM 23
RECEIPT

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

FRANCHISE AGREEMENT

EXHIBIT A



FRANCHISE AGREEMENT

Between

City2Shore National Franchises, LLC

6501 Balsam Drive
Hudsonville, MI 49426
Direct: (616) 662-9664
Fax: (616) 662-9997
Web: www.City2Shore.com

And

City2Shore National Franchises, LLC

FRANCHISE AGREEMENT

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ATTACHMENTS:

Attachment A	Definitions
Attachment B	Franchise Data Sheet
Attachment C	Statement of Ownership
Attachment D	Owners Agreement



FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made, entered into and effective as of the “Effective Date” set forth in Attachment B to this Agreement, by and between City2Shore National Franchises, LLC, a Michigan limited liability company (“Franchisor,” “we,” “us,” “our”), and the franchisee set forth in Attachment B to this Agreement (“Franchisee,” “you,” “your”). If more than one person or entity is listed as the Franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

1. **DEFINITIONS.** Capitalized terms used in this Agreement are defined either in the body of this Agreement or in Attachment A.

2. **GRANT OF FRANCHISE.** We hereby grant you a license to own and operate one City2Shore real estate brokerage business (“Franchised Business” or “City2Shore Business”) using our Intellectual Property (as defined in Attachment A to this Agreement) from a single location (“Office”) that we approve within your territory set forth in Attachment B (“Protected Area”). If the parties do not select an Office location and Protected Area prior to the signing of this Agreement, then it shall be entered in Attachment B as “TBD” and entered at a later date by amendment of this Agreement. As a City2Shore Franchisee, you will operate a real estate brokerage business that assists with the purchase, sale, or exchange of residential and commercial property. The Franchised Business may be a conversion of an existing business (“Conversion Franchise”) or a new business. Any reference to a “Franchise” shall refer to a standard Franchise and a Conversion Franchise unless specified otherwise. We reserve all rights not expressly granted to you.

3. **TERRITORIAL RIGHTS AND LIMITATIONS.** We will grant you a designated geographic area in which to establish your Office, as defined above, the Protected Area. You have the right to advertise, offer and promote your City2Shore branded and trademarked services anywhere within or outside of your Protected Area, provided you are licensed to do so. During the term of this Agreement, we will not establish or franchise others to establish another City2Shore Business within your Protected Area so long as you meet the minimum associate broker and real estate agent requirements or MREAR (as defined in Section 13 below). Failure to meet such requirements will be deemed a material breach and subject to termination of the Agreement. If you fail to meet the MREAR or if you are in default of the Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to your Protected Area effective 10 days after delivery of written notice to you. You will not receive an exclusive territory.

We, and our affiliates, have the right to operate, and to license others to operate, City2Shore Businesses at any location outside the Protected Area, even if doing so will or might affect your operation of your City2Shore Business. We retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to advertise, market, and sell City2Shore branded and trademarked services and products in your Protected Area;

2. to advertise, offer, and promote the services and products to promote the System through the Internet and/or other similar venues to anyone from anywhere to brand the System;

3. to sell, distribute, or offer anywhere any services or products to anyone located anywhere through any alternative or other channel of distribution (other than an Office or local business operations providing services and products under the Marks and System) on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Protected Area designated in this Agreement;

4. to develop, manufacture, produce, and distribute proprietary products that have been branded with our Marks or logo, or different branded products through any outlet located anywhere (including, by way of illustration, discount club chains, retail stores, over the Internet and/or electronic media and similar venues), and on any terms and conditions we deem appropriate. If we decide to distribute products, you will receive no compensation from us for such sales inside your Protected Area unless otherwise agreed to in writing by us;

5. to implement advertising cooperative programs which may allow us or others to offer services, products, or solicit or sell to clients anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;

6. to own and/or operate ourselves or authorize others to own and/or operate: (a) any business located outside the Protected Area whether or not using the Marks and/or System; (b) any business anywhere, whether using the Marks and/or System or not, which is not substantially similar to the Franchised Business; and/or (c) any business anywhere which does not use the Marks;

7. to use and license the use of technology to non-franchisee locations inside and outside the Protected Area; and

8. to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your City2Shore Business, whether located inside or outside of the Protected Area.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services and/or products to National Accounts. After we sign a contract with a National Account, we may, at our option, provide you the option to perform services and/or provide products in your Protected Area at negotiated rates under the National Account contract. If you choose not to perform services and/or provide products at negotiated rates, there will be no consequence, and if we choose, or if you choose not to perform services and/or provide products to a National Account, then we may perform services and/or provide products directly ourselves, or through another franchisee or third party even if the services to be performed and/or products to be sold are within your Protected Area, without compensation to you.

We are not required to pay you if we exercise any of the rights specified above within your Protected Area. The continuation of the Protected Area is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency. However, the continuation of the Protected Area is subject to the performance requirements in Section 13 of this Agreement. We do not pay compensation for soliciting or accepting orders inside your Protected Area.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire ten years thereafter (“Term”). If this Agreement is the initial franchise agreement for your Franchised Business, you may enter into a maximum of two successor franchise agreements each with a term of ten years (each, a “Successor Agreement”) as long as you are in good standing and meet the conditions specified below. The Successor Agreement shall be the then-current form of franchise agreement that we use in granting City2Shore Franchises as of the expiration of the Term or successor term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement, including that your Protected Area may be modified and you may be subject to higher fees (including, for example, higher royalty fees and brand fund contributions). You will have no further right to operate your Franchised Business following the expiration of the final successor term unless we grant you another Franchise in our sole discretion. If this Agreement is a Successor Agreement, the references to “Term” shall mean the applicable renewal term of the Successor Agreement; the successor provisions in your original franchise agreement will dictate the length of the Term of this Agreement, as well as your remaining successor rights, if any. If you provide notice of your intent to enter into a Successor Agreement, and are otherwise qualified and approved, you must pay us a renewal fee (“Renewal Fee”) in the amount of \$5,000 per Franchised Business at the time you sign the Successor Agreement.

4.2. Successor Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 6 months nor more than 12 months before the expiration of the Term or successor term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a Renewal Fee; (vi) remodel and/or upgrade your Office to comply with our then-current standards and specifications; (vii) have the right under your lease to maintain possession of your premises for the duration of the successor term; and (viii) take any additional action that we reasonably require.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (“Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Franchised Business following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. You (or your Designated Owner, if you are an entity), your Designated Managing Broker, if any, and Office Manager (all as defined below in Section 8) must attend and successfully complete our initial training program (“Initial Training Program”) to our satisfaction no earlier than thirty days before the date you anticipate opening the Franchised Business for operation and only after you have obtained all required state licenses and certifications. We provide initial training at no cost for up to three people, so long as all such persons attend training at the same time. The Initial Training Program will be held at our current corporate headquarters, or wherever else we may designate. You will

not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food, and similar expenses. If you hire a new Office Manager or appoint a new Designated Owner or Designated Managing Broker after we conduct our pre-opening Initial Training Program, the new Office Manager, Designated Owner, or Designated Managing Broker, as applicable, must attend and successfully complete our then-current Initial Training Program at your cost prior to assuming responsibility for your City2Shore Business. We may charge you our then-current fee for providing training to additional persons, newly-hired personnel, or any person who must retake training after failing to successfully complete training on a prior attempt, as well as refresher training courses, advanced training courses, and any other additional or special assistance or training you need or request. The fee amount will depend on the training required and experience level of the trainer. If we send a trainer to your City2Shore Business, you will also be required to pay their travel and living expenses.

5.2. On-Site Training. We will provide you with two to three days of on-site training at your City2Shore Business once you open for business. You will pay our “On-Site Training Fee” in the amount of \$5,000 when you sign the Franchise Agreement to help cover the expenses we and our representative(s) will incur in providing this training. You are responsible for all costs and expenses you and your employees incur in participating in the on-site training, including wages and salaries. The On-Site Training Fee is due when you sign this Agreement, and is uniform and non-refundable.

5.3. Periodic Training and Visits. From time to time, we may require that you, and your Owners, Office Managers, Designated Managing Broker (as defined in Section 8.1) and other employees attend periodic refresher or additional training courses. Refresher or additional training programs may also be conducted through the telephone or through webinars or video training. Some of these courses may be optional, while others may be required. You must pay our then-current training fee for each person who attends any periodic or additional training that we conduct. If we agree to provide on-site training or assistance, you must reimburse us for all travel, lodging, and food expenses. We may also conduct periodic visits at your City2Shore Business for the purpose of advising you with respect to service standards and all aspects of the operation and management of a Franchise. You will be responsible for the travel and living expenses incurred by our personnel during such visits, which will take place per the terms of this Agreement, or at your request, and at times and dates selected by us.

5.4. Additional Training. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time (either at corporate headquarters or at your City2Shore Business). We may, but are not obligated to, provide additional on-site supervision and assistance as we deem necessary and in our discretion. You must pay our then-current training fee for each person who attends any additional training or assistance that we conduct. In addition, if we agree to provide such training or assistance on-site at your City2Shore Business, you must reimburse us for all travel, lodging, and food expenses.

5.5. Remedial Training. If we conduct an inspection of your City2Shore Business and determine that you are not operating in compliance with this Agreement and/or the Brand Standards Manual, we may, at our option, require that you (or your Designated Owner, if you are an entity), your Office Manager, Designated Managing Broker and management personnel attend remedial training that is relevant to your operational deficiencies. You must pay our then-current training fee for each person who attends remedial training that we require. In addition, if we provide such training on-site at your City2Shore Business, you must reimburse us for all travel, lodging, and food expenses.

5.6. Online Education. We shall provide you with access to our online educational platform (“C2S Academy”) which houses a database of our proprietary real estate agent training modules and courses (which may include curriculum, lesson plans, workshops, and testing materials) for you to use

to complement your real estate agent training and continuing education program. We currently do not charge a fee to use C2S Academy, but we may charge you up to \$400 per module for each individual accessing the materials. We reserve the right to change or terminate C2S Academy or create a new online platform at any time in our sole discretion, in which case you may incur additional fees.

5.7. Conferences. In addition to participating in ongoing training, you will be required to attend an annual convention of all franchisees at a location we designate and pay the then-current convention fee if we choose to hold an annual meeting of all franchisees. This fee applies to each of your owners and managing brokers. Any agent or associate broker who attends is also required to pay this fee. This fee is due regardless of whether or not you attend our annual convention in any given year. You are responsible for all travel and expenses for your attendees. We will reimburse you up to ten percent (10%) of your total annual convention fee if at least 90% of your agents and associate brokers attend the annual convention.

5.8. Training Fees and Expenses. All fees you incur under this Section 5 are due in advance, and all expense reimbursements you incur under this Section 5 are due ten days after invoicing unless otherwise agreed.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Brand Standards Manual. During the Term, we will provide you with access to our confidential brand standards manual ("Brand Standards Manual") in electronic form. The Brand Standards Manual will help you establish and operate your Franchised Business. The information in the Brand Standards Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. Software. We will grant you a license to use our proprietary software programs: C2SSuccess software and City2Shore Dotloop Premium Edition system software (together, the "Software"). The Software is confidential and remains our property. If we modify the Software, you must incorporate and comply with any such modification and there are no limitations on the frequency or cost of these modifications. You may now or in the future be required to enter into a license agreement for use of the Software.

6.3. Standards. We will inform you of mandatory standards, specifications and procedures for the operation of your City2Shore Franchise either via the Brand Standards Manual or via written materials, electronic media, telephone or other methods in our discretion. During the Term of this Agreement or any interim period, we may periodically modify System standards, and those modifications may require you to invest additional capital in the Franchise and/or incur higher income expenses.

6.4. General Advice. Upon reasonable request, based on reports or inspections, we will provide advice on the operation of your Franchised Business. We will provide advice during our regular business hours, and via written materials, electronic media, telephone or other methods in our discretion. We will provide you with recommended guidelines for locating associate brokers, real estate agents and employees; provided however, you are responsible for all day-to-day activities, including hiring, training and/or firing of your associate brokers, as described in more detail in Section 8.3 below.

6.5. Marketing Assistance. As further described in Section 11, we currently administer the Brand Fund (as defined in Section 11 below) and we will provide you with advice and guidance on advertising and marketing during the Term.

6.6. Website. We have established a System website (“System Website”) for City2Shore Businesses which includes local sitelets for each franchisee. Your sitelet will include information relating to your specific business location and select content that we provide from our System Website, and includes a personal page for each real estate agent or associate broker. Your page will also showcase City2Shore services and products. You agree to use the supplier designated in the Brand Standards Manual to establish your page. Any changes, maintenance, promotion or updates to your local pages must be done by us, our affiliates, or approved vendors. You are responsible for all costs associated with any such changes or updates at our then-current fee, currently \$125 per hour. We may modify the content of and/or discontinue the System Website at any time in our sole discretion. Our response to your request for such changes or updates to your local pages will be made within 30 days after we receive them. We reserve the right to change the requirements relating to your page at any time.

You may not establish or maintain any other website or engage in any other electronic marketing of services or products without our prior written approval. All such information shall be subject to our approval prior to posting. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, linking, advertising, and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies, and requirements. We intend any franchisee website be accessed only through the System Website.

If you wish to advertise online, you must follow our online policy, which is contained in our Brand Standards Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may reasonably restrict your use of social media. You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the City2Shore Franchise, us, or any of our affiliates, without our prior written consent and as subject to our online policy. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

We will have the right to use the Brand Fund assets to develop, maintain, and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System standards relating to the System Website.

6.7. Purchase Agreements with Suppliers. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the products directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.8. Referral Program. We may decide to offer a program in the future whereby franchisees can receive a flat referral fee of \$2,500 in cash, services or product credit for referring a third-party franchise prospect to us, who ultimately becomes a City2Shore franchisee. You are authorized only to identify the prospect to our company franchise sales staff. You are not authorized to act as our agent or franchise broker and are instructed not to provide any information to prospects other than our information brochure. If you receive a referral fee, notice will be given to the prospective franchisee receiving the

Franchise Disclosure Document. We retain the right in our sole discretion to modify or terminate this referral program at any time with or without notice.

6.9. Licenses; Permits. We will provide you guidance on obtaining licenses, certifications, and applying for permits, if required by your locality to operate your City2Shore Business. It is your responsibility to comply with all laws, ordinances, and regulations, as you are ultimately responsible for obtaining all necessary approvals, certifications, licenses, and permits to operate your City2Shore Business.

