

FRANCHISE DISCLOSURE DOCUMENT



FRANREAL, LLC
an Arizona limited liability company
44 W. Monroe Street, Suite 3201
Phoenix, Arizona 85003
Tel. (623) 332-3201
ty@franreal.com
www.franreal.com

The franchise that we offer is for a business that offers and provides professional commercial real estate brokerage services that specialize in the sale and leasing of commercial properties as well as other real estate-related activities that include listing, co-listing, offering, selling, purchasing, exchanging, leasing, or renting of commercial real property (including certain types of businesses conducted on the commercial real property), property management services, and other services and products using our system and under the FranReal marks (each, a “Franchised Business” or “FranReal Business”).

The total investment necessary to begin operation of a FranReal Business under a franchise agreement is \$44,210 to \$162,415 for a Local Franchise Opportunity, and \$61,710 to \$156,910 for a National Franchise Opportunity. This includes an initial franchise fee that must be paid to us or our affiliate, which is calculated based on the type of franchise you elect, as follows: (i) \$30,000 for a Local Franchise Opportunity, and (ii) \$45,000 for a National Franchise Opportunity. It does include fees for up to two (2) additional territory(ies) for a Local Franchise Opportunity (beyond the approximate 500,000), for which we charge \$12,500 for 250,000 population. The differences between a Local Franchise Opportunity and National Franchise Opportunity regard the level of expenditure required, the level of support received, and the obligations of the Franchisee. A description of each Franchised Business is provided in Exhibit A to the Franchise Agreement attached hereto.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Ty Brewster, FranReal, LLC, 44 W. Monroe Street, Suite 3201, Phoenix, Arizona 85003.

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

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

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

Issuance Date: March 1, 2025

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:

<u>QUESTION</u>	<u>WHERE TO FIND INFORMATION</u>
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 F and Exhibit G.
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 D 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 FranReal 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 FranReal franchisee?	Item 20 or Exhibit F and Exhibit G 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 A.

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 us by litigation only in Arizona. Out-of-state litigation may force you to accept a less favorable settlement for disputes it may also cost you more to litigate with us in Arizona than in your own state.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that 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 a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - (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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

FRANREAL
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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

FranReal, LLC, franchisor of the FranReal franchise is referred to in this franchise disclosure document (the “Disclosure Document”) as “we”, “us” or “our” as the context requires. A franchisee is referred to in this Disclosure Document as “you” and “your” as the context requires. If you are a corporation, partnership or other legal entity (a “Corporate Entity”), our Franchise Agreement will also apply to your individual owners, shareholders, members, officers, directors and other principals.

The Franchisor

We are a limited liability company established under Arizona law on October 10, 2024. Our business address is 44 W. Monroe Street, Suite 3201, Phoenix, Arizona 85003. We conduct business under our corporate name FranReal, LLC and under the FranReal trade name. Our business is operating the FranReal Business franchise system and granting franchises to third parties like you to develop and operate a FranReal Business. We began offering franchises in 2025. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business and we have not offered or sold franchises in any other line of business. We do not have any predecessors and we do not have any parent company. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

We have developed and presently offer two (2) types of franchises: (i) a Local Franchise Opportunity and (ii) a National Franchise Opportunity (each of which is defined in Exhibit A to the Franchise Agreement (the form of which attached to this Disclosure Document as Exhibit E), and which are collectively referred to as the “System”) for the operation of a business that provides professional commercial real estate brokerage services that specialize in the sale and leasing of commercial properties as well as other real estate-related activities that include listing, co-listing, offering, selling, purchasing, exchanging, leasing, or renting of commercial real property (including certain types of businesses conducted on the commercial real property), property management services, and other services and products (the “System Services and Products”). The System is presently identified by the FranReal trademark, the FranReal logo and such other trade-names, trademarks, service-marks, logotypes, and commercial symbols as we may designate, modify and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the “Licensed Marks”).

The System features the prominent display of our Licensed Marks and trade dress in the establishment and operation of the Franchised Business. We refer to businesses in our System as “FranReal Businesses” and we refer to the FranReal Business that you will develop and operate as either “your FranReal Business” or the “Franchised Business”. You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E (the “Franchise Agreement”) to develop and operate the Franchised Business within an operating territory and in conformity with the requirements of our System. The System includes System Services and Products that we currently designate and that we may modify, add to or discontinue from time to time, and our proprietary specifications, methods and procedures for the preparation, service, marketing and sale of System Services and Products by the Franchised Business. The System also features and requires, as designated by us, your exclusive use of certain equipment, materials, and supplies designated by us (collectively, the “System Equipment and Supplies”). On an on-going basis, you are required to purchase the System Equipment and Supplies through us, our affiliates or our designated approved suppliers. The System Equipment and Supplies you are required to purchase may vary depending on the type of franchise you buy. The System also requires that you operate the Franchised Business in conformity with the specifications, procedures, criteria and requirements that we designate in our

confidential operations manual and other proprietary manuals that we may designate and loan to you and, as we may, from time to time, supplement and modify the operations manual and other manuals (collectively, the “Manuals”).

If permitted by law, you may administratively operate the Franchised Business from your home in a home office. We do not require that you lease a commercial office for the operations of the Franchise Business but, if you elect to do so, the commercial office must be located within your Operating Territory, be approved by us, and conform to our standards and specifications. If you elect to lease a commercial office, in this Disclosure Document we refer to your commercial office space as your “Administrative Office.”

Franchise Agreement

You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E to develop and operate the Franchised Business within an operating territory and in conformity with the requirements of our System. At the time of signing the Franchise Agreement we will designate a geographic area comprising your operating territory (See Item 12 of this Disclosure Document for additional information on the operating territory) and your rights in the System will be limited to offering and providing our approved System Services and Products within your operating territory and using only our System Equipment and Supplies.

Our Affiliates

Our Affiliate, Ty Brewster PLLC, is an Arizona professional limited liability company formed on October 16, 2019, which has a principal place of business located at 44 W. Monroe Street, Suite 3201, Phoenix, Arizona 85003. Our Affiliate does not offer franchises in any line of business.

We have no parent companies and no predecessors that are required to be disclosed in this Disclosure Document.

Market and Competition

The general market for the services and products offered by the Franchised Business includes professional commercial real estate brokerage services that specialize in the sale and leasing of commercial properties as well as other real estate-related activities that include listing, co-listing, offering, selling, purchasing, exchanging, leasing, or renting of commercial real property (including certain types of businesses conducted on the commercial real property), property management services, and other services and products. The market for the services provided by the Franchised Business is highly developed and competitive. You will be competing with local competitors, other independent, chain, franchised and other real estate brokerage networks and systems.

Industry Specific Laws

Real estate brokerage is a heavily regulated industry. Federal and state laws and regulations apply to numerous aspects of the business, such as licensure, statutory bonding, disclosure, employment of independent contractors, pricing, advertising, client contracts, business sales, copyright law, financing and lending, discrimination and appraisal. It is your responsibility to learn about and comply with these laws and other applicable laws in your state through resources such as government agencies, and independent attorneys and advisors.