7. ESTABLISHING YOUR OFFICE

7.1. Site Selection. You must select the site for your Office subject to our approval. Before leasing or purchasing the site for your Office, you must submit to us, in the form we specify, the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your affirmative prospects for obtaining the location. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed location of your City2Shore Business. If we do not approve a proposed location by email or any other form of written notice to you within this 30-day period, the site will be deemed disapproved unless we extend the period based on our reasonable judgment that you will likely find a location. Although we will consult with you on your site and require your site to be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the site for your Office. We do not guarantee the suitability or success of the accepted site. If we disapprove of the proposed site, you must select another site, subject to our consent. If you are operating a Conversion Franchise, we expect that you will operate your City2Shore Business out of your existing location so long as that location is approved by us and is in your Protected Area. If you are unable to secure a site that is acceptable to us, we may terminate the Agreement without providing you a refund of any fees you paid to us.

7.2. Lease; Purchase. If you are leasing a space for the Office, we must review and approve the lease prior to the lease being signed. If you are purchasing property, we must review and approve the purchase contract prior to it being signed. You must purchase or lease the site for your Office within 90 days after signing the Agreement. Any failure to meet this deadline, the other opening deadlines contained in this Section 7, or other deadlines contained in this Agreement will constitute a default under this Agreement for which we may terminate this Agreement. If you are a Conversion Franchise and have an existing Office, we may in our discretion, waive our right to approve your lease. If you will lease the premises for your Office, you may not sign the lease until the lease contains the terms required under this Section which are more specifically set forth in the Lease Addendum, attached to the Franchise Disclosure Document in Exhibit H-6. You are required to obtain the signature of the landlord for the site on such Lease Addendum. In addition, the terms of the lease must also give us the right to enter the premises of the Franchised Location to conduct inspections during regular business hours. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Disclosure Document, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your Office. You must submit the lease to us for our approval at least ten days before you sign the lease agreement. You and the landlord must sign the lease and Lease Addendum within 14 days after we approve your site. You must send us a copy of your fully executed lease and Lease Addendum within five days of both parties signing the lease for our records.

7.3. Construction. We will provide you with prototype plans for a City2Shore Business. We may require you to hire an architect in order to modify these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must, at your sole expense, construct and equip the premises to the specifications contained in the Brand Standards Manual

and purchase (or lease) and install the equipment, fixtures, signs, equipment and other items that we require. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the System. Before you open, we must approve the layout of your Office.

7.4. Opening. You must begin operations of your City2Shore Business and open your physical Office within 90 days after the Effective Date for a Conversion Franchise, and within 180 days after the Effective Date for any other City2Shore Franchise. If you have a Conversion Franchise, you must complete all modifications of any existing Office within 60 days after the Effective Date. If you are properly licensed, and unless otherwise specified in writing by us, you may begin operating your City2Shore Business immediately after you complete our initial training program and before you have an Office. You may not open your Franchised Business before: (i) successful completion of the initial training program by you, your owners, your managing broker (if applicable), your office manager, or other representative that we require as set forth in this Agreement; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the lease or the construction, build-out and layout of your Office. You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your Office and you agree to make any changes we require before opening. By virtue of opening your Franchised Business, you acknowledge that we have fulfilled all of our pre-opening obligations to you. If you are properly licensed, you may begin operating your City2Shore Business immediately after you complete our initial training program and before you have an Office and are open to the public.

7.5. Relocation. You may not relocate your Office without our prior written approval, which will be granted in our sole discretion. If we allow you to relocate, you must: (i) locate your new Office within the Protected Area; (ii) comply with Section 7.1 through Section 7.4 of this Agreement with respect to your new Office (excluding the opening period); and (iii) open your new Office and resume operations within thirty (30) days after closing your prior Office. You must reimburse us for our reasonable expenses up to \$5,000 if we permit you to relocate your City2Shore Business. We will provide you with copies of our invoices for our expenses from any third-party providers upon request.

7.6 Home Offices. Your associate brokers and real estate agents are authorized to have a home office (“Home Office”) so long as: (i) the brokers and real estate agents do not advertise the Home Office in any way as an authorized City2Shore Business location and do not meet any client and/or third party at their home, and (ii) the Home Office otherwise complies with all of our other guidelines. A Home Office is defined as a secondary workspace located in an associate broker’s or real estate agent’s principal residence from which the real estate agent conducts business and communications. All Gross Commissions generated from Home Office locations will be part of your City2Shore Business, and will be subject to Royalty payments and advertising allocations.

7.7 Notice. If you believe that we or our affiliates have failed to adequately provide any assistance or services to you as provided in this Agreement, you will notify us in writing within 30 days following ours or our affiliates’ provision of such assistance or services. Without the timely provision of such notice to us, you will be deemed to conclusively acknowledge that all such assistance or services required to be provided by us or our affiliates were sufficient and satisfactory in your judgment.

8. MANAGEMENT AND STAFFING

8.1. Owner Participation and Licensure Requirement. You acknowledge that a major requirement for the success of your Franchised Business is the active, continuing, and substantial personal involvement and hands-on supervision by you. The City2Shore Franchise shall be managed by

you, or if you are an entity, a shareholder, partner, or member who is a natural person designated in writing to us as the person to make all decisions for the franchisee entity and who holds at least a 5% ownership interest in the legal entity (“Designated Owner”). If the Designated Owner is not a licensed real estate broker in the state(s) where you operate, we will require you to appoint a designated managing broker (“Designated Managing Broker”) to run the day-to-day operations of the City2Shore Business. Your City2Shore Franchise must operate under the direction of a licensed real estate broker at all times. Either you (or your Designated Owner if you are an entity) or your Designated Managing Broker must be a licensed real estate broker in each state in which you will operate your City2Shore Business. We must approve the Designated Owner and the Designated Managing Broker, if any. The Designated Owner or Designated Managing Broker (and any replacement Designated Owner or Designated Managing Broker) must: (i) hold and maintain all necessary real estate broker licenses for the state(s) in which the City2Shore Business operates; (ii) successfully complete our training program at your expense; and (iii) have at least 5% ownership interest in the legal entity of the Franchise Owner before assuming responsibility for the management of your City2Shore Business. Any Office Manager, and, if you are an entity, officer that does not own equity in the franchisee entity, must sign the “System Protection Agreement,” the form of which is attached to the Franchise Disclosure Document in Exhibit H.

8.2. Office Manager. You are required to retain a manager (“Office Manager”) to assume responsibility for the operation and management of your Franchised Business. The Officer Manager must: (i) be approved by us; (ii) have successfully completed the initial training program; (iii) signed a System Protection Agreement (or Owners Agreement if the Officer Manager is also an Owner); and (iv) Owners agree to assume responsibility for the on-site management and supervision of your Franchised Business if the Office Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement Office Manager. The Office Manager may, but need not, be you or one of the Owners of the City2Shore Business, however, this does not relieve Franchisee of its responsibility. The Office Manager must be readily and continuously available to us. You agree to keep us advised, in writing, of any changes to your Office Manager and all management personnel involved in the City2Shore Business. Upon termination of the Office Manager, you must appoint a successor within 30 days. You must replace and train a replacement Office Manager (who we may disapprove in its sole and absolute discretion) in accordance with our training program at your expense. Any replacement Office Manager may attend our training program for a fee and subject to space availability.

8.3. Employees. You must determine appropriate staffing levels for your Franchised Business to ensure full compliance with this Agreement and our System standards. You acknowledge that it is your sole and absolute responsibility to hire and train all real estate agents, associate brokers and employees to provide services to clients according to our standards as outlined in the Brand Standards Manual and this Agreement. Franchisee and its employees are prohibited from providing any type of services that require certain permits, certifications or licenses that have not been approved by us in writing. You may hire, train, and supervise employees to assist you with the proper operation of the Franchised Business. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums, and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training, and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment

form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice. All of your real estate agents, associate brokers, employees, service providers, independent contractors, agents or representatives, principals, and affiliates that may have access to our confidential information must sign a confidentiality agreement (unless they already signed an Owners Agreement or System Protection Agreement), the current form of which is attached to the Franchise Disclosure Document in Exhibit H.

9. **FRANCHISEE AS ENTITY.** If you are an entity, you agree to provide us with a list of all of your Owners. Upon our request, you must provide us with a resolution of the entity authorizing the execution of this Agreement, a copy of the entity's organizational documents, and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. **OWNERS AGREEMENT.** All Owners (whether direct or indirect) and their spouses must sign an Owners Agreement, the current form of which is attached as Attachment D.

11. **ADVERTISING & MARKETING**

11.1. **Local Advertising; Advertising Cooperative.** You are not required to spend any minimum amount each month on local advertising and promotion for your City2Shore Business. You may be required to participate in any local or regional advertising cooperative for City2Shore Franchises that are established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each City2Shore Franchise that the Franchisee owns that exists within the cooperative's area. Each City2Shore Franchise we own that exists within the cooperative's area, may contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your Protected Area, you will be required to participate in compliance with the provisions of the Brand Standards Manual, which we may periodically modify at our discretion. Any amounts you contribute to your cooperative will be in addition to your Brand Fund Contribution.

11.2. **Brand Fund.**

11.2.1. **Administration.** We have established and maintain a brand and system development fund ("Brand Fund") to promote public awareness of our brand and to improve our System. We may use the Brand Fund to pay for any of the following in our sole discretion: (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions, and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) franchisee education; (vi) research and development of technology, products, and services; (vii) website development and search engine optimization; (viii) development and implementation of quality control programs; (ix) conducting market research; (x) changes and improvements to the System; (xi) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xii) collecting and accounting for Brand Fund Contributions; (xiii) preparing and distributing financial accountings of the Brand Fund; (xiv) local franchisee group advertising or marketing and franchisee advisory council expenses; (xv) our and our authorized representatives,

and our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities, including for administrative costs; independent audits; reasonable accounting, bookkeeping, reporting, and legal expenses; taxes; and all other direct or indirect expenses associated with the programs funded by the Brand Fund; and (xvi) any other programs or activities that we deem necessary or appropriate to promote or improve the System or the Marks.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location, and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the Brand Fund may be invested and we may lend money to the Brand Fund if there is a deficit. The Brand Fund is not a trust, and we have no fiduciary obligations to you with respect to our administration of the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. A financial accounting of the operations of the Brand Fund, including deposits into and disbursements from the Brand Fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the Brand Fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund Contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their Brand Fund Contributions. We may at any time dissolve the Brand Fund upon written notice, in our sole discretion.

11.2.2. Brand Fund Contributions. On the fifth day of each month, you must contribute \$100 to the Brand Fund ("Brand Fund Contribution"). We reserve the right to increase the Brand Fund Contribution up to an additional \$25 per month each calendar year upon 30 days' written notice to you.

11.3. Initial Marketing Fee. You must pay us a marketing fee in the amount of \$5,000 which we will use for your grand opening promotions and initial marketing efforts ("Initial Marketing Fee"). You will meet with a representative of our approved marketing firm who will consult with you on the use of those funds. All of these funds will be used in your first year of business, which we will remit to our approved marketing firm for marketing materials, advertisements, social media, and brand awareness for your City2Shore Business. If this Agreement is for your first City2Shore Business, the Initial Marketing Fee is due when you sign this Agreement. For second or subsequent City2Shore Businesses under a Multi-Franchise Addendum, the Initial Marketing Fee is due within 30 days prior to the scheduled opening. The Initial Marketing Fee is uniform and non-refundable under any circumstances.

11.4. Your Marketing Activities.

11.4.1. Generally. You must order sales and marketing material from us or our designated suppliers.

11.4.2. Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state, and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval.

11.3.3. Approval of Advertising. We provide all advertising, marketing, and promotional materials to you, including custom created materials, at your cost. Notwithstanding the foregoing, we reserve the right to approve all advertising and promotional materials before you publish them. We will be deemed to have disapproved the materials if we fail to issue our approval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). We may charge a \$500 unauthorized advertising fee per occurrence, payable to the Brand Fund, if you use unauthorized advertising in violation of the terms of this Agreement.

11.4. Marketing Assistance from Us. The Initial Franchise Fee includes templates for print and advertising materials to support your City2Shore Business, and a startup kit that includes marketing materials to help accelerate the opening of your City2Shore Business. The startup kit includes, but is not limited to, an inventory of new agent recruiting materials, social media setup guide, a marketing awareness campaign, post cards, thank you cards, and logoed apparel. You will need to replenish items in the startup kit, and all items must be purchased from us, our affiliates, or approved vendors and/or suppliers.

12. OPERATING STANDARDS

12.1. Generally. You agree to operate your Franchised Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Brand Standards Manual, (iii) in full compliance with all state and federal laws, regulations and ordinances for the state and locality in which your City2Shore Business is located, including, but not limited to, all real estate licensing and sales laws and regulations, mortgage lending or brokerage laws and regulations, consumer protection laws, employment laws, the Americans with Disabilities Act, and all other applicable laws and regulations.

12.2. Brand Standards Manual. You agree to establish and operate your Franchised Business in accordance with the Brand Standards Manual. The Brand Standards Manual may contain, among other things: (i) a description of the authorized products and services that you may offer at your Franchised Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services, and procedures that we prescribe from time to time for City2Shore franchisees; (iii) mandatory reporting and insurance requirements; (iv) mandatory and suggested specifications for your Office; and (v) a written list of products and services (or specifications for products and services) you must purchase for the development and operation of your Franchised Business and a list of any designated or approved suppliers for these products or services. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the products and services offered by our franchisees. We can modify the Brand Standards Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Brand Standards Manual (whether they are included now or in the future) are binding on you.

12.3. Authorized Products and Services. You must sell or offer for sale only those services and products authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees, and may vary depending on the operating season and geographic location of your City2Shore Business or other factors. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products, at our discretion, with prior notice to you. There are no limits on our right to make such changes. If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we

disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions. Our addition, modification, or deletion of one or more products or services shall not constitute a termination of the Franchise or this Agreement.

12.4. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services, and other items specified in the Brand Standards Manual from time to time. If required by the Brand Standards Manual, you agree to purchase certain products and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliates). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of products and services used, sold, or distributed in connection with the development and ongoing operation of the System, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration, we have no obligation to pass them on to you. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or use a product or service from a supplier or provider that we have not yet approved (for services and products that require supplier approval), you must send us a written notice specifying the supplier's name and qualifications, and provide any additional information that we request (which may include specifications and samples). We will use commercially reasonable efforts to approve or reject your request within 30 days after we receive your request and all additional information (and samples) that we require. We will send written notice of any revocation of an approved supplier, product, or service. However, we shall be deemed to have rejected your request if we fail to issue our approval within the thirty-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier, product or service within ten days after invoicing, and we reserve the right to charge a fee for our costs to evaluate the proposed product, service, or supplier.

12.5. Equipment Maintenance and Changes. You agree to purchase, install, and maintain in sufficient supply all of your equipment, fixtures, furnishing, signs and supplies in good condition that conforms to the standards and specifications described in the Brand Standards Manual or as we otherwise specify in writing, and promptly replace or repair any equipment that is damaged, worn out, or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System, and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.6. Software and Technology. You agree to purchase, use, maintain and update at your expense all software and computer systems, meeting our specifications, as we may modify them ("Computer System"). You will be required to use our proprietary and privately labeled software from us, our affiliates or our approved vendors, including the Software. We reserve the right to have independent access to all information that you store in any Computer System and software related to the City2Shore Business. You agree to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all computer systems and software, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of such required items are your responsibility. We may change the software or technology that you must use at any time. We may also develop additional proprietary software or technology that must be used by City2Shore franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support, and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third-party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. All fees referenced in this Section are due on the fifth day of each month for the prior month's operations. The installation,

maintenance, repairs and upgrade costs for the Software and the remainder of your Computer System will be your responsibility.

The Computer System will manage the daily workflow of the City2Shore Business. You must record all Gross Commissions on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Commissions of your City2Shore Franchise.

You must upgrade or replace your Computer System at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your City2Shore Franchise and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your City2Shore Business, or from other locations.

You agree to pay a technology fee to cover the costs of our provision of technology, software and services for the City2Shore Business ("Technology Fee"). The Technology Fee currently consists of a base fee of \$200 per month plus an additional \$90 per licensed broker, associate broker, real estate agent, and any third-party user, and an additional \$50 for each administrative or other staff member, beginning the month you begin operations. This fee covers certain technologies used in the operation of your City2Shore Business, including website hosting, email address and software. We reserve the right to upgrade, modify, remove and add new software. You will be responsible for any increase in fees that result from any upgrades, modifications, or additional software or from increases from third-party vendors.

12.7. Remodeling and Maintenance. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current standards, specifications, or image requirements. You agree to maintain each Office in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals, and alterations at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, and redecorating of the interior and exterior of each Office at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of each Office as needed. You agree to comply with any maintenance, cleaning, or facility upkeep schedule that we prescribe from time to time.

12.8. Hours of Operation. Your City2Shore Business must be open for operation the minimum number of days per week, and hours per day as specified in the Brand Standards Manual; or the hours otherwise approved in writing by us; or as required by the lease of the premises on which the City2Shore Business is operated. It is required that you maintain a telephone answering service for the City2Shore Business and monitor such to take messages and respond to both online and on-site clients outside of regular business hours.

12.9. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks. We may respond to customer complaints if a customer of your City2Shore Business contacts us. In such an event,

we will charge you for our reasonable costs in responding to the complaint, which may include costs for issuing gift cards, refunds or any other thing of value to the customer.

12.10. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures, and acknowledge that it impacts the reputation and integrity of the System and the goodwill associated with the Marks. We will not require Franchisee to make any changes, modifications and variations to the System that are not required of all franchisees (unless such change, modification or variation relates only to certain franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs). Franchisee's failure to comply with modifications to the System within 90 days of such written notice is an incurable default as described in Section 22 of this Agreement.

12.11. Licenses and Associations. You warrant and represent either that you (or your Designated Owner or Designated Managing Broker) have a valid residential and commercial real estate broker license; or have partnered with or have employed a real estate broker that is licensed to operate in Franchisee's state and shall maintain in good standing such license. You must comply with all real estate industry specific regulations. If your real estate broker license, your partners or employee's real estate broker license (anyone representing Franchisee's interest) is revoked, suspended or restricted or an action is instituted by the relevant Bureau of Real Estate or any other governmental agency, you must immediately notify us in writing. You shall also furnish us with copies of certificates and endorsements evidencing such real estate broker license is valid within ten days after each of the following events (i) at any renewal period and (ii) at all instances of any change to, addition to or replacement of any partner or employee who represents Franchisee's interest. Failure to maintain (including any lapse, alteration, or cancellation of) your, your partner's or employee's real estate broker license; if such real estate broker's license is revoked, suspended or restricted; and/or if any action is instituted by the relevant Bureau of Real Estate in Franchisee's state or any other governmental agency all of which require immediate notice to us and shall, in our sole discretion, be deemed an immediate material breach of this Agreement. We require you and your real estate brokers to join and participate in industry specific, local or national associations. Such associations include, but are not limited to the National Association of REALTORS®, your State and local Association of Realtors and Franchisee's local Chamber of Commerce. These associations are deemed invaluable and necessary for the continued growth of the City2Shore Business. You are responsible for all membership fees and any related costs. We reserve the right to require you to join and participate in other professional organizations as we deem appropriate in our sole discretion. Your full and complete participation in such programs and associations are required. Except as otherwise provided herein, compliance and participation shall be at your expense.

12.12. Anti-Terrorism. You agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise Business as may be required by law. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities pertain to your obligations hereunder.

12.13. Vehicles. You are required to have at least one vehicle which you will use in the operation of your Franchised Business ("Vehicle"). Your Vehicle must meet our specifications, and must be approved by us prior to your use. We reserve the right to revoke our approval of a Vehicle should the Vehicle no longer meets our minimum standards. If you use graphics on the Vehicle such graphics must adhere to our standards as specified in the Brand Standards Manual. You must maintain the Vehicle as outlined in Section 12.5 of this Agreement.

12.14. REAP. Each City2Shore Franchise will implement our proprietary multi-tiered real estate agent compensation program (the “Real Estate Advantage Plan” or “REAP” program), as further described in the Brand Standards Manual.

13. **MINIMUM PERFORMANCE REQUIREMENTS.** The continuation of the Protected Area is not dependent upon your achievement of a certain sales volume, market penetration but it is dependent on maintaining minimum real estate agent requirements (“MREAR”). The current MREAR is:

Anniversary Year	Average Number of Real Estate Agents
1	5
2	10
3+	15

The term “Anniversary Year” means each (12) month period in which your City2Shore Business is open for operation and starts the first month your City2Shore Business is deemed open for operation. Assuming you hold the proper licenses, your City2Shore Business is deemed opened for operation immediately after you complete the initial training program, irrespective of whether you have an Office, unless otherwise specified in writing by us.

Failure to meet MREAR will be deemed a material breach and subject to termination of the Agreement. If you fail to meet the MREAR or if you are in default of the Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to your Protected Area effective ten days after delivery of written notice to you.

14. **FRANCHISE ADVISORY COUNCIL.** We have a franchise advisory council (“Council”) to advise us on System policies. Members of the Council consist of both franchisees and corporate representatives. The Council is governed by bylaws, which specifies the manner in which members are elected and/or appointed by us. The Council serves in an advisory capacity only. We have the power to form, change, or dissolve the Council, in our sole discretion.

15. FEES

15.1. Initial Franchise Fee. If you purchase a single Franchise, you agree to pay us an initial franchise fee (“Initial Franchise Fee”) in the amount of \$35,000. The Initial Franchise Fee must be paid in one lump sum at the time you sign this Agreement. The Initial Franchise Fee is fully earned by us and non-refundable under any circumstances once this Agreement has been signed. The Initial Franchise Fee is in consideration of all of our pre-opening assistance that we provide to allow you to open the City2Shore Business and our lost or deferred opportunity to enter into this Agreement with others, and it also offsets some of our expenses for franchisee recruitment.

15.2. Multi-Unit Franchise Fee. If you purchase the right to open three or more Franchises and/or Conversion Franchises (up to a maximum of ten) (“Multi-Unit Franchise”), you will sign a “Multi-Franchise Addendum” (the form of which is attached to the Franchise Disclosure Document), and in lieu of an Initial Franchise Fee in Section 15.1, you shall pay us a multi-unit franchise fee (“Multi-Unit Franchise Fee”) of: (i) \$35,000 for the first unit, plus (ii) \$10,000 for each additional unit, in the total amount as specified in Attachment B to this Agreement. The Multi-Unit Franchise Fee is payment for the pre-opening assistance that we provide to you to allow you to open your City2Shore Businesses and also

offsets some of our franchisee recruitment expenses. The Multi-Unit Franchise Fee is payable in full when you sign the first franchise agreement, and it is uniformly imposed and non-refundable (even if you do not open all of the City2Shore Businesses). You must open the City2Shore Businesses in accordance with the schedule for development under the Multi-Franchise Addendum. If this Agreement is being signed to open your second or subsequent City2Shore Business under a Multi-Unit Franchise between you and us (after the initial franchise agreement), then no additional Multi-Unit Franchise Fee shall be due when you sign this Agreement (but all other fees will apply). For each City2Shore Business you will open under a Multi-Unit Franchise, you will also sign our then-current form of franchise agreement.

15.3. Royalty Fee. You agree to pay us a royalty fee (“Royalty Fee”) equal to six percent (6%) of total Gross Commissions generated by each of you, your real estate brokers, your associate brokers, and your real estate agents during the prior month, subject to the Royalty Fee Cap. The Royalty Fee Cap is currently equal to the greater of 1% of the average sales price for residential home sales in your Protected Area over the past twelve (12) months or \$3,000 per year per individual, and applies separately and independently to each of you, your real estate brokers, your associate brokers, and your real estate agents (“Royalty Fee Cap”). If you choose to form teams among your real estate brokers, associate brokers, and real estate agents (“Team(s)”), the Royalty Fee Cap shall increase from the Royalty Fee Cap as set forth in the following chart:

# of Team Members	% Increase to Royalty Fee Cap
1	50%
2	45%
3	40%
4	35%
5	30%
6	25%
7	20%
8	15%
9	10%
10+	5%

For the purposes of this Section, each Team member must have previously met the Sales Volume Quota during a given 12-month period prior to their Anniversary Date in order to be subject to the Royalty Fee Cap for the Team (otherwise, a separate Royalty Fee Cap shall apply to that individual). Once total annual Royalty Fees for an individual or a Team reaches the Royalty Fee Cap, you will not be required to pay Royalty Fees on that individual’s or Team’s Gross Commissions until the individual’s or Team’s Anniversary Date (calculated using the date the agent joined your City2Shore Business, or the date you formed the Team), at which time the Royalty Fee Cap calculation will reset to zero. You understand that the sales commission earned by each associate broker or real estate agent is subject to the terms and conditions we set, which may be described in the Brand Standards Manual and may contain requirements related to “Splits” and “Broker Caps.”

Your Royalty Fee is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance. We reserve the right to increase the Royalty Cap (i) in the event the average sales price in your Protected Area increases by 20% or more and (ii) upon the renewal of your franchise agreement. The Royalty is due on the 10th of the month for the month prior. We will withdraw the Royalty Fee as described in Section 15.6.

15.4. Other Fees and Payments. You agree to pay all other fees, expense reimbursements, and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 15. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon products or services that you sell or based upon products or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

15.5. Late Fee. If any sums due under this Agreement have not been received by us or our affiliates when due, then, in addition to those sums, you must pay us a late fee ("Late Payment Fee") of \$25 per occurrence plus interest on the amounts past due at the rate equal to the lesser of eighteen percent (18%) interest per annum, or the highest rate permitted by your State's law. Interest accrues from the original due date until payment is received in full. You must also pay any damages, expenses, collection costs, and reasonable attorney fees we incur when you do not make the required payments. If any check or electronic payment is not successful due to insufficient funds, stop payment, or any similar event occurs, in addition to those sums and the Late Payment Fee, you must pay us a non-sufficient funds fee ("Non-Sufficient Funds Fee") equal to the lesser of \$100 per occurrence, or the highest amount allowed by your State's law. If no due date has been specified by us, then interest begins to run ten days after we bill you. You acknowledge that this Section shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Franchised Business.

15.6. Method of Payment. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("EFT") or other means approved by us. You are required to complete the EFT authorization (in the form attached to the Franchise Disclosure Document in Exhibit H). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under this Agreement. Certain fees that we have indicated may increase over the Term of this Agreement. You must ensure that your account has sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with a Non-Sufficient Funds Fee. If you make any payment of fees due us or our affiliates by means of credit card, we may charge a payment service fee of up to four percent (4%) of the total amount charged.

15.7. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

15.8. Transaction Fee. This fee is equal to our then-current fee (currently \$50 for each side of each real estate transaction performed in connection with your City2Shore Business each month) ("Transaction Fee"), and is incurred for each real estate transaction performed in connection with your City2Shore Business (this includes any sale, lease, exchange, auction, management, etc. of real estate). If dual agency is allowed in your state, and if you represent both the seller and the buyer in a single transaction, this fee will be assessed twice. We reserve the right to increase this fee up to an additional \$10 per transaction upon 30 days' written notice.

16. BRAND PROTECTION COVENANTS

16.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners, or persons associated with you or the Owners (including family members) could seriously jeopardize the entire Franchise, the Marks and the System because you and the Owners have received an advantage through knowledge of our day-to-day

operations and know-how (“Know-how”) related to the System (“Confidential Information”). Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our Franchise System.

16.2. Our Confidential Information. You and the Owners agree: (i) neither you nor any Owner will use the Confidential Information in any business or capacity other than the operation of your Franchised Business pursuant to this Agreement; (ii) you and the Owners will maintain the confidentiality of the Confidential Information at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Confidential Information; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you and the Owners will stop using the Confidential Information immediately upon the expiration, termination, or Transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination, or Transfer of this Agreement will stop using the Confidential Information immediately at the time he or she ceases to be an Owner.

16.3. Unfair Competition during Term. You, your Owners, and the immediate family members of you and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities (“Prohibited Activities”): (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); (iii) loaning money to any Competitive Business; (iv) performing services for any Competitive Business; (v) interfering with our or our other franchisees’ City2Shore Franchise(s); or (vi) inducing: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates’ or franchisees’) to transfer their business to you or to any other person that is not then a franchisee of ours.

16.4. Unfair Competition after Term. During the Post-Term Restricted Period, you, your Owners, and the spouses of you and your Owners agree not to engage in any Prohibited Activities in the Restricted Protected Area. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive products or services to customers who are located within, the Restricted Protected Area. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity. Furthermore, during the Post-Term Restricted Period, neither you nor your Owners may solicit any customer of the Franchise or any City2Shore Franchise.

16.5. Immediate Family Members. The Owners acknowledge that they could circumvent the purpose of Section 16 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge that it would be difficult for us to prove whether the Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 16 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period, or uses or discloses the Confidential Information. However, the Owner may rebut this presumption by furnishing evidence conclusively showing that the Owner did not disclose the Confidential Information to the family member.

16.6. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors, and other persons associated with you or your Franchised Business who may have access to our Confidential Information, and who are not required to sign a System Protection Agreement, sign and send us a Confidentiality Agreement before having access to our Confidential Information. You must use your best efforts to ensure that these individuals comply with the terms of the System Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a System Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorney fees and court costs.