All states have laws and regulations governing the operation of real estate brokerage offices and the services you will provide in your FranReal Franchise Business, and you must comply with the provisions in your

state. You should consult with the appropriate state licensing authorities to determine which requirements apply to you before entering into a Franchise Agreement. A person (whether an individual or a Business Entity) must be licensed by the state as a real estate broker before that person provides real estate brokerage services. Therefore, you must be licensed as a real estate broker before you sign the Franchise Agreement. If there are multiple owners of the FranReal Franchise Business, then at least one of the owners must be licensed as a real estate broker. You must comply with all Applicable Laws.

The specific services that require or that may be performed under a real estate broker license vary from state to state. In some states, you may be required to obtain additional licenses to provide ancillary services. If so, you must be licensed by that state before providing ancillary services. If you conduct business in one of these states, you must be appropriately licensed by the state before providing these services. Other laws and regulations also affect how you conduct business, including how you represent your clients and customers, the terms and conditions of the agreements you use, your real estate and other licenses, your relationship with salespersons or agents, whether they are properly characterized as independent contractors or employees, how you account for and handle your revenues and expenditures, how you handle funds received for a client or customer, how you advertise and market your services and particular transactions, how you hold yourself and your agents out to the public, and many other aspects of your business.

You must investigate all of these laws. You must check your state, county and local jurisdiction about these rules and regulations and you should consult with your own legal advisor.

You will also be subject to federal and state laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration and employment laws. You must review federal minimum wage and overtime laws, as well as similar laws within your state to ensure compliance with labor and wage laws currently in existence and those that may later be adopted. You should consult with your attorney concerning these and other local laws, rules and regulations that may affect the operation of the Franchised Business.

ITEM 2 BUSINESS EXPERIENCE

Ty Brewster, Founder and President

Ty Brewster is our founder and President and has served in this role since our formation on October 2024. Since 2025, Mr. Brewster has been and remains the president of our affiliate Ty Brewster PLLC, in Phoenix, Arizona, where Mr. Brewster is responsible for managing this affiliates FranReal Business.

Kim Lucey, Vice President of Marketing

Kim Lucey is our Vice President and has served in this role since October 2024. Since November 2018, Ms. Lucey has served as the Founder and Chief Executive Officer of Lucey Unlimited, LLC d/b/a Lead Navigators in Santa Rosa Beach, Florida.

Steven Gardner, Vice President of Franchise Development

Steve Gardner has been working with us as Vice President of Franchise Development and has served in this role since October 2024. He is the Founder of QSR Franchise Development Group located in Cliffside Park, New Jersey, which was established in September 2014.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

When you sign a Franchise Agreement you must pay to us a non-refundable initial franchise fee (the “Initial Franchise Fee”). The Initial Franchise Fee is \$30,000 for a Local Franchise Opportunity and \$45,000 for a National Franchise Opportunity. The Initial Franchise Fee is fully earned by us upon payment, represents consideration for an operating territory as referenced in Item 12 of this Disclosure Document (if any) and, is used in part to defray our costs for providing initial training and other services. If you purchase a National Franchise Opportunity, you will receive an unlimited geographic operating territory located within the United States. If you purchase a Local Franchise Opportunity, you will receive a geographic operating territory that includes a population of, approximately, 500,000 people (a “Standard Operating Territory”). If you opt for a Local Franchise Opportunity, and subject to our discretion, if you purchase a Standard Operating Territory, at the time of signing your Franchise Agreement, you may acquire the rights to additional population in increments of 250,000 (not exceeding 500,000, in aggregate) for an additional initial franchise fee of \$12,500 per 250,000 in population. In certain limited markets, and if you are purchasing a Local Franchise Opportunity, we may permit you to purchase an operating territory that includes a population of less than 500,000 (a “Small Market Operating Territory”). The Initial Franchise Fee for a Small Market Operating Territory is \$20,000.

The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document, except that we offer the following discounts which cannot be combined with one another and which must be requested by you in writing at the time of signing the Franchise Agreement:

- a) Existing Franchisees - For our existing FranReal Business franchisees who enter into additional FranReal franchise Agreements and who are in good standing with their existing FranReal franchise Agreement(s) we offer a twenty (20%) percent discount off of the Initial Franchise Fee for a National Franchise Opportunity, Local Franchise Opportunity, or Small Market Operating Territory.
- b) Qualified U.S. Military Veterans - For qualified individuals who were honorably discharged from any branch of the United States Military, the Initial Franchise Fee for a Standard Operating Territory or a Small Market Operating Territory is discounted by twenty (20%) percent.

If you were referred to us by one of our existing franchisees, we may award that franchisee a referral fee or other incentive for making the referral.

As of the issuance date of this Franchise Disclosure Document, we collected Initial Franchise Fees of \$0.

Training Fee

All owners and managers of any Franreal Business shall travel to our offices in Arizona (or possibly another FranReal franchise location in regional proximity) for an approximately two (2) week training prior to opening or operating any Business. The training fee for the initial Operating Principal and Managing Agent or Principal Broker is free and training for other persons is \$600.00 per person, per day, not including any traveling, lodging, or other costs. This training is required only one (1) time per person and we reserve the right to pre-approve all individuals who seek to participate in our training program.

ITEM 6 OTHER FEES

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Royalty (Note 2 and 3)	For a National Franchise Opportunity, the Royalty is 8% of Gross Revenue.	Due monthly on the first Thursday of each month for the preceding month	This payment will be debited automatically from your business bank through ACH. The monthly royalty fee due to us is calculated based on Gross Revenue. See, Notes 1, 2 and 3.
Minimum Annual Royalty (Note 2 and 3)	National \$30,000 Local \$20,000 Small Market \$10,000 Additional Territory(ies) \$5,000 each (not exceeding \$10,000, in aggregate)	Due January 31 st of each year if you have not produced the Minimum Annual Royalty in the prior year	Royalties paid in calendar year must equal or exceed the applicable "Minimum Annual Royalty." In the first year in which your Franchise Agreement is entered and in any partial year thereunder, we will adjust the Minimum Annual Royalty on a pro rata basis. See, Notes 1, 2 and 3.
Brand Development Fund (Note 4)	Up to 5% of Gross Revenue. Currently we charge a Brand Development Fund Fee of 2% of Gross Revenue.	Due monthly on the first Thursday of each month for the preceding month	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 4.
Local Marketing (Note 5)	Minimum of 2% of monthly Gross Revenue.	Monthly, as incurred by you and negotiated with local suppliers	Local and Small Market: You must spend not less than 2% of Gross Revenue per month on pre-approved business development and marketing within your operating territory. If you fail to spend the local marketing requirement in any given period, you will be required to pay the difference to the Brand Fund Contribution. National: You must spend not less than 2% of Gross Revenue per