16.7. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other City2Shore franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Franchised Business; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. You and the Owners hereby waive any right to challenge the terms of this Section 16 as being overly broad, unreasonable, or otherwise unenforceable.

16.8. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 16 will cause substantial and irreparable damage to us and/or other City2Shore franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 16 will entitle us to injunctive and all other equitable relief that a state or federal court nearest to our principal place of business (currently Hudsonville, Michigan) or any other court with jurisdiction may deem just and proper. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any Claim, defense, or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 16.

16.9 Exception to Confidentiality. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

17. YOUR OTHER RESPONSIBILITIES

17.1. Insurance. For your protection and ours, you agree to maintain the insurance policies that we specify in the Brand Standards Manual from time to time. You agree to provide us with proof of coverage prior to opening, within ten days of any renewal of a policy, and at any other time on

demand. You agree to obtain these insurance policies from insurance carriers that are rated “A” or better by A.M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Franchised Business. All insurance policies, except employment liability, employment practices and worker’s compensation, must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30 days’ prior written notice of the termination, expiration, cancellation, or modification of the policy. If any of your policies fail to meet this criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten days’ notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums that we incur. If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.

17.2. Books and Records. You agree to prepare and maintain at your Office for at least five years after their preparation, complete and accurate books, records, accounts, and tax returns pertaining to your Franchised Business. You must maintain and, upon our request, furnish to us by email, mail, or facsimile, a written list of all of your customers. You must send us copies of your books and records within seven days of our request.

17.3. Reports. No later than the second day of each month, you must provide to us a Monthly Closings & Exemptions Report for the prior month’s closings. You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. A late report fee (“Failure to Submit Required Report Fee”) will be charged in the amount of \$100 per occurrence and \$100 per week if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Fund, if established, or us. You will continue to incur this fee until you submit the required report.

17.4. Financial Statements. Within 90 days after the end of each fiscal year, you must prepare a balance sheet for your Franchised Business and an annual statement of profit and loss and source and application of funds. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies, and others at our discretion, provided the disclosure is not prohibited by applicable law.

17.5. Legal Compliance. Without limiting the generality of anything else contained herein, you must secure and maintain in force all required licenses, permits, and regulatory approvals for the operation of your Franchised Business and operate and manage your Franchised Business in full compliance with all applicable laws, ordinances, rules, and regulations. You must notify us in writing within two business days of the beginning of any action, suit, investigation, or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation of your Franchised Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning,

certificate, or rating by any governmental agency involving any health or safety law, rule, or regulation that reflects your failure to fully comply with the law, rule, or regulation.

18. INSPECTION AND AUDIT

18.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your Office, evaluate your operations, and inspect or examine your books, records, accounts, and tax returns. Our evaluation may include watching or participating in your business activities, contacting your landlord, and/or employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Franchised Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your Computer System and retrieving any information that we deem appropriate in conducting the inspection.

18.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Commissions or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us, together with any late fee payable pursuant to Section 15.4. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to submit required reports or to preserve records or file reports as required by this Agreement; or (ii) reveals that you understated weekly Gross Commissions by at least two percent (2%), in which case you agree to reimburse us for the cost of the audit or inspection, including, without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur, plus the lesser of eighteen percent (18%) interest per annum, or the maximum amount permitted by your State's law. The audit cost reimbursements will be due ten days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

19. INTELLECTUAL PROPERTY

19.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we and our affiliates are the owners of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Franchised Business during the Term pursuant to, and only in compliance with, this Agreement, the Brand Standards Manual, and all applicable standards, specifications, and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service, or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Brand Standards Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title, or interest in any of the Intellectual Property.

19.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights, or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses, or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution, or discontinuation of the Intellectual Property. If we require you to change the Marks, our sole obligation will be to reimburse you for your reasonable documented expenses of compliance, including changing signage, brochures, stationary, etc. You waive all other claims arising from or relating to any change, modification, substitution, or

discontinuation of the Intellectual Property. Except for the reimbursement obligation listed in this Section, we will not be liable to you for any expenses, losses, or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution, or discontinuation of the Intellectual Property.

19.3. Use of Marks. You agree to use the Marks as the sole identification of your Franchised Business; provided, however that you must identify yourself as the independent owner of your Franchised Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery, and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

19.4. Use of Confidential Information. We will disclose the Confidential Information to you in the Initial Training Program, the Brand Standards Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Confidential Information other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Franchised Business. You acknowledge that the Confidential Information is proprietary and is disclosed to you solely for use in the development and operation of your Franchised Business during the Term.

19.5. Improvements. If you conceive of or develop any improvements or additions to the marketing, method of operation, or the products or services offered by a City2Shore Business (collectively, “Improvements”), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a City2Shore Business, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a City2Shore Business.

19.6. Notification of Infringements and Claims. You must immediately, but in no event not less than three days, notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge, or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding, or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

20. INDEMNITY. You and your Owners agree to indemnify the Indemnified Parties and hold them harmless for, from, and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following: (i) the marketing, use, or operation of your Franchised Business or your performance and/or breach of any of your obligations under this Agreement; (ii) any Claim

relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; (iii) any labor, employment, or similar type of Claim pertaining to your employees, including claims alleging that we are a joint employer of your employees; and (iv) any actions, investigations, rulings, or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission, and the National Labor Relations Board. You and your Owners agree to give us notice of any action, suit, proceeding, Claim, demand, inquiry, or investigation described above. You and Owners will furthermore indemnify, defend and hold harmless the Indemnified Parties against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of your failure to pay the monies payable (to us or any of our affiliates) pursuant to the Agreement, or to do and perform any other act, matter, or thing required by the Agreement. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You and your Owners may participate in such defense at your own expense. You and your Owners agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorney fees, within ten days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses, and attorney fees.

Provided that you are not in default under this Agreement or any other agreement with us, we will indemnify you and your Owners and hold them harmless for, from, and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or your Owners based upon the violation of any third party's intellectual property rights caused by your use of our Marks in strict compliance with the terms of this Agreement and the Brand Standards Manual. You must promptly notify us of any such Claim and fully cooperate with us in the defense of such Claim.

21. TRANSFERS

21.1. By Us. This Agreement and the Franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

21.2. By You. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character who has sufficient business experience, aptitude, and financial resources to own and operate a City2Shore Business and otherwise meets all of our then-applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners and employees that we require of the transferee have successfully completed, or made arrangements to attend, the Initial Training Program (and the transferee has paid us the training fee for each new person who must attend training);

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Franchised Business;

(vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and successor term(s) shall be the Term and successor term(s) remaining under this Agreement; and (b) the transferee need not pay a separate Initial Franchise Fee;

(vii) the transferee must agree to remodel your Office to comply with our then-current standards and specifications, or you obtain a commitment from the transferee to do so;

(viii) you or the transferee pay us a transfer fee equal to fifty percent (50%) of our then-current Initial Franchise Fee (or if we are not offering franchises at the time of your transfer, fifty percent (50%) of the initial franchise fee listed in our most recent franchise disclosure document), with \$1,000 deposited at time of your application for approval of the Transfer as a non-refundable deposit, and the balance payable upon closing of the proposed Transfer, to defray expenses that we incur in connection with the Transfer;

(ix) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(x) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the Agreement;

(xi) we do not elect to exercise our right of first refusal described in Section 21.5; and

(xii) you, Owners and spouses execute a then-current form of our Owners Agreement and agree to comply with all post-transfer covenants;

(xiii) you pay all amounts due and reimburse us all costs of Transfer, including reasonable broker and attorney's fees;

(ix) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the Franchise by the transferee.

21.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least ten days' prior written notice. You and the Owners (and the

transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer. In lieu of payment of a transfer fee as set forth in Section 21.2(viii), you agree to reimburse us for all of our fees and costs, including attorneys' fees, associated with your Permitted Transfer. Our right of first refusal in Section 21.5 will not apply to a Permitted Transfer.

21.4. Death, Disability, Absence, Termination or Breach of an Owner. Upon the death, permanent disability, absence or termination of an Owner, the Owner's ownership interest in you or the Franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. The Owner's estate or legal representative must apply to us for the right to Transfer to the next of kin within 120 calendar days of your death or disability. Any assignment to a third party will be subject to all of the terms and conditions of Section 21.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Franchised Business in the manner required by this Agreement and the Brand Standards Manual for a continuous period of at least three months.

21.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Franchised Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 21 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

22. TERMINATION

22.1. By You. You may terminate this Agreement if you are in compliance with this Agreement, and we materially breach this Agreement and fail to cure the breach within 60 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 23 and all other obligations that survive the expiration or termination of this Agreement.

22.2. Termination by Us without Cure Period. We may, in our sole discretion, terminate this Agreement upon five days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

- (i) if you fail to satisfactorily complete the Initial Training Program requirements in the manner required by Section 5;
- (ii) if you fail to obtain our approval of your site within the time period required by Section 7;

(iii) if you fail to secure a fully executed lease and Lease Addendum within the time period required by Section 7;

(iv) if you fail to open your Franchised Business within the time period required by Section 7;

(v) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution, or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(vi) if your Franchised Business, or a substantial portion of the assets associated with your Franchised Business, are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Franchised Business, and it is not discharged within five days of the levy;

(vii) if you abandon or fail to operate your Franchised Business for three consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

(viii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Franchised Business, even if you or the Owner still maintain appeal rights;

(ix) if you or an Owner: (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude, or any other material crime; (b) is subject to any material administrative disciplinary action; or (c) fails to comply with any material federal, state, or local law or regulation applicable to your Franchised Business;

(x) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(xi) if you manage or operate your Franchised Business in a manner that presents a health or safety hazard to your customers, employees, or the public;

(xii) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the Franchise;

(xiii) if you fail to pay any amount owed to us or an affiliate of ours within ten days after receipt of a demand for payment;

(xiv) if you underreport any amount owed to us by at least two percent (2%), after having already committed a similar breach that had been cured in accordance with Section 18.2;

(xv) if you make an unauthorized Transfer;

- (xvi) if you make an unauthorized use of the Intellectual Property;
- (xvii) if you breach any of the brand protection covenants described in Section 16;
- (xviii) if any Owner, or the spouse of any Owner, breaches an Owners Agreement;
- (xix) if you fail to meet the minimum performance requirements described in Section 13;
- (xx) if the lease for your premises is terminated due to your default;
- (xxi) if we terminate any other agreement between you and us or if any affiliate of ours terminates any agreement between you and the affiliate because of your default; or
- (xxii) if you are in default of any term of the Agreement on three (3) occasions in the prior 12 months, whether such defaults were cured or not.

22.3. Additional Conditions of Termination. In addition to our termination rights in Section 22.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Brand Standards Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 22.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

22.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

22.5. Assumption of Management. We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Franchised Business: (i) if you are in breach of this Agreement; or (ii) upon your, the Owner's, or the Office Manager's absence, termination, death, or disability; or (iii) upon your failure to comply with any provision of this Agreement, or any System Standard and do not cure the failure within the time period we specify; or (iv) if this Agreement is terminated and we are deciding whether to exercise our option to purchase the Franchised Business under Section 23.2 below; or (v) if you abandon or fail to actively operate the Franchise; or (vi) if we determine in our sole discretion that operational problems require that we operate the Franchise. The Interim Manager will have no liability to you except to the extent directly caused by its gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager, and you will defend, indemnify and hold us harmless for and against any of the Interim Manager's actions or omissions. If we appoint an Interim Manager to manage your Franchised Business, you agree to pay us (in addition to the Royalty Fee and Brand Fund Contributions and other amounts due to us or our affiliates) an amount equal two hundred fifty dollars (\$250) per day that we or an Interim Manager manages the Franchised Business, plus our (or the Interim Manager's) direct out-of-pocket costs and expenses incurred by us, including our reasonable attorney, accountant and other professional fees and costs, for the period of time during which we assume management.. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination of this Agreement.

If we (or an Interim Manager) assume the management of the Franchised Business, you acknowledge that we (or the Interim Manager) will have a duty to utilize only reasonable efforts and will not be liable to you or Owners for any debts, losses, or obligations the Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services the Franchised Business purchases, while we (or the third party) manage it.

If we exercise our rights under this Section, that will not affect our right to terminate this Agreement under Section 22.2, above.

23. POST-TERM OBLIGATIONS

23.1. Obligations of You and the Owners. After the termination, expiration, or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease to use the Intellectual Property and Confidential Information;
- (ii) pay us all amounts that you owe us, including Liquidated Damages;
- (iii) comply with all covenants described in Section 16 that apply after the expiration, termination, or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) return all copies of the Brand Standards Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights, or other identification relating to a City2Shore Business, unless we allow you to transfer such items to an approved transferee;
- (v) return all copies of the Software (and delete all such software from your computer memory and storage);
- (vi) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;
- (vii) provide us with a list of all of your current, former, and prospective customers;
- (viii) assign all customer contracts to us (unless we allow you to transfer those contracts to an approved transferee);
- (ix) make such modifications and alterations to the Office that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your Franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Franchised Business;
- (x) notify all telephone companies, listing agencies, and domain name registration companies (collectively, the “Agencies”) of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Franchised Business; and (b) any regular, classified, or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers,

domain names, and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names, and listings to us if you fail or refuse to do so); and

(xi) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration, or Transfer of this Agreement.

23.2. Right to Purchase Facility and Assets.

23.2.1. Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Office and/or its assets (including inventory and equipment) at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the “Appraisal Date”). We will notify you of the specific items that we wish to purchase (the “Acquired Assets”). We may also require that you assign your lease to us at no additional charge.

23.2.2. Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Franchised Business in the United States (a “Qualified Appraiser”). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two Qualified Appraisers shall appoint a third Qualified Appraiser. If the two Qualified Appraisers fail to agree on the appointment of a third Qualified Appraiser within the 30-day period, then a third Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

23.2.3. Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three years (or the period of time that you have operated your Franchised Business, if less than three years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

23.2.4. Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three Qualified Appraisers shall appraise the appraised assets at fair market value without taking into account any value for goodwill (the “Appraised Value”). If the three Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three Qualified Appraisers. If two of the three Qualified Appraisers agree on a single value, these two Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the

average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

23.2.5. Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

23.2.6. Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

23.3 Liquidated Damages. In the event of termination of this Agreement prior to its expiration date, you acknowledge that the Franchisor and Franchisee have considered the following in determining the amount of liquidated damages ("Liquidated Damages"): (i) that the amount of Liquidated Damages is reasonable under the circumstances existing at the time this Agreement is made; (ii) that the amount of Liquidated Damages bear a rational relationship to the damages the parties anticipate would flow from the breach of this Agreement; (iii) the agreement to the amount of the Liquidated Damages is necessary because actual damages are difficult or impossible to prove; and (iv) the amount of the Damages are not so large that they act as a penalty. You accordingly agree that in such event you shall be obligated to pay to us, the amount of the Liquidated Damages which are determined by multiplying the combined monthly average of Royalties and Brand Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your City2Shore Business through the date of early termination, multiplied by the lesser of (i) 36; or (ii) the number of full months left in the Term, but in no instance shall such Liquidated Damages be less than \$30,000. This amount of the Liquidated Damages shall be calculated based on the average monthly Royalty Fee payment, average monthly Transaction Fee payment and the average Brand Fund Contribution paid to us during the previous twelve (12) months. Payment of the Liquidated Damages shall be due to us within 15 days after the effect date of termination or expiration.