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
			month on pre-approved business development and marketing as directed by us or pay the difference to the Brand Fund Contribution. See, Notes 1 and 5.
Technology (Note 6)	Up to \$750 per month. Currently we charge \$500 per month.	Due monthly on the 5th day of every month for the preceding month	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 6.
Email Licensing Fee	\$10 per active email address	Due monthly on the 5th day of every month for the preceding month	This payment will be debited automatically from your business bank through ACH. The fee charged to you shall not exceed \$750 per month. See, Notes 1 and 6.
Per Agent Monthly Fee	\$500 per Agent per Month	Due monthly on the 5th day of every month for the preceding month	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 7.
Technology Fee	\$500 per Month	Due monthly on the 5th day of every month for the preceding month	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 7.
Software Property Management Fee (Note 7)	Varies under the circumstances	On demand	This payment will be debited automatically from your business bank through ACH. See, Notes 1 and 7.
Initial Training for Additional Persons	Our then current training fee, plus expenses. Our current fee is \$600 per person per day	On demand	Under our pre-opening initial training program, we will train you or your managing broker owner and one of your designated managers at no additional charge. If you request that we provide our initial training program to additional managers, either before or after the opening of the Franchised Business, you must pay our then current training fee. Initial training is conducted at facilities that we designate and you must pay for all other expenses of

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
			your trainees, including salary, travel and accommodations. See, Note 1.
Supplemental On-Site Training	Our then current daily rate per trainer, plus expenses. There is a two-day minimum for assistance. Our current daily trainer rate is \$600 per day	On demand	Following participation in our initial training program and the opening of the Franchised Business, if you request that we provide training or assistance on-site at your Administrative Office, you must pay our then current fee for each trainer. You must also reimburse us for our trainer(s) expenses including travel and accommodations. See, Note 1.
Annual Continuing Education Training (Note 8)	Varies	On demand, prior to conference	State agency. We expect that the fee charged will not exceed \$1,000.
Annual Conference (Note 9)	\$1,000 per attendee	On demand, prior to conference	This payment will be debited automatically from your business bank through ACH. The fee charged to you for attendance per attendee at the annual conference shall not exceed \$1,000. See, Notes 1 and 8.
Lease Review Fee	\$175 per occurrence	On demand	You must pay to us the costs that we incur in reviewing your lease.
Royalty Payment Late Charge	The lesser of 5% per month of any late royalty payment or \$50	On demand	Applies to past due payments of royalty fees. See, Note 1.
Royalty Reporting Charge	\$50 per occurrence	On demand	If you fail to timely submit to us a complete and accurate royalty report due monthly on the first Thursday of each month for the preceding month, you will be required to pay a royalty reporting charge. See, Note 1.
Financial Reporting Late Charge	\$100.00 per occurrence	On demand	If you fail to timely submit to us your unaudited monthly profit and loss statement and balance sheet

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
			within sixty (60) days after the end of each month, you will be required to pay a fee of one hundred (\$100) dollars. See, Note 1.
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by the State in which your Franchised Business is located	On demand	Applies to past due payments of royalty fees, brand development fund fees, advertising fund fees and all other fees, charges, interest and payments due to us from you. Interest begins to accrue on the date that any payment is due from you to us. See, Note 1.
Review and Audit	Actual costs	On receipt of invoice	You must pay to us the costs that we incur in reviewing and auditing your records if the review and/or audit performed by us results in a finding that you failed to comply with the terms of your Franchise Agreement. These fees include the actual costs that we incur including, fees for accountants, attorneys, administrative staff, travel, meals and lodging expenses. See, Note 1.
Transfer	35% of the then-current initial franchise fee or 5% of the actual sale price including sale of “book of business” whichever is greater.	Prior to the date of transfer	All transfers are subject to our approval and require the transferee’s satisfaction of our training requirements. See, Note 1.
Renewal	50% of the then-current initial franchise fee.	Upon signing renewal franchise agreement	If we approve renewal of your Franchise Agreement, at the time of renewal, you will be required to sign our then current Franchise Agreement and pay the renewal fee.
Collection Costs and Attorney Fees	Amount incurred by us to collect unpaid royalty fees and other fees or sums due from you to us	On demand	Includes fees and expenses incurred by us, including legal demands and litigation, related to your breach of the Franchise Agreement, including attorney fees, deposition expenses,

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
			expert witness fees, accounting fees and filing fees. See, Note 1.
NSF Check Fee of Failed Electronic Fund Transfer	5% of amount or \$50 whichever is greater or maximum fee allowed by law	On demand	Applies to payment of Royalty Fees and Advertising Contributions and any other payments to us. See, Note 1.
Non-compliance	Amount of fees, costs and/or expenses that we incur in connection with your non-performance of your obligations under the Franchise Agreement. Includes attorney fees	Within 14 days of our invoice	You must pay to us and reimburse us for all costs, fees and expenses that we incur as a result of or in connection with your breach of the Franchise Agreement. This includes legal fees, expenses and costs that we incur with outside legal counsel and costs associated with services and/or work performed by our own in-house legal staff. See, Note 1.
Supplier Review	Our actual costs to review a supplier suggested by you	Within 14 days of invoice	As determined by us, in our reasonable business judgment. We may require your submission of samples and specifications. See, Note 1.

Footnotes to Item 6
“Other Fees”

Note 1: Type of Fee / Fees Payable - The above table describes fees and payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party. All fees are recurring, payable to us, and are not refundable unless otherwise noted. All fees payable to us shall be payable subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account.

You will be required to sign an ACH authorization form (Franchise Agreement, Exhibit 8) permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the Initial Franchise Fee) as well as any amount owed to us or our affiliated for goods or services. You must deposit all Gross Revenue of your FranReal Business into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your FranReal Business. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.

Note 2: Royalty Fees – You must pay to us a continuing Royalty Fee and a Minimum Royalty Fee. The continuing Royalty Fee is 8% of Gross Revenue. Your Royalty obligation is determined by and equal to

the greater of: (a) the applicable percentage (the “Royalty Rate”) of the monthly Gross Revenue (defined below) of the Franchised Business (the “Percentage Based Monthly Royalty”), or (b) the applicable fixed fee minimum royalty fee requirement (the “Minimum Royalty Fee Requirement”). Your Royalty Fee will be equal to the greater of the applicable Percentage Based Monthly Royalty or the Minimum Royalty Fee Requirement. The Percentage Based Monthly Royalty must equal or exceed the Minimum Royalty Fee Requirement for the previous calendar year. In your first year and for any partial year under the Franchise Agreement we will adjust the Minimum Royalty Fee Requirement on a pro rata basis.

If any federal, state or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly and, dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective rate received by us is not less than that which has been established by the Franchise Agreement and which was due to us on the effective date of the Franchise Agreement.

Note 3: Gross Revenue - “Gross Revenue” means the total dollar sales from all business and customers of your FranReal Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or corporate entity from business conducted or which started in, on, from or through your FranReal Business and/or your operating territory, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Revenue include the total gross amount of revenues and sales from whatever source derived from and/or derived by you (including any person and/or corporate entity acting on your behalf) from business conducted within and/or outside your operating territory that is related to your FranReal Business and/or a competitive business located and/or operated within your operating territory, outside your operating territory, and/or otherwise. Gross Revenue do not include sales or use taxes collected by you.

In Addition, “Gross Revenues” applies to all gross fees, commissions or other compensation calculated at their fair market value in United States currency, received or receivable by Franchisee (directly or indirectly), whether in cash, equity position, credit or for barter (and, if for credit or barter, whether or not payment is received), or for any other consideration, in connection with all Commercial Real Estate Services, whether transaction or fixed-fee based. Gross Revenues also include without limitation all revenues, project management fees, consulting fees, finder fees, and commissions received or receivable by or on behalf of Franchisee’s salespersons, agents and representatives in connection with any products or services that are promoted or sold under any of the Marks, including Commercial Real Estate Services, whether transaction or fixed-fee based, Leasing Services, Ancillary Services, multiple listing fees, taxes, commissions, overrides, bonuses and salaries, without deduction for Franchisee’s costs or expenses.

Furthermore, “Gross Revenues” also shall include any fees and other compensation from all Leasing Services, including Leasing Services for a building for which Franchisee provides Property Management Services and any and all Property Management Revenue. If Residential Real Estate Brokerage Services or any other activity/service is approved by FranReal as a Permitted Outside Service under the Franchise Agreement and you or your Related Party use the Marks and/or any FranReal proprietary System, tool or resource in connection with such service(s) or activity(ies), any Commercial Real Estate Services fees or other amounts generated by you, your Related Party or your respective agents from such service(s)/activity(ies) shall be included in Gross Revenues and subject to Royalties. Payment of Royalties in such an event is not an exclusive remedy.

Note 4: Brand Development Fund - You must pay a continuing brand development fund fee in an amount up to five (5%) percent of your monthly Gross Revenue. Currently we charge a Brand Development Fund Fee of two (2%) percent of Gross Revenue.

Note 5: Local Marketing – On a monthly and on-going basis you are required to spend not less than two (2%) percent of your monthly Gross Revenue toward the marketing and promotion of your FranReal Business. Your local marketing efforts and expenditures must be targeted to a market comprised of your operating territory and may only include media, networking, business development, public relations and other forms of business development that we designate and pre-approve. National businesses must spend the Local Marketing fee at the direction of the FranReal or pay the difference to the Brand Fund Contribution.

Note 6: Technology Fee - The continuing monthly technology fee is an administrative fee that is associated with necessary and required services and technology utilized in the business. At our discretion, additional services or administrative fees may be added to the technology fee at anytime. The fee charged to you shall not exceed \$750 per month.

Note 7: Software Property Management Fee – This fee covers the usage of our required software. The current cost for Local FranReal Office is \$8,500 per office and the cost for a National FranReal Office is \$10,000 per office. We reserve the right to bill this fee on a Monthly, Quarterly or Annually basis.

Note 8: Annual Continuing Education Training – The fees associated with your compliance in continuing education training varies and is subject to the laws and regulations within your State and Territory. We estimate that these costs will not exceed \$1,000 per State or Territory in which you conduct business.

Note 9: Annual Conference - If we establish a franchisee annual conference you or your Managing Broker and designated manager must attend the conference on the dates and at the location that we designate. You will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. We may charge you an Annual Conference fee in an amount not exceeding One Thousand (\$1,000) Dollars. We reserve the right to waive the Annual Conference Fee for those franchisees that attend the conference and to charge the Annual Conference Fee to those franchisees who fail to attend.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
LOCAL FRANCHISE OPPORTUNITY

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Initial Franchise Fee (Note 1)	\$30,000		Lump sum	When you sign the Franchise Agreement	Us
Additional Territory(ies) (Note 1)	\$0	\$25,000	Lump sum	When you sign the Franchise Agreement	Us
Marketing Fee	\$1,000	\$1,000	Lump sum	When you sign the Franchise Agreement	Us
Construction and Leasehold Improvements (Note 2)	\$0	\$10,000	Varies	Prior to opening	Approved Third party suppliers and vendors, subject to our specifications
Office Furniture	\$0	\$10,000	As billed	As incurred	Approved Third party suppliers and vendors, subject to our specifications
Office Equipment, Computer, Software and System (Note 3)	\$9,410	\$14,415	As billed	As incurred	Approved Third party suppliers and vendors, subject to our specifications
Initial Supplies	\$0	\$2,000	As billed	Before opening	Us, our affiliate, or third-party suppliers and vendors, subject to our specifications
Prepaid Rent and Lease Deposits (Note 4)	\$0	\$10,000	Lump sum	Varies	Third party landlord
Insurance Deposits and Premiums (Note 5)	\$0	\$10,000	As billed	Varies	Insurance companies
Initial Training Expenses (Note 6)	\$0	\$15,000	As incurred	Before opening	Third party

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Grand Opening Initial Advertising Expense (Note 7)	\$1,000	\$5,000	In accordance with your grand opening marketing plan	As incurred but prior to opening	Approved Third party suppliers and vendors, subject to our specifications and approval
Professional Fees (Note 8)	\$0	\$10,000	As billed	Before opening	Third parties, including attorneys, accountants and architects
Brokers License (Note 9)	\$0	\$500	Lump sum	Before opening	Government authorities
Printing, Stationary and Office Supplies (Note 10)	\$250	\$1,000	As billed	Before opening	Third party
Signage Interior, Exterior and Property	\$50	\$3,500	Lump sum	Before opening	Third party company, manufacturer, but subject to our specifications and approval
Additional Funds – Initial period of 3 months (Note 11)	\$2,500	\$15,000	As incurred	Before opening	Us, utilities approved vendors, employees and other providers of services and/or goods necessary for the operation of the Franchised Business.
TOTAL	\$44,210	\$162,415			

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**YOUR ESTIMATED INITIAL INVESTMENT
NATIONAL FRANCHISE OPPORTUNITY**

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Initial Franchise Fee ^(Note 1)	\$45,000		Lump sum	When you sign the Franchise Agreement	Us
Marketing Fee	\$1,000	\$1,000	Lump sum	When you sign the Franchise Agreement	Us
Construction and Leasehold Improvements ^(Note 2)	\$0	\$10,000	Varies	Prior to opening	Approved Third party suppliers and vendors, subject to our specifications
Office Furniture	\$0	\$10,000	As billed	As incurred	Approved Third party suppliers and vendors, subject to our specifications
Office Equipment, Computer, Software and System ^(Note 3)	\$10,910	\$15,910	As billed	As incurred	Approved Third party suppliers and vendors, subject to our specifications
Initial Supplies	\$0	\$2,000	As billed	Before opening	Us, our affiliate, or third-party suppliers and vendors, subject to our specifications
Prepaid Rent and Lease Deposits ^(Note 4)	\$0	\$10,000	Lump sum	Varies	Third party landlord
Insurance Deposits and Premiums ^(Note 5)	\$0	\$10,000	As billed	Varies	Insurance companies
Initial Training Expenses ^(Note 6)	\$0	\$15,000	As incurred	Before opening	Third party
Grand Opening Initial Advertising Expense ^(Note 7)	\$1,000	\$5,000	In accordance with your grand opening marketing plan	As incurred but prior to opening	Approved Third party suppliers and vendors, subject to our specifications and approval