24. DISPUTE RESOLUTION. All Claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the Franchise or the relationship between the parties (a "Dispute") must be submitted first to non-binding mediation before a mutually-agreeable mediator prior to a hearing in binding arbitration. If a Dispute is mediated, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees. If the Dispute is not resolved by mediation within 30 days after either party makes a demand for mediation, the parties will submit the dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Notwithstanding the foregoing, we shall not be required to first attempt to mediate or arbitrate a Claim or Dispute against you as set forth in this Section 24, if such Claim or Dispute concerns an allegation by us that you have violated (or threaten to violate, or pose an imminent risk of violating): (a) any of our federally

protected intellectual property rights in the Marks, Copyrights, the System, or in any of our Intellectual Property; (b) any claims pertaining to the use or protection of our Confidential Information (c) any claims pertaining to or arising out of any warranty issued; (d) any of the restrictive covenants contained in this Agreement; (e) our right to indemnification; or (f) any of the post-termination obligations under this Agreement; and you acknowledge that breach of any of these restrictions and obligations would result in irreparable injury to us, and as the damages arising out of any such breach would be difficult to ascertain in addition to all other remedies provided by law or in equity, we shall be entitled to seek injunctive relief without the posting of bond (whether a restraining order, a preliminary injunction, or a permanent injunction) against any such breach, whether actual or contemplated. All mediation, arbitration, and, if applicable, litigation shall take place in the city of or nearest to our principal place of business (currently Hudsonville, Michigan) and if applicable, the state or federal court situated with jurisdiction where our principal place of business is located, and the parties irrevocably submit to jurisdiction there and waive any objection to such venue. If we or you must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. Except as required by applicable law, including the required disclosure in our Franchise Disclosure Document, all aspects of the mediation and arbitration process will be treated as confidential, will not be disclosed to others, and will not be offered or admissible in any other proceeding or legal action whatsoever. The parties acknowledge that nothing herein shall delay or otherwise limit our rights and remedies under Section 22 of this Agreement. A notice or request for arbitration or mediation will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination under this Agreement. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 16 OR SECTION 19) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ARBITRATION (OR IF PERMITTED, LITIGATION) WITHIN ONE YEAR FOLLOWING THE CONDUCT, ACT, OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES. The parties agree that the provisions of this Section 24 shall apply during the term of this Agreement and following the termination, expiration, or non-renewal of this Agreement

25. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, OR REPRESENTATIVES ABOUT THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF: (A) FOURTEEN CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES; OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE

MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS, AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

26. GENERAL PROVISIONS

26.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the state where your City2Shore Business is located (without reference to its principles of conflicts of law), but any law of the State of Michigan that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

26.2. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Franchised Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards, and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

26.3. Severability and Substitution. Each section, subsection, term, and provision of this Agreement, and any portion thereof shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

26.4. Waivers. We and you may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including the right to demand exact compliance with every term, condition, and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the Franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal, or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar, or different nature, relating to other City2Shore franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

26.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

26.6. Force Majeure. No party shall be liable for any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Agreement where the delay or failure is solely due to Force Majeure, as described below. In the event of Force Majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Agreement, the term "Force Majeure" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those that are the direct or indirect result of the Force Majeure event. So, for example, in the event of a temporary government-imposed closure of your City2Shore Business due to a Force Majeure event, you may only be relieved of your obligations as necessary to comply with the government mandate or order, but not due to the economic or market conditions that result from that action. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Agreement. However, in the event the Force Majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Agreement by 30 days' written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the Force Majeure event, nor does that event affect any obligation to pay money owed under the Agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect Franchisee's obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event.

26.7. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns, and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 17.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to Section 20, respectively.

26.8. Integration. This Agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Brand Standards

Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.

26.9. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions, and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

26.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

26.11. Survival. All provisions that expressly or by their nature survive the termination, expiration, or Transfer of this Agreement (or the Transfer of an ownership interest in the Franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration, or Transfer, and until they are satisfied in full or by their nature expire, including, without limitation, Section 15, Section 16, Section 18, Section 19, Section 20, Section 23, Section 24 and Section 26.

26.12. Construction. The headings in this Agreement are for convenience only and do not define, limit, or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

26.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

26.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

26.15. Notices. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient), or first class mail, to the following addresses (which may be changed upon ten business days' prior written notice):

You: As set forth below your signature on this Agreement

Us: City2Shore National Franchises, LLC
6501 Balsam Drive
Hudsonville, MI 49426

With a Copy to: Evan J. Harra, Esq.
Spadea Lignana
232 N 2nd Street
Philadelphia, PA 19160

Notice shall be considered given at the time delivered by hand, or one business day after sending by fax, email, or comparable electronic system, or three business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

**CITY2SHORE NATIONAL FRANCHISES,
LLC**

By: _____
Name: _____
Its: _____

YOU (If you are an entity):

_____,
a(n) _____

By: _____
Name: _____
Its: _____

YOU (If you are not an entity):

Name: _____

Name: _____

Name: _____

Name: _____

Franchisee's Principal Business Address:

ATTACHMENT "A" TO THE FRANCHISE AGREEMENT

DEFINITIONS

“Claim” or “Claims” means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

“Competitive Business” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that provide residential and/or commercial real estate brokerage services.

“Confidentiality Agreement” means our form of Confidentiality Agreement, the most current form of which is attached to the Franchise Disclosure Document in Exhibit H.

“Copyrights” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow City2Shore franchisees to use, sell, or display in connection with the marketing and/or operation of a City2Shore Business , whether now in existence or created in the future.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Franchise” means the right granted to Franchisee by Franchisor to use the System and the Marks.

“General Release” means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents, and employees, in both their corporate and individual capacities.

“Gross Commissions” means the gross amount, in money or other forms of consideration, that are earned or received from any source related to, or in connection with the sale, lease, exchange, auction, management, etc. of real estate by you, your owners, your real estate brokers, associate brokers, and your real estate agents, whether on or off your Office Premises. Gross Commissions also include any personal real estate transactions involving you, any of your owners, real estate brokers, associate brokers and/or any of your real estate agents, whether or not a commission is paid on the transaction. If there is no commission paid on the transaction, then such commission will be calculated based on the average commission payout on all other transactions. We only exclude real estate transactions for which you or your client has entered into a sales agreement before either the activation of your real estate license as a Franchise owner affiliated with us or the opening of your City2Shore Business.

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present, and future owners, members, officers, directors, employees, and agents, as well as our parent companies, subsidiaries, and affiliates, and each of their past, present, and future owners, members, officers, directors, employees, and agents.

“Intellectual Property” means, collectively or individually, our Marks, Copyrights, Confidential Information, System, and Improvements.

“Confidential Information” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a City2Shore Business , including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies, and information comprising the System and the Brand Standards Manual.

“Losses and Expenses” means all compensatory, exemplary, and punitive damages; fines and penalties; attorney fees; experts fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities, and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

“Marks” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a City2Shore Business, including “City2Shore Business,” and any other trademarks, service marks, or trade names that we designate for use in a City2Shore Business. The term “Marks” also includes any distinctive trade dress used to identify a City2Shore Business, whether now in existence or hereafter created.

“National Account” is any business or non-profit organization which owns, manages, controls, or otherwise has responsibility for locations in more than one area whose presence is not confined to any one particular franchisee’s territory and may have one or more outlet or office in your Protected Area, regardless of the contract amount of the services to be performed.

“Owner” or **“Owners”** means any individual who owns a direct or indirect ownership interest in the Franchise or the Entity that is the Franchisee under this Agreement. “Owner” includes both passive and active owners.

“Permitted Transfer” means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control one hundred percent (100%) of the ownership interests and voting power.

“Post-Term Restricted Period” means, with respect to you, a period of two years after the termination, expiration, or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the “Post-Term Restricted Period” means, with respect to you, a period of one year after the termination, expiration, or Transfer of this Agreement. “Post-Term Restricted Period” means, with respect to an Owner or spouse, a period of two years after the earlier to occur of: (i) the termination, expiration, or Transfer of this Agreement; or (ii) the Owner’s Transfer of his or her entire ownership interest in the Franchise or the Entity that is the Franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the “Post-Term Restricted Period” means, with respect to an Owner or spouse, a period of one year after the earlier to occur of: (i) the termination, expiration, or Transfer of this Agreement; or (ii) the Owner’s Transfer of his or her entire ownership interest in the Franchise or the Entity that is the Franchisee, as applicable.

“Restricted Protected Area” means the geographic area within: (i) a ten-mile radius of your Protected Area (and including your Office itself); (ii) a ten-mile radius from all other City 2Shore Businesses and Offices; and (iii) a ten-mile radius of the Protected Area granted to any other City2Shore franchisee that are then operating or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Protected Area is too broad to be enforceable, then such court is authorized to and shall reduce the radius to the largest possible radius that is enforceable.

“System” means our proprietary system for the operation of a business that provides residential and commercial real estate brokerage services, the distinctive characteristics of which include logo, trade secrets, concept, style, proprietary programs and products, confidential Brand Standards Manual and operating system.

“System Protection Agreement” means our form of System Protection Agreement, the most current form of which is attached to the Franchise Disclosure Document in Exhibit H.

“Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order, or decree), assignment, sale, conveyance, subdivision, sublicense, or other transfer or disposition of the Franchise (or any interest therein), the Franchised Business (or any portion thereof), or an ownership interest in an Entity that is the Franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the Franchisee, or by operation of law, will, or a trust upon the death of an Owner (including the laws of intestate succession).

ATTACHMENT “B” TO THE FRANCHISE AGREEMENT

FRANCHISE DATA SHEET

1. **Effective Date.** The Effective Date of the Franchise Agreement is: _____, 20____.
2. **Franchisee.** The Franchisee identified in the introductory paragraph of the Franchise Agreement is: _____
3. **Protected Area.** The Protected Area shall be as follows: _____

4. **Location.** The Location of the Franchised Business shall be as follows:

5. **Notice Address.** Franchisee’s address for notices as set forth in Section 23.3 of the Franchise Agreement shall be as follows:

Attn: _____

6. **Conversion Franchise/Standard Franchise.** Franchisee is: (please select only one)

_____ Conversion Franchise

_____ Standard Franchise
7. **Type of Franchise.** The type of franchise to be acquired under the Agreement is (select one):

_____ Single Franchise

_____ Multi-Unit Franchise*

*This Agreement is the _____ of _____ franchises under a Multi-Franchise Addendum.
8. **Initial Franchise Fee/Multi-Unit Franchise Fee.** Franchisee shall pay the following fee:

_____ Initial Franchise Fee of \$35,000

_____ Multi-Unit Franchise Fee of: (please select one)*

Check One:	Number of City2Shore Franchises	Multi-Unit Fee Paid
_____	3	\$55,000
_____	4	\$65,000
_____	5	\$75,000
_____	6	\$85,000
_____	7	\$95,000
_____	8	\$105,000
_____	9	\$115,000
_____	10	\$125,000

* Select only if this Agreement is for the first City2Shore Business under the Multi-Franchise Addendum.

_____ Not applicable – if this Agreement is for the second or subsequent City2Shore Business under the Multi-Franchise Addendum (after the initial franchise agreement), or is for the renewal or transfer of an existing franchise agreement.

FRANCHISOR:

City2Shore National Franchises, LLC,
a Michigan limited liability company

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

ATTACHMENT “C” TO THE FRANCHISE AGREEMENT

Franchisee: _____

**Form of Ownership
(Check One)**

_____ **Individual** _____ **Partnership** _____ **Corporation** _____ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation/Incorporation: _____

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners*:

Name	Address	Percentage Owned

***If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.**

Identification of Designated Owner. Your Designated Owner as of the Effective Date is _____. You may not change the Designated Owner without prior written approval.

Identification of Designated Managing Broker. Your Designated Managing Broker, if applicable, as of the Effective Date is _____. You may not change the Designated Managing Broker without prior written approval.

Identification of Office Manager. Your Office Manager, if applicable, as of the Effective Date is _____. You may not change the Office Manager without prior written approval.

FRANCHISEE:

Date: _____

By: _____

Printed Name: _____

Title: _____

ATTACHMENT “D” TO THE FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by City2Shore National Franchises, LLC (“we” or “us”) of a Franchise Agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 **Franchise Agreement.** Franchisee entered into a franchise agreement with us effective as of _____, 20____ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 **Role of Owners.** Owners are the beneficial owners or spouses of the beneficial owners of all of the direct or indirect equity interest, membership interest, or other entity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 **Confidentiality.** Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 **Immediate Family Members.** Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However,

Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete and To Not Solicit.

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such

obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 **Waiver of Notice.** Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 **Effect of Owner's Death.** Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. **Transfers.** Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and b) that any attempt to do so will be a material breach of this Owners Agreement and the Franchise Agreement.

6. **Notices.**

6.1 **Method of Notice.** Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 **Notice Addresses.** Our current address for all communications under this Owners Agreement is:

City2Shore National Franchises, LLC
6501 Balsam Drive
Hudsonville, MI 49426

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. **Enforcement of This Owners Agreement.**

7.1 **Dispute Resolution.** Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 **Choice of Law; Jurisdiction and Venue.** This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 **Provisional Remedies.** We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners

further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change, or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Continuing Nature of this Owners Agreement. This Owners Agreement shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the obligations under the Franchise Agreement at any time; (2) the validity or invalidity of any of the terms of the Owners Agreement; (3) the existence or non-existence of Franchisee as a legal entity; (4) any statute of limitations affecting the liability of Owners or the ability of us or our successors or assigns to enforce this Owners Agreement; (5) the transfer or assignment of all or a portion of the ownership in Franchisee and/or the assets of Franchisee; (6) the execution of an owners agreement

or any other form of guaranty by any additional direct, indirect or beneficial owner of Franchisee in favor of us or our successors or assigns; (7) any right of offset, counterclaim or defense of any Owner; or (8) the expiration, termination or assignment of the Franchise Agreement or any other agreement between you and us.

8.7 Successors. References to “Franchisor” or “the undersigned,” or “you” include the respective parties' heirs, successors, assigns, or transferees.

8.8 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.9 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.10 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the Effective Date of the Franchise Agreement.

(Signatures on following page)

OWNER(S):

Sign: _____

Printed Name: [Insert Name of Owner]

Address:

Sign: _____

Printed Name: [Insert Name of Spouse]

Address:

Sign: _____

Printed Name: [Insert Name of Owner]

Address:

Sign: _____

Printed Name: [Insert Name of Spouse]

Address:

Sign: _____

Printed Name: [Insert Name of Owner]

Address:

Sign: _____

Printed Name: [Insert Name of Spouse]

Address:

Sign: _____

Printed Name: [Insert Name of Owner]

Address:

Sign: _____

Printed Name: [Insert Name of Spouse]

Address:

City2Shore National Franchises, LLC hereby accepts the agreements of the Owner(s) hereunder.

**CITY2SHORE NATIONAL FRANCHISES,
LLC**

By: _____

Title: _____

EXHIBIT B

FINANCIAL STATEMENTS



CITY2SHORE NATIONAL FRANCHISES, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022, 2021, AND 2020



CITY2SHORE NATIONAL FRANCHISES, LLC

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Independent Auditor's Report

Board of Directors
City2Shore National Franchises, LLC
Fort Collins, CO

Opinion

We have audited the accompanying financial statements of City2Shore National Franchises, LLC, which comprise the balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City2Shore National Franchises, LLC as of December 31, 2022, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezar & Dunlay

St. George, Utah
March 8, 2023

CITY2SHORE NATIONAL FRANCHISES, LLC

BALANCE SHEETS

As of December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 14,930	\$ 10,998	\$ 16,006
Accounts receivable	46,574	37,396	31,680
Total current assets	<u>61,504</u>	<u>48,394</u>	<u>47,686</u>
Non-current assets			
Property and equipment, net	55,484	93,483	129,620
Total non-current assets	<u>55,484</u>	<u>93,483</u>	<u>129,620</u>
Total assets	<u><u>\$ 116,988</u></u>	<u><u>\$ 141,877</u></u>	<u><u>\$ 177,306</u></u>
Liabilities and Members' Equity (Deficit)			
Current liabilities			
Accounts payable	\$ 11,571	\$ 9,285	\$ 11,773
Due to member	29,127	14,127	14,127
Deferred revenue	-	9,900	27,500
Line of credit	84,851	80,851	80,851
Total current liabilities	<u>125,549</u>	<u>114,163</u>	<u>134,251</u>
Total liabilities	<u>125,549</u>	<u>114,163</u>	<u>134,251</u>
Members' equity (deficit)	(8,561)	27,714	43,055
Total liabilities and members' equity (deficit)	<u><u>\$ 116,988</u></u>	<u><u>\$ 141,877</u></u>	<u><u>\$ 177,306</u></u>

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

CITY2SHORE NATIONAL FRANCHISES, LLC

STATEMENTS OF OPERATIONS

For the years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenue			
Royalty fees	\$ 474,460	\$ 427,346	\$ 370,924
Initial franchise fees	14,900	31,000	22,500
Marketing fees	13,300	14,500	-
Technology fees	20,182	20,692	-
Total operating revenue	<u>522,842</u>	<u>493,538</u>	<u>393,424</u>
Operating expenses			
General and administrative	380,137	409,748	312,967
Advertising and marketing	122,701	77,480	43,649
Professional fees	49,040	17,150	25,284
Total operating expenses	<u>551,878</u>	<u>504,378</u>	<u>381,900</u>
Income (loss) from operations	(29,036)	(10,840)	11,524
Other income (expense)			
Interest expense	(7,239)	(4,501)	(5,916)
Other income	-	-	8,902
Total other income (expense)	<u>(7,239)</u>	<u>(4,501)</u>	<u>2,986</u>
Net income (loss)	<u><u>\$ (36,275)</u></u>	<u><u>\$ (15,341)</u></u>	<u><u>\$ 14,510</u></u>

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

CITY2SHORE NATIONAL FRANCHISES, LLC

STATEMENTS OF MEMBERS' EQUITY (DEFICIT)

For the years ended December 31, 2022, 2021, and 2020

Balance as of January 1, 2020	\$ 28,545
Net income	14,510
Balance as of December 31, 2020	<u>43,055</u>
Net loss	(15,341)
Balance as of December 31, 2021	<u>27,714</u>
Net loss	(36,275)
Balance as of December 31, 2022	<u><u>\$ (8,561)</u></u>

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

CITY2SHORE NATIONAL FRANCHISES, LLC

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022, 2021, and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flow from operating activities:			
Net income (loss)	\$ (36,275)	\$ (15,341)	\$ 14,510
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	37,999	36,137	37,999
Changes in operating assets and liabilities:			
Accounts receivable	(9,178)	(5,716)	(14,926)
Due from related party	-	-	6,300
Other current assets	-	-	-
Accounts payable	2,286	(2,488)	(1,298)
Due to member	15,000	-	(810)
Deferred revenue	(9,900)	(17,600)	20,000
Due to related party	4,000	-	(23,018)
Net cash provided (used) by operating activities	<u>3,932</u>	<u>(5,008)</u>	<u>38,757</u>
Cash flows from investing activities:			
Purchases of fixed assets	-	-	(28,278)
Net cash used by investing activities	<u>-</u>	<u>-</u>	<u>(28,278)</u>
Net change in cash and cash equivalents	3,932	(5,008)	10,479
Cash at the beginning of the year	10,998	16,006	5,527
Cash at the end of the year	<u>\$ 14,930</u>	<u>\$ 10,998</u>	<u>\$ 16,006</u>
Supplementary disclosures of cash flows			
Cash paid for interest	\$ 7,239	\$ 4,501	\$ 5,916
Cash paid for taxes	\$ -	\$ -	\$ -

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

CITY2SHORE NATIONAL FRANCHISES, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

City2Shore National Franchising, LLC (the "Company") was formed on October 6, 2015 in the state of Michigan for the principal purpose of conducting franchise sales, marketing, and management. The Company grants qualified franchisees the right to own and operate a unique real estate brokerage franchise in the United States.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2022, 2021, and 2020, the Company had cash and cash equivalents of \$14,930, \$10,998, and \$16,006, respectively.

(e) Accounts Receivables

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, marketing fees, and technology fees. Accounts receivable are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received.

As of December 31, 2022, 2021, and 2020, the Company had accounts receivable of \$46,574, \$37,396, and \$31,680. As of December 31, 2022, 2021, and 2020, the Company had no allowance for doubtful accounts.

(f) Fixed Assets

Fixed assets are stated at historical cost. Depreciation is provided utilizing the straight-line method over estimated useful lives of 5 to 7 years. Leasehold improvements are depreciated over the lease term.

CITY2SHORE NATIONAL FRANCHISES, LLC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022, 2021, and 2020

(g) Long-Lived Assets

Long-lived assets will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset and its carrying amount, and will be recognized in the period that the recognition criteria are first applied and met.

(h) Revenue Recognition

The Company's revenues consist of initial franchise fees, royalties based on a percentage of gross revenues, technology fees, and marketing fees.

On January 1, 2020, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, marketing fees, and technology fees, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties, marketing fees, and technology fees from locations operated by a franchisee, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation.

These pre-opening services include the following:

- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

CITY2SHORE NATIONAL FRANCHISES, LLC

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022, 2021, and 2020

(i) *Income Taxes*

The Company is structured as a limited liability company under the laws of the state of Michigan. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2021, 2020, and 2019 tax years are subject to examination.

(j) *Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expenses for the fiscal years ending December 31, 2022, 2021, and 2020 were \$122,701, \$77,480, and \$43,649, respectively.

(k) *Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, pre-paid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(l) *Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) *Related Party Transactions*

The Company has received a loan from a member. The balance does not accrue interest and is due upon demand. As of December 31, 2022, 2021, and 2020, the outstanding balance was \$29,127, \$14,127, and \$14,127, respectively.

(3) *Fixed Assets*

As of December 31, 2022, 2021, and 2020, the Company's fixed assets consist of the following:

	2021	2021	2020
Software	\$ 188,288	\$ 188,288	\$ 188,288
Equipment	13,715	13,715	13,715
	202,003	202,003	202,003
Accumulated depreciation	(146,519)	(108,520)	(72,383)
	\$ 55,484	\$ 93,483	\$ 129,620

Depreciation expense for the years ended December 31, 2022, 2021, and 2020 was \$37,999, \$36,137, and \$37,999, respectively.

CITY2SHORE NATIONAL FRANCHISES, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

(4) Note Payable

On April 17, 2020, the Company entered into a note payable with a third-party financial institution as part of the Payroll Protection Program administered by the United States Small Business Administration (“SBA”). The loan has an initial principal balance of \$8,900, accrues interest at an annual rate of 1%, and matures on April 17, 2022. As of December 31, 2020, the Company was in compliance with all guidelines for receiving forgiveness on the loan. In accordance with ASC 450-30, the Company recognized the balance as other income during the year ended December 31, 2020.

(5) Franchise Agreements

The Company’s franchise agreements generally provide for a payment of initial fees as well as continuing royalty and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the City2Shore system for a period of five years. Under the Company’s revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

As of December 31, 2022, the Company had no deferred initial franchise fees. As of December 31, 2021 and 2020, the Company had deferred initial franchise fees of \$9,900 and \$27,500, respectively.

(6) Lines of Credit

The Company has available a line of credit agreement with a national bank which provides that the Company may borrow up to \$100,000. Borrowing under the line bears interest payable monthly at 10.25% APR. The balances payable under this arrangement are due on demand. As of December 31, 2022, 2021, and 2020, outstanding borrowings were \$84,851, \$80,851, and \$80,851, respectively.

(7) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus (“COVID-19”) as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2022 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company’s operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company’s future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company’s customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company’s future financial condition or results of operations is uncertain.

CITY2SHORE NATIONAL FRANCHISES, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022, 2021, and 2020

(8) Subsequent Events

Management has reviewed and evaluated subsequent events through March 8, 2023, the date on which the financial statements were issued.

EXHIBIT C

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, 2022:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Fewins Carr	Derryl Michelle	Demi Group Properties	5294 Summerlin Commons Way #1202	Fort Myers	FL	33907	239-770-8060	derryl@city2shore.com michellecarr@city2shore.com
Brown ⁽¹⁾	Geoff	GG Brown Associates LLC	5596 Lake Michigan Drive	Allendale	MI	49401	616-895-8000	gbrown@city2shore.com
Volkers	Amanda	Prestige Home Group	2155 84 th Street	Byron Center	MI	49315	616-635-6588	amandavolkers@city2shore.com
Kornstadt & Barton ^{(1), (2)}	Bob & Rennie	City2Shore Arete Collection	3550 Fairlanes Ave. SW, Suite C	Grandville	MI	49418	616-719-1949	bobk@city2shore.com renniebarton@city2shore.com
Amerson	Dustin	City2Shore Foundations	2180 44 th Street, Suite 303	Kentwood	MI	49508	616-930-3712	dustin@city2shore.com
Elliott McLeod-Helsel	Russ Tamara	Tip of the Mitt Realty, LLC	41 A N. Morey Rd	Lake City	MI	49651	231-893-0077	russle@city2shore.com tamara@city2shore.com
Keck	Kellen	Port City Associates Group – Manistee Port City Associates Group – Ludington	340 River Street 202 Ludington Ave, Suite 2	Manistee Ludington	MI MI	49660 49431	231-299-1530	Kellenkeck@city2shore.com

⁽¹⁾ This franchisee has signed a Multi-Franchise Addendum.

⁽²⁾ This location is co-owned by one of our officers.

Franchisees with Unopened Outlets as of December 31, 2022:

None

Former Franchisees:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Buffinga	Allison	City2Shore Desert Sky	4365 E. Pecos Road, #112	Gilbert	AZ	85295	480-660-4227	aokbuffinga@gmail.com

The name and last known address of every franchisee who had a City2Shore Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

EXHIBIT D

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT E

CITY2SHORE NATIONAL FRANCHISES, LLC ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Multi-Unit Development Agreement). Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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

1. Franchisee (or Developer) has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee (or Developer) further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

Initial

2. Franchisee (or Developer) has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee (or Developer) and its efforts as an independent business operation.

Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Development Agreement) contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee (or Developer) has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement (or Multi-Unit Development Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Development Agreement) or the documents

incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer's) Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee (or Developer) acknowledges that it has received the City2Shore National Franchises, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Development Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Multi-Unit Development Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee (or Developer) acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee (or Developer) with respect to the Franchise Agreement (or Multi-Unit Development Agreement) or the relationship thereby created.

Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer's) advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's

obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's (or Developer's) Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE CITY2SHORE NATIONAL FRANCHISES, LLC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

Initial

FRANCHISEE:

By: _____

(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

EXHIBIT F

BRAND STANDARDS MANUAL

TABLE OF CONTENTS

Topic	No. of Pages
Pre-work: Welcome to City2Shore	38
Pre-work: Week 1	17
Pre-work: Week 2	13
Pre-work: Week 3	21
Pre-work: Week 4	59
Immersion Training – Module 1: Cornerstone Training Series	18
Immersion Training – Module 2: Agent Success, Coordinator's Responsibilities & Approved 3 rd Party Software	251
Immersion Training – Module 3: C2SSuccess (Proprietary Software)	12
Module 4: Agent Recruitment and Developing your REAP Tree	6
Module 5: C2SAcademy	183
Module 6: Building your Business	13
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Total Number of Pages	766

C2SImmersion

www.City2Shore.Academy

(Brand Standards Manual as referenced in FDD)

TABLE OF CONTENTS

Pre-Work: Welcome to CITY2SHORE!