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Professional Fees (Note 8)	\$0	\$10,000	As billed	Before opening	Third parties, including attorneys, accountants and architects
Brokers License (Note 9)	\$0	\$1,500	Lump sum	Before opening	Government authorities
Printing, Stationary and Office Supplies (Note 10)	\$250	\$1,000	As billed	Before opening	Third party
Signage Interior, Exterior and Property	\$50	\$3,500	Lump sum	Before opening	Third party company, manufacturer, but subject to our specifications and approval
Additional Funds – Initial period of 3 months (Note 11)	\$3,500	\$17,000	As incurred	Before opening	Us, utilities approved vendors, employees and other providers of services and/or goods necessary for the operation of the Franchised Business.
TOTAL	\$61,710	\$156,910			

Footnotes to Item 7
“Your Estimated Initial Investment”

Note 1: Initial Franchise Fee - The Initial Franchise Fee for a FranReal Business under a Franchise Agreement is \$30,000 for a Local Franchise Opportunity and \$45,000 for a National Franchise Opportunity. If we agree to allow you to supplement and increase the size of your Standard Operating Territory, the amount of the Initial Franchise Fee will be increased by \$12,500 for each additional geographic zone added to your Standard Operating Territory. An additional geographic zone will contain a population of approximately 250,000 people. We must approve of the addition of a geographic zone or geographic zones to your Standard Operating Territory at the time of signing the Franchise Agreement and you cannot add more than two additional geographic zones to a Standard Operating Territory. All fees paid to us for your initial franchise fee are non-refundable. There are no refunds under any other circumstances, including if you breach the franchise agreement and we terminate the Franchise Agreement.

Note 2: Construction and Leasehold Improvements – There is no requirement to purchase or lease real estate in connection with the ownership and operation of the Franchised Business. If permitted by law, you may administratively operate the Franchised Business from your home. Should you desire to conduct

operations with an office not in your home, an Administrative Office, your Administrative Office should be located in a lower-rent facility focused on back-end operations. Your Administrative Office should be approximately 400 square feet and support high-speed internet access. Your Administrative Office should be limited to administrative functions. If you operate the Franchised Business from your home there should be no construction or leasehold improvements. Likewise if you operate the Franchised Business from a commercial Administrative Office we do not recommend that you make any leasehold improvements and that you lease a facility that will already support your operations. You will require at least one office desk and computer station for monitoring appointments, maintaining customer records, and monitoring customer service.

Note 3: Computer, Software and System – You will require at least one office computer with high-speed internet access and one mobile device comprised of a notebook or tablet computer with access to cellular high-speed internet access. You are required to acquire franchises to utilize, on a daily basis, the Business Management Software System that we designate. We may change vendors and to move your data and information to alternative Business Management Software System providers. This estimate includes your initial franchise fee only. Additional information about the Business Management Software and computer system is disclosed in Item 11 of this Disclosure Document.

Note 4: Lease Deposit and Real Property

There is no requirement to purchase or lease real estate in connection with the ownership and operation of the Franchised Business and, if permitted by law, you may manage and operate your FranReal Business from your home. If you elect to operate the Franchised Business from a commercial facility that you select and lease as your Administrative Office, the facility should be in Class “A” office space and should permit the management and administrative operation of the Franchised Business. The cost of real estate varies considerably based on the local real estate market and the size and location of the property that you elect to purchase or lease. We do not include in this estimate the costs associated with leasing an Administrative Office as this is optional and at your discretion. You will need to make accommodations for the parking of your employee and for client vehicles. This estimate does not include an estimate for lease payments related to a commercial office and assumes that you will be administratively operating the Franchised Business from your home.

Note 5: Insurance Deposits and Premiums - You are required to maintain certain insurance respecting the operations of your FranReal Business. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. The cost of your insurance coverage will be based on factors outside of our control. The amount charged for insurance coverage may be significantly more or less than our estimate. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based on the area in which your FranReal Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 6: Travel and Lodging - Prior to opening your FranReal Business you must complete our pre-opening training program. We do not charge a fee for our pre-opening initial training, however you will incur travel and lodging costs associated with attending our pre-opening training program. You are responsible for the travel, food, and lodging expenses that you and your participating managers will incur when you attend our training program and the salary and benefit costs of your attendees. Costs vary due to distances from your location to our training facility and the quality of the food and lodging you choose. Other factors include seasonal variations in the price of travel and lodging expenses, general economic conditions, and your persistence in obtaining the best prices available.

This estimate is for the cost for you or your Managing Owner and one designated manager (two individuals in total) to attend the initial training program held in Phoenix, Arizona. We do not charge tuition for training fee for you or your designated Managing Owner and one of your designated managers. You will be responsible for all costs associated with attending the initial training program for you and your staff. The duration of the training program is 30 to 40 hours over a period of one to two weeks. This estimate does not include the cost of labor.

Note 7: Grand Opening Marketing Expense - Marketing expenses vary and will depend on your geographic market and the type of media that you utilize to market the grand opening of your FranReal Business. Your marketing efforts should be directed to communities located within your operating territory and must be approved by us. Prior to and during the initial three months of operating your FranReal Business you must commit and spend no less than \$1,000 during this limited period. All advertisements, marketing and promotional materials must be approved by us. Following your initial three months of operation you must devote funds to on-going local marketing activities and media.

Note 8: Professional Fees - These estimates are for costs associated with the engagement of professionals such as attorneys and accountants to advise you prior to the signing of your franchise agreement and to assist with the start-up of your FranReal Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity and this Disclosure Document. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of the Franchised Business.

Note 9: Business Franchises and Permits - You must apply for, obtain and maintain all required permits and franchises necessary to operate the Franchised Business. The franchises will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred, and are due prior to opening the Franchised Business. **Broker's License**: If you do not have a Broker's License, you must employ at all times an individual who is licensed as a real estate broker under the laws of your State and that a licensed individual will serve as Principal Broker of your Office.

Note 10: Printing, Stationary and Office Supplies - This figure is primarily for printing a start-up order of stationery and business cards bearing the Licensed Marks and a supply of office materials.

Note 11: Additional Funds - You will need additional capital to support on-going businesses expenses, including business expenses such as payroll, inventory, marketing, rent and utilities. In making this estimate we have not considered and do not estimate sales revenue that you may or may not generate. It is extremely common for new businesses to generate negative cash flow. This estimate is only to cover on-going expenses during the initial start-up phase of the Franchised Business comprised of the first three (3) months following the opening of your FranReal Business. This is only an estimate and we cannot assure you that you will not incur additional expenses during the initial start-up phase or that you will not require additional capital (not included in this estimate) beyond the three (3) month initial start-up phase. There is no assurance that additional working capital will not be necessary during this start-up phase or after. We have relied on the experiences of our affiliate in making this estimate.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may only offer and sell the System Services and Products that we designate and you may only utilize those products, supplies, equipment, ingredients and services that we authorize and designate in writing. To ensure that our standards and specifications of quality, service and System development are maintained, you must operate your FranReal Business in strict conformity with the Franchise Agreement and the methods, standards, specifications and sources of supply that we designate and prescribe in the Manuals.

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain source restricted goods and services for the development and operation of your FranReal Business. Source restricted goods and services are goods and services that must meet our specifications and/or must be purchased from an approved or designated supplier. We may designate a supplier (which may include us or our affiliates) as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, verbal and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We may designate ourselves or a third party as exclusive supplier irrespective of the existence of competing suppliers. If there is no designated supplier for a particular item, you will purchase all products, supplies and services from suppliers who meet our specifications and standards.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a supplier review and testing fee and we may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time (not to exceed sixty (60) days) after we receive your written request for approval and all additional information and samples that we may request. We may, in our discretion, withhold our approval. When evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 15% of your total purchases and leases in establishing the Franchised Business and approximately 15% of the on-going operating expenses of your Franchised Business. Currently, neither us nor our affiliates are approved suppliers of the source restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: System Equipment and Supplies; Signage; Business Management System and Computer Equipment; Branded Items and Marketing Materials; and Insurance.

1. System Equipment and Supplies - Your FranReal Business must maintain an initial and ongoing inventory of System Equipment and Supplies. You must purchase the System Equipment and Supplies from us, our affiliates, or our designated suppliers.

2. Signage - The signage for your FranReal Business must meet our standards and specifications and must be purchased from our designated suppliers.

3. Business Management System and Computer Equipment - You are required to utilize the Business Management System that we designate. You will be required to continuously enter, maintain and update your business and financial information in the Business Management System. At all times the Business Management System must be maintained on a desktop computer and on a portable tablet computer to be maintained. At our election, the data and information related to your FranReal Business may be maintained on a cloud based server, servers hosted by us or as otherwise designated by us.

4. Branded Items and Marketing Materials - All materials bearing the Licensed Marks (including, but not limited to, stationary, business cards, brochures, apparel, signs and displays) must meet our standards and specifications and must be purchased from either us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your FranReal Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.

5. Insurance - You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than thirty (30) days' prior written in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of ninety (90) days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program.

Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Section 8 of the Franchise Agreement). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

a. Comprehensive general liability insurance with limits of at least \$1,000,000 per person per occurrence (and \$2,000,000 aggregate for bodily injury) and at least \$100,000 for property damage per occurrence;

b. Personal injury and advertising injury insurance with limits of at least \$1,000,000 per occurrence;

c. Employer Practices Liability insurance with limits of at least \$1,000,000;

- d. An Umbrella Liability insurance policy with a limit of at least \$1,000,000;
- e. Errors & Omissions insurance covering you and each of your licensed associates with a per-limit claim of not less than \$1,000,000;
- f. “All risk” insurance on the premises, equipment and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risk usually insured against by the owners or lessors of similar property, for at least 100% of the replacement cost of the property. Unless you obtain a written waiver from us, any FranReal Business sustaining loss or damage must be repaired, restored, or rebuilt within 60 days after the date of the loss or damage;
- g. Automobile liability insurance on each vehicle used in the business within the minimum coverage limits as required by the law of the state or jurisdiction in which you are engaged in business; and
- h. Worker’s compensation or similar insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for clients, as well as for those employed or engaged in the operation of your FranReal Business, if required by your state or jurisdiction.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the FranReal Businesses under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from and we may designate one vendor as your sole supplier. Presently there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on franchisee purchases and we reserve the right to institute and expand rebate programs in the future. In our last fiscal year, ending on December 31, 2024, we received \$0 revenue from suppliers of franchisee purchases of source restricted products or services.

ITEM 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1 and 2.A	Items 7 and 11
b. Pre-opening purchases and leases	Sections 1, 3 and 8	Items 7 and 8
c. Site development and other pre-opening requirements	Sections 1, 3, 4, 7.F, 7.G, 7.I, 7.J, 8 and 9.B	Items 6, 7 and 11

Obligation	Section(s) in Agreement	Disclosure Document Item
d. Initial and ongoing training	Sections 1, 4 and 7.J	Item 11
e. Opening	Sections 1 2, 3, 4 and 9.B	Item 11
f. Fees	Sections 1, 3, 4.A, 5, 9, 12, 13, 14, 15, 16 and 18.N.	Items 5, 6 and 7
g. Compliance with standards and policies/manual	FA: Sections 1, 3, 4, 7 8, 9 and 12	Items 8 and 11
h. Trademarks and proprietary information	Sections 1, 6, 7 and 11	Items 13 and 14
i. Restrictions on products and services offered	Sections 1, 3, 4.C, 7.F, 7.G. 7.H, 7.I, 7.J and 8	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 1 and 7	Item 16
k. Territorial development and sales quotas	Sections 1 and 2	Item 12
l. Ongoing product and service purchases	Sections 1, 3, 4.C, 5 and 7	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 1 and 7	Items 7 and 17
n. Insurance	Sections 1 and 8	Items 7 and 8
o. Advertising	Sections 1, 3.F, 4.C, 7.I, 9 and 11	Items 6 and 11
p. Indemnification	Sections 1 and 10	Item 6
q. Owner's participation, management, staffing	Sections 1, 4, 6, and 7	Items 11 and 15
r. Records and reports	Sections 1, 5 and 12	Item 6
s. Inspections and Audits	Sections 1 and 13	Items 6 and 11
t. Transfer	Sections 1 and 14	Item 17
u. Renewal	Sections 1 and 15	Item 17
v. Post-termination obligations	Sections 1, 6, 17 and 18	Item 17

Obligation	Section(s) in Agreement	Disclosure Document Item
w. Non-Competition Covenants	Sections 1, 6 and 17 and 18	Item 17
x. Dispute Resolution	Sections 1, 18.F and 18.G	Item 17
y. Other: Individual guarantee of franchisee obligations	Sections 1, 2.C, 6, 14.C and 14.E	Item 9

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease or other obligation on your behalf.

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

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

Pre-Opening Obligations

1. Grant of Franchise - We will grant to you the right to operate the Franchised Business within a designated operating territory. (Franchise Agreement, Section 2);
2. Manuals - We will loan you a copy of our confidential and proprietary Manuals. You must operate the Franchised Business in accordance with the Manuals and all applicable laws, rules and regulations. At all times, we reserve the right to supplement, modify and update the Manuals. (Franchise Agreement, Sections 1 and 4.C). The operations manual as of the Issuance Date of this Disclosure Document currently consists of 228 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Section 4). The major subjects contained in the operations manual consists of establishing, developing, marketing and operating the Franchised Business;
3. Site Review, Approval and Operating Territory - At the time of signing your Franchise Agreement you will have selected and we will have approved of the Operating Territory within which you will operate the Franchised Business. Your Administrative Office must be located within your Operating Territory. Although there is no specified time limit for us to review the proposed site of your Administrative Office, we will do so within a reasonably expedient time period if same is not selected prior to the execution of your Franchise Agreement.
4. Approved Suppliers and Distributors - We will provide you with a list of our approved suppliers and distributors (to the extent that we have designated them), either as part of the Manuals or otherwise in writing. (Franchise Agreement, Sections 3 and 4);
5. Signs, Equipment, Furniture, and Fixtures - We will provide you with a list of our approved signage, equipment, furniture and fixtures (to the extent that we have designated them), either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage,

equipment, furniture and fixtures. We do not provide assistance in delivering or installing signs, equipment, furniture, or fixtures. (Franchise Agreement, Sections 3 and 4);

6. Website and Digital Media - We will identify and locate your FranReal Business on our website. You may not utilize any websites, web based media or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Sections 3.F and 9); and

7. Initial Training - Not less than forty-five (45) days prior to the opening of your FranReal Business you or your Managing Owner and one management level employee or Owner must attend and complete our initial training program. We will provide you (and up to one of your designated managers) with training in accordance with our initial training program. (Franchise Agreement, Section 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your managing owner and one operating manager at our training facility located in Phoenix, Arizona. The training program takes place over a two (2) week period and is described below in this Item 11 in more detail.