1. What to Expect
 - a. Our Creed (Video and Print)
 - b. Our Story (Video)
 - c. Franchise Onboarding Process
2. Using C2SAcademy Software
 - a. C2SAcademy hosted by Teachable
 - b. Using Teachable Software
 - c. Downloading Teachable App
3. Branding Guidelines and Compliance
 - a. Quick Branding Guide
 - b. Full Branding Guidelines

Outline Legend

C2SImmersion Section

1. Lecture Number
 - a. Contents of Lecture

Pre-Work: Week 1

1. Starting corporation or LLC
 - a. Guidelines for corporation or LLC creation
2. 90-Day Marketing Ramp-Up
 - a. Brand Strategy Workshop
 - b. Brand Creation
 - c. Website Creation
 - d. Digital Assets
 - e. Stationary & Collateral
 - f. Marketing Strategy
 - g. Ongoing Marketing Consulting
3. Assumed Name/Trade Name
 - a. Guidelines for selection trade name or assumed name (Doing Business As)
4. Federal EIN
 - a. Applying for a Federal Employer Identification Number
5. Selecting Office Location
 - a. Own vs Lease
 - b. ADA compliance
 - c. Submitting Site Acceptance Request Form
6. Contact Management
 - a. Transferring Existing Contacts into C2SSuccess CRM
 - b. Bulk Contact Upload Prep
 - c. RealtyJuggler Format (Excel File)

d. C2SSuccess Custom Format (Excel File)

Pre-Work: Week 2

1. Business Banking and Accounts
 - a. Bank Selection Process
 - b. Establishing Necessary Bank Accounts
2. Establishing Compensation Plans and Transaction Management Fee
 - a. Who's your Competition?
 - b. Competition Evaluation
 - c. Establishing your Commission/Compensation Plans
 - d. Establishing your Transaction Management Fee
 - e. Submitting the Compensation Plan and Transaction Management Fee Request Form
3. Business Insurances
 - a. Business Property Insurance Guidelines
 - b. Errors and Omissions (E&O) Insurance Guidelines
 - c. Cyber Insurance Guidelines
 - d. Additional Coverage Items
 - i. Wind and Flood Insurance
 - ii. Business Interruption Insurance
 - iii. Power Outage Insurance
 - iv. Group Insurance for Employees
 - e. General Liability Insurance
 - f. Umbrella Excess Liability Insurance
 - g. Commercial Automobile Insurance
 - h. Worker's Compensation Insurance
 - i. Contractor Insurance
4. Hiring Admin/Agent Support Positions
 - a. Positions and/or Title's Needed
 - b. Understanding the Agent Support Positions
 - i. Team Leader Position
 - ii. Team Member Position
 - c. Guideline of how many Agent Support Team Members you will need based off sales volume
 - d. Agent Success Coordinator Job Description and Role
 - e. Admin Staff Overview Form

Pre-Work: Week 3

1. Operations/Admin Setup
 - a. Establishing your Brokerage within C2SSuccess
 - i. Completion of C2SSuccess Broker Enrollment Form
2. BlueRoof360 MLS Syndicate Authorization Form
 - a. MLS 3rd party authorization form (MLS Provided)
3. Setting up your Office

- a. Office Furniture and Equipment Checklist
- b. Office Supplies Checklist
- c. Marketing Materials Checklist
- d. Technology, Software, and IT support Items
- e. Services/Misc Checklist
- 4. Compliance with State/Local laws
 - a. OSHA
 - b. Workplace safety
 - c. Security

Pre-Work: Week 4

- 1. Agent Success Coordinator Document Prep
 - a. Templates available for:
 - i. Getting Started Recruiting
 - ii. Independent Contractor Between Broker/Agent
 - iii. Compensation Plan
 - iv. Key Distribution
 - v. New Agent Instructions
 - vi. C2S National Facebook Group
 - vii. Employee Handbook (Hourly/Salaried Employees Only)

Immersion Training – Module 1: Cornerstone Training Series (CTS)

- 1. CTS Overview
- 2. The 4 P's of Progress
- 3. Cell Phone Etiquette
- 4. Cold Calling
- 5. Handling Objections
- 6. Goal-Setting and Evaluation
- 7. Finding Success
- 8. Follow-Up
- 9. Sales Slump
- 10. Farming Philosophy
- 11. Psychology of Real Estate

Immersion Training – Module 2: Agent Success Coordinator's Responsibilities & Approved 3rd Party Software

- 1. Lecture 2: APPROVED 3RD PARTY SOFTWARE – Microsoft Office City2Shore User Management
 - a. Setting up new Agent's email address
 - b. User/Password Management
- 2. Lecture 1: APPROVED 3RD PARTY SOFTWARE – Microsoft Office
 - a. Outlook, Word, PowerPoint, Excel, SharePoint, OneDrive, Planner, Teams Training Videos

3. Lecture 3: APPROVED 3RD PARTY SOFTWARE – DotLoop Premium
 - a. Setting up Agent DotLoop Accounts
4. Lecture 4: APPROVED 3RD PARTY SOFTWARE – BlueRoof 360: Website Training
 - a. BlueRoof 360 Basics
 - i. Initial setup Downloadable PDF Guide
 - ii. BlueRoof360 Shareable cheat codes
5. Lecture 5: APPROVED 3RD PARTY SOFTWARE – BlueRoof360 Product Demo
 - a. BlueRoof360 Product Demo Video
6. Lecture 6: APPROVED 3RD PARTY SOFTWARE – BlueRoof360 Website Training
 - a. Website Training Video
7. Lecture 7: APPROVED 3RD PARTY SOFTWARE – BlueRoof360 CRM/Lead Training
 - a. Training Video for CRM and Lead-Gen features
8. Lecture 8: Agent Success Coordinator How-To: C2SJumpStart Binder
 - a. Instructions for JumpStart Binder assembly
9. Lecture 9: Agent Success Coordinator How-To: Agent Onboarding Process
 - a. Step-by-step onboarding guide
10. Lecture 10: Agent Success Coordinator How-To: Commission Processing
 - a. Step-by-step C2SSuccess Commission Processing guide
11. Lecture 11: Agent Success Coordinator How-To: Agent Support Team Member Onboarding
 - a. Step-by-step hourly team member onboarding process

Immersion Training – Module 3: C2SSuccess (Proprietary Software)

1. Lecture 1: C2SSuccess Overview
2. Lecture 2: C2SSuccess: 3rd Party Vendors
3. Lecture 3: C2SSuccess: SharePoint
4. Lecture 4: C2SSuccess: Referral Enrollment Form
5. Lecture 5: C2SSuccess: Closing File Checklist
6. Lecture 6: C2SSuccess: Contact Management 101 – Contact Uploading
7. Lecture 7: C2SSuccess: Contact Management 201 – Sales Forecasting
8. Lecture 8: C2SSuccess: Contact Management 221 – Email and Text Message Templates
9. Lecture 9: C2SSuccess: Contact Management 282 – Sending Text/Email Messages & Printing Address Labels
10. Lecture 10: C2SSuccess: Contact Management 301 – Creating Email Campaigns and Follow-Up Action Plans
11. Lecture 11: C2SSuccess: Analytical Reporting (Agent Edition)
12. Lecture 12: C2SSuccess: Analytical Reporting (Broker Edition)
13. Lecture 13: C2SSuccess: REAP Structure
14. Lecture 14: C2SSuccess: User Management

Module 4: Agent Recruitment and Developing your REAP Tree

1. Lecture 1: Training vs Mentoring & Developing your REAP Tree
 - a. Broker/Mentor's Guide to JumpStart
2. Lecture 2: Recruiting Best Practices

- a. Utilizing the DISC Assessment Method
 - b. Creed Video
- 3. Lecture 3: Recruiting Avenues
 - a. Promotion through events, trade shows/career days, social media, and more

Module 5: C2SAcademy

- 1. Lecture 1: C2SJUMPstart 2.0
 - a. Academy website www.city2shore.academy
 - b. Optional Regionalized Course
 - c. Enrolling Agents in JumpStart 2.0
 - d. Course Workflow
 - e. C2SAcademy Program Commitment Contract
 - f. Agent Success Coordinator Review Form
 - i. 6 and 12 week review program
 - g. Additional Training Documents
 - i. Action Items
 - ii. Shadowing Guide
- 2. Lecture 2: Round Tables/Team Rallies
 - a. Topics for meetings
 - b. Possible Venues
 - c. Generating Interest
 - d. Frequency of meetings
 - e. Agent/Team Member Awards
 - i. Award Templates
- 3. Lecture 3: DotLoop Training
 - a. Video library for DotLoop usage
- 4. Lecture 4: Agent Education Series Overview
 - a. Outlines for Live/In-person training sessions
 - b. Calendar Template for training sessions
- 5. Agent Education Series #1
 - a. Learn to navigate and maximize productivity on DotLoop and C2SSuccess
 - i. Outline Handout
- 6. Agent Education Series #2
 - a. Be a Rockstar buyers' agent! Educating your clients and setting clear expectations
 - i. Video overview of instructor's PowerPoint presentation
- 7. Agent Education Series #3
 - a. Prep for successful listing appointments. Determining a homes value
 - i. Video overview of instructor's PowerPoint presentation
- 8. Agent Education Series #4
 - a. Be a Rockstar listing agent! Success with listing appointments and working for your seller
 - i. 12-Step marketing plan
 - ii. Seller net charts
 - iii. Seller net sheets

9. Agent Education Series #5
 - a. You are a business owner! A real estate career with a business mindset
 - i. Time management
 - ii. Marketing and prospecting
 - iii. Expenses and budgeting
10. Agent Education Series #6
 - a. Writing competitive offers that WIN. Reviewing offers with your sellers
 - i. Video overview of instructor's PowerPoint presentation
11. Agent Education Series #7
 - a. Mastering the Pending Process. Bringing your clients to a successful closing
 - i. Video overview of instructor's PowerPoint presentation
12. Lecture 12: Advanced Education Series Overview
 - a. Approaching guest speakers
 - b. Creating agent panels to answer questions
 - c. Utilizing Agent Support
 - d. Videos examples of previous topics

Module 6: Building your Business

1. Lecture 1: Community Event and Finding your Niche
 - a. Satisfying a community need
 - b. Community Networking
 - c. Examples of past events
2. Lecture 2: Networking/Leads Groups
 - a. Getting involved
 - b. Where to find them
3. Lecture 3: Annual Business Plan review with C2SNational

Module 7: Agent Support

1. Lecture 1: Agent Support Training Overview
 - a. Agent Support Training Binder/Instructions
2. Lecture 2: Brokerage fee commission % net chart sheet templates
3. Lecture 3: Agent Support email signatures
 - a. Using Outlook and saving templates
4. Lecture 4: Agent Support email templates for agents
 - a. Using outlook and saving templates for email requests
5. Lecture 5: Agent Support logo
 - a. Branding guideline usage
6. Lecture 6: Agent Support task list breakdown
 - a. Using Outlook
 - b. Using Dotloop
7. Lecture 7: Agent Support misc documents
8. Lecture 8: Agent Support property notes

Module 8: Ongoing Support

1. Lecture 1: Ongoing City2Shore Support Contact Information
 - a. Operations Department
 - b. IT Support Department
 - c. Marketing & Compliance Department
 - d. Training Department
 - e. Corporate Agent Support Help Desk
2. Lecture 2: Ongoing 3rd Party Vendor Support Contact Information
 - a. I3 Business Solutions
 - i. Microsoft Office account and email support
 - b. Dotloop Premium Account Rep
 - c. Dotloop Premium general support
 - d. BlueRoof360 Support
3. Lecture 3: Brand Standards Enforcement/Site Visits (Field inspections)
 - a. Frequency and nature of periodic site visits and/or field inspections
 - b. Consequences of failure to meet standards
 - c. Requirements in connection with inspections conducted by 3rd parties
 - d. Site visit/field inspection reporting

EXHIBIT G

**STATE ADDENDA
AND AGREEMENT RIDERS**

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR CITY2SHORE NATIONAL FRANCHISES, LLC

The following modifications are made to the City2Shore National Franchises, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means the laws of the state where the City2Shore Business is located. When the term “Supplemental Agreements” is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Michigan. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement requires the application of the laws of the state where the City2Shore Business is located. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the

Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

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

The Franchise Agreement contains a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims 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).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Section 25 of the Franchise Agreement is amended to state: YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, OR REPRESENTATIVES ABOUT THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF: (A) FOURTEEN CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES; OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS, AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

Section 16.3 of the Franchise Agreement is amended to state: The franchisor will not enforce in California the prohibition on franchisees employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in Section 16.3 of the franchise agreement that is disclosed in Item 17, rows q and r.

Real Estate Brokers must comply with the requirements set forth in the California Business and Professions Code Sections 10150-10165.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

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

Fee Deferral

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

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

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

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

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

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates".
2. States which have refused, by order or otherwise, to register these Franchises are:

None
3. States which have revoked or suspended the right to offer the Franchises are:

None
4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate

jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

Fee Deferral

Item 5 of the Disclosure Document and Section 4.1 of the Franchise Agreement is hereby amended if the Attorney General of Illinois requires the following: to provide that all initial franchise fees are deferred, or alternatively, deposited into escrow, until all Franchisor’s pre-opening obligations to franchisee have been met and the franchisee is open for business. This deferral requirement has been imposed by the Illinois Attorney General’s Office based upon Franchisor’s financial condition.

See the last page of this Exhibit G for your required signature.

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Protected Area.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Michigan. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for

breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to City2Shore National Franchises, LLC, 6501 Balsam Drive, Hudsonville, MI 49426, or send a fax to City2Shore National Franchises, LLC at (616) 662-9997 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Representations in the Franchise Agreement is not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

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

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.).

Fee Deferral

Item 5 of the FDD, the Franchise Agreement and the Multi-Franchise Addendum to the Franchise Agreement are revised to state: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all multi-unit franchise fees and initial payments owed by franchisees shall be deferred until the first franchise under the Multi-Franchise Addendum to the Franchise Agreement opens.

MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise

Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.

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

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

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 15.4 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 'D' OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject

of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

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

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

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 16 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to City2Shore National Franchises, LLC, 6501 Balsam Drive, Hudsonville, MI 49426, or send a fax to City2Shore National Franchises, LLC at (616) 662-9997 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for City2Shore National Franchises, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

The following risk factor is added to the Special Risks to Consider About This Franchise page:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$98,950 to \$159,050. This amount exceeds the franchisor's stockholder's equity as of December 31, 2021, which is \$27,714.

WASHINGTON

ADDENDUM TO FRANCHISE AGREEMENT, MULTI-FRANCHISE ADDENDUM TO FRANCHISE AGREEMENT, AND FRANCHISE DISCLOSURE DOCUMENT

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

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

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

Section 25 of the Franchise Agreement is revised to state: **YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED ANY WARRANTY OR**

GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, OR REPRESENTATIVES ABOUT THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF: (A) FOURTEEN CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES; OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; (v) YOU ARE AWARE OF THE FACT THAT WE MAY HAVE NEGOTIATED TERMS OR OFFERED CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS; AND (vi) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS, AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

Section 26.8 of the Franchise Agreement is revised to remove the following language: “Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement.”

RCW 19.100.180(1) provides that the franchisor deal with the franchisee in good faith. As a result, any such provisions contained in the franchise agreement, including Section 26.9 or elsewhere, may be void and unenforceable in Washington and is hereby removed from the franchise agreement.

Section 8.9 of the Owners Agreement, contained in Attachment D of the Franchise Agreement is revised to state: No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

Fee Deferral

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the Franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi-Franchise Addendum to the Franchise Agreement, the State of Washington will require that the franchise fees be prorated and collected as each unit is opened.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20 ____.

FRANCHISOR

FRANCHISEE

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Iowa	☐	North Dakota	☐	Washington
☐	Indiana	☐	Ohio	☐	Wisconsin
☐	Maryland				

Dated: _____, 20____

FRANCHISOR:

CITY2SHORE NATIONAL FRANCHISES, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 031516

EXHIBIT H

CONTRACTS FOR USE WITH THE CITY2SHORE FRANCHISE

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the City2Shore Business. The following are the forms of contracts that City2Shore National Franchises, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT H-1

CITY2SHORE FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of City2Shore National Franchises, LLC, a Michigan limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a City2Shore business;

WHEREAS, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

WHEREAS, as a condition to Franchisor's consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the

franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third-party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Michigan.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder.

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

Rev. 012021

EXHIBIT H-2

CITY2SHORE FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of City2Shore National Franchises, LLC, a Michigan limited liability company, and its successors and assigns (“us,” “we,” or “our”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business competitive with us (or competitive with any of our affiliates or our franchisees) that provide residential and/or commercial real estate brokerage services.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a City2Shore business or the solicitation or offer of a City2Shore franchise, whether now in existence or created in the future.

“*Franchisee*” means the City2Shore franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a City2Shore business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a City2Shore business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a City2Shore business, including “CITY2SHORE,” and any other trademarks, service marks, or trade names that we designate for use by a City2Shore business. The term “Marks” also includes any distinctive trade dress used to identify a City2Shore business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s City2Shore business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one-year period after you cease to be a manager or officer of Franchisee’s City2Shore business.

“Restricted Territory” means the geographic area within: (i) a ten-mile radius of your Protected Area (and including your Office itself); (ii) a ten-mile radius from all other City 2Shore Businesses and Offices; and (iii) a ten-mile radius of the Protected Area granted to any other City2Shore franchisee that is operating or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then such court is authorized to and shall reduce the radius to the largest possible radius that is enforceable.

“System” means our system for the establishment, development, operation, and management of a City2Shore business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the City2Shore business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s City2Shore business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s City2Shore business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other City2Shore franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the state where the City2Shore Business is located, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signature on following page)

EXECUTED on the date stated below.

Date _____

Signature _____

Typed or Printed Name _____

Rev. 120619

EXHIBIT H-3

CITY2SHORE FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of City2Shore National Franchises, LLC, a Michigan limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*City2Shore Business*” means a business that operates a real estate brokerage business that assists with the purchase, sale, or exchange of residential property and other related products and services using our Intellectual Property.

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow City2Shore franchisees to use, sell, or display in connection with the marketing and/or operation of a City2Shore Business, whether now in existence or created in the future.

“*Franchisee*” means the City2Shore franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a City2Shore Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of a City2Shore Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a City2Shore Business, including “CITY2SHORE” and any other trademarks, service marks, or trade names that we designate for use by a City2Shore Business. The term “Marks” also includes any distinctive trade dress used to identify a City2Shore Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of a City2Shore Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree:
(i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the

City2Shore Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of City2Shore National Franchises, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other City2Shore franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of City2Shore National Franchises, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Michigan, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

Rev. 032916

EXHIBIT H-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
☐ Checking ☐ Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes City2Shore National Franchises, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____
Name: _____
Its: _____

Federal Tax ID Number: _____

Rev. 032916

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT H-5

CITY2SHORE FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this ____ day of _____, 20____, between City2Shore National Franchises, LLC (“**Franchisor**”), a Michigan limited liability company _____ (“**Former Franchisee**”) and _____, a [State] [Corporation/Limited Liability Company] (“**New Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a City2Shore franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”) contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).
2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.
3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.
4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New

Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a City2Shore franchise as stated in Franchisor's Franchise Disclosure Document.

6. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state where the City2Shore Business is located.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

CITY2SHORE NATIONAL FRANCHISES, LLC

By: _____

Title: _____

FORMER FRANCHISEE:

By: _____

Title: _____

NEW FRANCHISEE:

By: _____

Title: _____

Rev. 031821

EXHIBIT H-6

CITY2SHORE FRANCHISE

LEASE ADDENDUM

This Addendum to Lease ("**Addendum**"), dated _____, 20____, is entered into by and between _____ ("**Landlord**"), _____ ("**Tenant**") and _____ ("**Franchisor**"), collectively referred to herein as the "**Parties**".

A. Landlord and Tenant have entered into a certain Lease Agreement dated _____, 20____, and pertaining to the premises located at _____ ("**Lease**").

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with Franchisor under Franchisor's trademarks and other names designated by Franchisor (herein referred to as "**Franchised Business**" or "**Franchise Business**").

C. The Parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant's use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant's right, title, and interest in the Lease to an assignee of the Tenant or the Franchised Business ("**Franchise Assignee**") at any time during the term of the Lease, including any extensions or renewals thereof. In addition, if Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant's interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than ten days following the end of Tenant's cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant's rights granted in the Lease including without limitation: (x) any

grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten (10) day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

IN TESTIMONY WHEREOF, witness the signatures of the Parties hereto as of the day, month, and year first written above.

LANDLORD:

TENANT:

By:

By:

Title:

Title:

FRANCHISOR:

By: _____

Title: _____

Rev. 112619

EXHIBIT H-6 Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ____ day of _____, 20__ (“**Effective Date**”), the undersigned, _____ (“**Assignor**”) hereby assigns, transfers and sets over unto _____ (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** (“**Lease**”) with respect to the premises located at _____. This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

By: _____

Its: _____

ASSIGNEE:

By: _____

Its: _____

Rev. 112619

EXHIBIT H-7

CITY2SHORE FRANCHISE

ADDENDUM FOR CONVERSION OWNERS

THIS ADDENDUM ("**Addendum**") is entered into on _____, 20__ by and between City2Shore National Franchises, LLC, a Michigan limited liability company ("**we**," "**us**," "**our**," or "**Franchisor**"), and _____ ("**you**," "**your**," or "**Conversion Owner**").

RECITALS:

A. Conversion Owner presently conducts a business at the following address _____ which provides the same or similar products and services as City2Shore Businesses (the "**Current Business**");

B. Franchisor and Conversion Owner have entered into a franchise agreement dated _____, 20__ (the "**Franchise Agreement**") which they wish to modify by this Addendum to provide for the conversion of the Current Business to a City2Shore Business; and

C. All capitalized terms not otherwise defined in this Addendum will have the same meaning as in the Franchise Agreement.

NOW, THEREFORE, the parties agree as follows:

1. **Construction of Leasehold Improvements**

1.1 You will modify your City2Shore Business premises in the manner set forth in **Attachment A**, to conform to our prototype plans and specifications.

1.2 Franchisor and Conversion Owner agree that time is of the essence in connection with the construction of leasehold modifications. You will complete such modifications no later than 60 days from the execution of this Addendum. In the event that you fail to complete modifications by such date, we will have the right to terminate the Franchise Agreement in accordance with Section 22.2 of the Franchise Agreement.

1.3 Upon completion of the modifications set forth in **Attachment A**, you will submit a written request to us to conduct a final inspection of your City2Shore Business premises and, upon our receipt of such request, we will promptly conduct a final inspection. You will not open your City2Shore Business for business without our written authorization.

1.4 You may, at your discretion, continue to operate the Current Business during construction of leasehold modifications but will not identify yourself as a City2Shore franchise until receipt of our written authorization to conduct business, as set forth in Section 1.3 of this Addendum.

1.5 You will provide us with a copy of your existing lease for your City2Shore Business premises and make reasonable efforts to negotiate with your lessor, within 30 days following the Effective Date of the Franchise Agreement, to amend the lease to include the provisions of Section 7.2 of the Franchise Agreement.

2. Training

2.1 You must attend and complete the following training sessions pursuant to Section 5 of the Franchise Agreement.

3. Integration

3.1 This Addendum will be considered an integral part of the Franchise Agreement, and the terms of this Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum for Conversion Owners on the day and year first above written.

Signatures

FRANCHISOR:

CITY2SHORE NATIONAL FRANCHISES, LLC, a Michigan limited liability company

Date: _____

By: _____

Name: _____

Title: _____

CONVERSION OWNER:

Date: _____

[Print Your Name]

Individually

Date: _____

[Print Your Name]

Individually

OR:
(if a corporation, partnership or limited liability company)

Company Name

Date: _____

By: _____

Title: _____

Date: _____

By: _____

Title: _____

ATTACHMENT A

Required Modifications to
Leasehold Premises

Our Initials: _____

Your Initials: _____

EXHIBIT H-8

CITY2SHORE FRANCHISE

MULTI-FRANCHISE ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (the “Addendum”) is entered into and made effective as of the date set forth on the signature page hereof, by and between City2Shore National Franchises, LLC, a Michigan limited liability company (“Franchisor”) and the franchisee named on the signature page of this Addendum (“Franchisee”). This Addendum relates to that certain City2Shore franchise agreement dated _____, 20____ (“Franchise Agreement”) and supplements the terms of the Franchise Agreement in relation to the opening of additional City2Shore Franchises. All capitalized terms not otherwise defined in this Addendum shall have the meaning set forth in the Franchise Agreement. To the extent this Addendum conflicts with the terms of the Franchise Agreement, the terms of this Addendum shall control.

1. Multi-Unit Franchise Fee. Franchisee has paid the Multi-Unit Franchise Fee listed in Section 2 of this Addendum. The Multi-Unit Franchise Fee is fully earned immediately upon receipt and is non-refundable, regardless of whether Franchisee opens any additional City2Shore Franchises.

2. Type of Franchise. Franchisee has purchased the number of City2Shore Franchises (minimum of three and maximum of ten) listed in the chart below, which allows Franchisee to open a certain number of additional City2Shore Franchises at a later date (“Additional Franchises”) without paying an Initial Franchise Fee.

Check One:	Number of City2Shore Franchises	Multi-Unit Fee Paid
_____	3	\$55,000
_____	4	\$65,000
_____	5	\$75,000
_____	6	\$85,000
_____	7	\$95,000
_____	8	\$105,000
_____	9	\$115,000
_____	10	\$125,000

3. Development Schedule. The Additional Franchise[s] granted under this Addendum must be opened in accordance with the development schedule set forth below (the “Development Schedule”). To comply with the Development Schedule, each City2Shore Franchise contemplated under this Addendum must be completed and opened for business on or before the Development Deadline set forth herein:

Franchise	Development Deadline
Initial Franchise	As set forth in the Franchise Agreement
First Additional Franchise	18 months from opening of Initial Franchise
Second Additional Franchise	Three years from opening of First Additional Franchise
Each Subsequent Additional Franchise up to 10	Three years from opening of previous Additional Franchise

Upon Franchisor's approval of a site for an Additional Franchise, the parties agree that Franchisor shall provide Franchisee with a protected area specific to that Additional Franchise in the franchise agreement that is signed for such Additional Franchise. Franchisee understands that time is of the essence with respect to the Development Schedule. If Franchisee fails to meet the Development Deadline for any of the franchises described therein ("Development Default"), then this Addendum shall immediately terminate and Franchisee shall have no further rights under this Addendum to develop any Additional Franchises and all fees paid to Franchisor shall be non-refundable.

4. Franchise Agreements. Franchisee shall exercise the rights under this Addendum only by entering into a separate City2Shore franchise agreement with Franchisor for [the/each] Additional Franchise. Franchisee shall sign the then-current form of City2Shore franchise agreement then being used by Franchisor for a City2Shore Franchise and acknowledges that the then-current form of City2Shore franchise agreement may differ from the City2Shore Franchise Agreement that is being signed in conjunction with this Addendum. Franchisee will not be required to pay a separate initial franchise fee.

5. Limited Rights. This Addendum does not grant Franchisee the right to franchise, license, subfranchise or sublicense others to operate City2Shore Franchises. Only Franchisee (and/or Franchisee-affiliated entities Franchisor approves) may develop, open and operate Additional Franchises pursuant to this Addendum and City2Shore franchise agreements. This Addendum only grants Franchisee the right to enter into City2Shore franchise agreements to open Additional Franchises subject to the terms of the franchise agreement for such Additional Franchises. Franchisee is not granted any territorial rights or other rights except those granted under the franchise agreement pursuant to the City2Shore franchise agreements for the Additional Franchises. Except for the initial franchise fee, Franchisee shall be liable for all costs and expenses incurred in opening the Additional Franchises.

6. Term. This Addendum and Franchisee's right to open Additional Franchises shall terminate as of the date of termination or expiration of the Franchise Agreement.

(Signatures on following page)

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Addendum on the day and year first written above.

FRANCHISOR:

CITY2SHORE NATIONAL FRANCHISES,
LLC, a Michigan limited liability company

By: _____

Printed Name: _____

Title: _____

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

Rev. 021219

EXHIBIT I

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
New York	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

EXHIBIT J

RECEIPT

RECEIPT
(Retain This Copy)

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 City2Shore National Franchises, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, City2Shore National Franchises, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires City2Shore National Franchises, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If City2Shore National Franchises, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit D.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:	
Shelley Frody, 6501 Balsam Drive, Hudsonville, MI 49426; (616) 662-9664	
Steve Frody, 6501 Balsam Drive, Hudsonville, MI 49426; (616) 662-9664	
Rennie Barton, 6501 Balsam Drive, Hudsonville, MI 49426; (616) 662-9664	
Steve Koop, 6501 Balsam Drive, Hudsonville, MI 49426; (616) 315-9495	

Issuance Date: April 14, 2023

I received a disclosure document issued April 14, 2023 which included the following exhibits:

Exhibit A	Franchise Agreement
Exhibit B	Financial Statements
Exhibit C	List of Current and Former Franchisees
Exhibit D	List of State Administrators and Agents for Service of Process
Exhibit E	Franchise Disclosure Questionnaire
Exhibit F	Brand Standards Manual Table of Contents
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the City2Shore Franchise
Exhibit H-8	Multi-Franchise Addendum to Franchise Agreement
Exhibit I	State Effective Dates
Exhibit J	Receipt

Date Received: _____ DATE: _____
(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT

(Our Copy)

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Issuance Date: April 14, 2023

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Exhibit A	Franchise Agreement
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Exhibit I	State Effective Dates
Exhibit J	Receipt

Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

**Please sign this copy of the receipt, date your signature, and return it to City2Shore National Franchises, LLC,
6501 Balsam Drive, Hudsonville, MI 49426.**