Site Selection

If permitted by law, you may conduct the administrative operations of the Franchised Business from your home. We do not require that you lease a commercial Administrative Office. If you elect to establish an Administrative Office, you are responsible for selecting a site for your Administrative Office you must obtain our approval of the location of your Administrative Office. Generally, we do not own or lease the real property that will serve as your Administrative Office and you are responsible for all costs and expenses in locating and evaluating proposed sites for your Administrative Office. Before you enter into a lease or other agreement for your Administrative Office you must obtain our approval. We will provide you with site selection guidelines. Your Administrative Office must be located within your Operating Territory at a site that we approve.

Although there is no specified time limit for us to review the proposed site for your Administrative Office, we will do so within a reasonable time period, not exceeding thirty (30) days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request concerning the proposed site. In determining whether to approve or disapprove a proposed site for your Administrative Office, factors that we take into consideration include characteristics of the proposed site and the location of your proposed site relative to your overall Operating Territory.

If you elect to establish an Administrative Office and not operate the Franchised Business from your home, you must secure an Administrative Office within sixty (60) days of the signing your Franchise Agreement at a location and office that we approve (Franchise Agreement, Section 3.A). If you do not meet this requirement for any reason, including our disapproval of a proposed business location, we may terminate your Franchise Agreement without refunding any fees to you or, in the alternative, you may elect to operate the Franchised Business from your home. It is your obligation to consult with government agencies, architects and legal professionals to evaluate and determine that your Administrative Office permits the establishment and operation of the Franchised Business and that you possess the necessary franchises and authority to operate a business that offers and provides the System Services and Products. If you elect to administratively operate the Franchised Business from your home, it is your obligation to consult with government agencies, and legal professionals to evaluate and determine that you are legally permitted to do so (Franchise Agreement, Sections 2, 3, 7 and 16).

Time to Open

You may not open the Franchised Business until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Operating Territory, obtained and provided us with written proof of the required insurance, and have timely secured an Administrative Office that we approved.

We estimate that the length of time between the signing your Franchise Agreement and opening your FranReal Business to be approximately two (2) months to four (4) months. Factors that may affect this estimated time period include: (a) evaluating and selecting a suitable site for your Administrative Office that is approved by us; (b) length of time undertaken by you to complete our initial training program to our satisfaction; (c) negotiating and obtaining a suitable lease for your Administrative Office that is approved by us; (d) obtain third-party lender financing, if necessary; and I obtaining the necessary franchises for the operation of your FranReal Business. Other factors that may affect this time period include obtaining a Broker's License. You must open your FranReal Business within six (6) months from the effective date of your Franchise Agreement, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Franchise Agreement, Sections 3.C).

Post-Opening Obligations

2. Supplemental Training – We may require that you and your Operating Manager participate in supplemental on-site training that we may designate and require in our discretion. We may provide, in our discretion, supplemental training on-site at your Administrative Office. You will be required to pay our then current supplemental training fee, which is currently Six Hundred (\$600) Dollars, per on-site trainer, per day, plus travel expenses, meals and accommodation expenses incurred by us. (Franchise Agreement, Section 4.A.);
2. Initial Training for Replacement Operating Manager(s) – Your Operating Manager must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be completed to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of our FranReal Business located in Phoenix, Arizona and at the certified training FranReal Business that we designate in Arizona. You will be required to pay our then current supplemental training fee for replacement Operating Manager, which is currently Six Hundred (\$600) Dollars, per manager, per day for each replacement manager attending our initial training. You will also be responsible for all costs incurred by your managers In attending our Initial training (Franchise Agreement, Section 4.A. and 4.C.);
2. Communication of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your FranReal Business including, but not limited to, System Services and Products, System Equipment and Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and, as set forth in the Manuals which we may, in our discretion, modify from time to time. (Franchise Agreement, Sections 4.B. and 4.C.);

4. Marketing Standards and Approval – We may establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, those marketing materials and mediums that you may utilize. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing

standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, Section 4.B.);

5. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the System Services and Products and the System Equipment and Supplies. (Franchise Agreement, Sections 4.B. and 4.C.);

6. Annual System Conference – We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. We may charge an annual conference fee not exceeding One Thousand (\$1,000) Dollars. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. (Franchise Agreement, Section 4.B.);

7. Administration of Marketing Funds – We may administer and manage System-wide marketing funds comprised of a Brand Development Fund. (Franchise Agreement, Sections 9.A. and 9.G.);

8. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. You must monitor and ensure that all System Equipment and Supplies and System Services and Products are prepared, maintained, and served in accordance with the System standards and Manuals; and

9. Pricing – You will exclusively determine the prices that you charge for the System Services and Products served and sold by your FranReal Business. However, we may suggest pricing levels that we recommend.

Advertising

2. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your FranReal Business must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within fifteen (15) days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your operating territory. (Franchise Agreement, Section 9.);

2. Local Marketing – You are not authorized to engage in any marketing unless we pre-approve such marketing. (Franchise Agreement, Section 9.B.). You are required to engage in local marketing and you are required to commit and spend an amount equal to no less than Two (2%) Percent of your monthly Gross Revenue on your local marketing efforts. We will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access to our approved brochures, displays, presentations and marketing campaigns (in the form of a source document) that you may utilize. In those instances where we provide you with access to our marketing campaigns we provide you with the source designs and design specifications. However, you will incur the direct costs associated with duplicating and utilizing such marketing campaigns and in having such campaigns printed, distributed and/or placed with media sources. (Franchise Agreement, Section 9.);

2. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Operating Territory information about your FranReal Business on the

www.franreal.com webpage or such other websites as we may designate for the System. (Franchise Agreement, Section 9);

4. Brand Development Fund – We may control and administer a brand development fund (the “Brand Development Fund”) (Franchise Agreement, Section 9.A). As disclosed in Item 6 of this Disclosure Document, you must contribute a monthly sum not to exceed Five (5%) Percent of monthly Gross Revenue to the Brand Development Fund. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. Our company and/or affiliate owned FranReal Businesses may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will be required to maintain unaudited financial records detailing its expenditures and will make available to you (no more frequently than one time in any twelve-month period) an unaudited accounting of how the monies contributed to the Brand Development Fund were spent each year. We are not required to segregate the Brand Development Fund from our general operating funds and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund will not be used to directly promote your FranReal Business or the marketing area in which your FranReal Business will be located. (Franchise Agreement, Section 9.A). We may utilize the Brand Development Fund to develop and test various media and technologies for potential utilization and/or improvement of the operations of FranReal Businesses and the marketing of FranReal Businesses. These technology developments and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of FranReal Businesses. You may or may not benefit from these technology developments and improvements. (Franchise Agreement, Section 9.A);

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing, developing and managing media of the Brand Development Fund. We will not directly utilize the Brand Development Fund to directly market the sale of FranReal Businesses, however the advertising, marketing and brand development materials developed (including the System website) may contain basic information as to the availability of FranReal Business franchises for sale and contact information for franchise inquiries.

5. Regional Advertising Cooperatives – We have not established and, presently, do not require your participation in any local or regional advertising cooperative, but we reserve the right to do so in the future. (Franchise Agreement, Section 9); and

6. Advertising Council – We have not established and advertising council but reserve the right to do so in the future. (Franchise Agreement, Section 9.A).

Computer System

You are required to operate and maintain at least one new computer to be utilized from your Administrative Office that must possess broadband internet access permitting your access to and utilization of our

designated Business Management System, and a tablet computer with broadband wireless internet access. You must utilize the Business Management System that we designate. At all times, we will possess direct access to the Business Management System utilized by you and we will have access to all information entered into the Business Management System including information about the sales of the Franchised Business and your customers. Presently, the Business Management System that you will be required to utilize and access is a version of First Data. The cost of the computer system that you will be required to purchase varies depending on your number of agents and employees with your estimated costs for a computer system being \$1,000 to \$2,500. You are obligated to install the software upgrades and patches as provided by the manufacturer of the computer and the Business Management System. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer systems is \$1,000 per year. You will also be required to utilize those customer reward programs and systems that we designate. There are no contractual limitations on the frequency or cost of this obligation. We will have independent access to all of the information and data that is electronically collected and stored on your Business Management System and, as such, will have access to all data related to the sales, inventory and financial performance of your Franchised Business.

Initial Training.

If this is your first FranReal Business, we will provide initial training for you (or if you are a corporate entity, your managing owner) plus one designated manager. Either you or your managing owner plus your general manager must successfully complete the initial training program to our satisfaction no later than forty-five (45) days prior to the opening of your FranReal Business. The initial training program takes place over an approximate two (2) week period. If more than two individuals attend initial training you will be charged an additional fee per additional persons attending initial training (Item 6). Although we provide you (or your managing Broker if you are a corporate entity) plus your general manager with initial training at no additional fee or charge, if we conduct training at our Phoenix, Arizona location, you will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance and participation in our initial training program and the attendance and participation of your designated managers in our initial training program. (Franchise Agreement, Section 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis. However, as of this Disclosure Document, we will offer many franchisees the opportunity to conduct all Initial Training online.

If you replace your managing Broker he/she must attend and successfully complete our training program. Any new real estate agents or managers you may hire or replace must also successfully complete our training program.

The initial training program is optional for existing franchisees, however, if you are renewing your franchise agreement, we may recommend that you or one of your owners attend and complete the training program to our satisfaction at the time of renewal.

TRAINING PROGRAM

The following chart summarizes the subjects covered in our initial training program:

Subject	Classroom Training (Hours)	On the Job Training (Hours)	Location
Intro to FranReal Franchise, Culture & Covenants	0.5	0	Online or Phoenix, Arizona

Subject	Classroom Training (Hours)	On the Job Training (Hours)	Location
FranReal System Set-up	0.5	0	Online or Phoenix, Arizona
FranReal System Needs	0.5	0	Online or Phoenix, Arizona
Your Business Development, Recruiting & Retention	1	0	Online or Phoenix, Arizona
FranReal Deal Steps	0.5	0	Online or Phoenix, Arizona
Client Communication Tasks & Internal Procedures	1	0	Online or Phoenix, Arizona
Site Search & Property Tour	1	0	Online or Phoenix, Arizona
Lease Negotiation	1.5	0	Online or Phoenix, Arizona
Brand & Client Requirements/Relationship	0.5	0	Online or Phoenix, Arizona
Identifying & Mapping Territory(ies)	1	0	Online or Phoenix, Arizona
Market Availability & Understanding FranReal System Functionality	1	0	Online or Phoenix, Arizona
Research Sites for Suitability	0.5	0	Online or Phoenix, Arizona
Client Communication, Timelines & Expectations	1	0	Online or Phoenix, Arizona
Requests & Reviewing Financials	1	0	Online or Phoenix, Arizona
Quantifying & Updates to Site Search Criteria	1	0	Online or Phoenix, Arizona
LOI Steps, Considerations & Negotiation	3	0	Online or Phoenix, Arizona
Understanding the Property & the Client	1	0	Online or Phoenix, Arizona
Negotiating Commission	2	0	Online or Phoenix, Arizona
Lease Steps, Considerations & Negotiation	3	0	Online or Phoenix, Arizona
Submitting Deposits & Invoicing Landlord	1	0	Online or Phoenix, Arizona
Your Role & Responsibilities in Determining Business Grand Opening Date	1	0	Online or Phoenix, Arizona
Broker Organization, Deal Tracking & Transactions	2.5	0	Online or Phoenix, Arizona
Marketing Your Office & Services	1	0	Online or Phoenix, Arizona

Subject	Classroom Training (Hours)	On the Job Training (Hours)	Location
Revenue Projections & Tax Implications	1	0	Online or Phoenix, Arizona
Accounting & Financial Planning Overview	1	0	Online or Phoenix, Arizona
Final FranReal Review & Getting Started	1	0	Online or Phoenix, Arizona
Subtotal Hours	30	0	
Total Hours	30		

Instructional materials that will be utilized in the initial training process includes our Manuals. All training will be conducted under the direction and supervision of our Founder and CEO, Ty Brewster and will utilize instructional materials comprised of live instruction, handouts and the Manuals. Ty Brewster is our CEO and Founder and Mr. Brewster has over twenty (20) years of experience in the Commercial Real Estate and Franchise industries. Mr. Brewster is a nationally certified Broker and Certified Franchise Expert. In addition to initial training you will also be required to participate in and satisfy all other training programs that we may establish respecting the operation of your FranReal Business. (Franchise Agreement, Sections 4 and 7.J).

After the opening of your FranReal Business we reserve the right to require that you (or your managing Broker if you are a corporate entity) attend a system-wide training program (the “System-Wide Training Program”) that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate owned FranReal Business in Phoenix, Arizona and you will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Program for more than a total of five (5) days in any calendar year.

ITEM 12 TERRITORY

Designated Operating Territory

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. However, for all other franchise opportunities, during the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and, except as to the Reserved Rights identified below, neither us nor our affiliates will establish or operate, or franchise any third-party to establish or operate, a FranReal Business using the Licensed Marks and System within your designated operating territory prior to informing you of our intent to establish or operate, or franchise any third-party to establish or operate, a FranReal Business using the Licensed Marks and System within your designated operating territory and providing you an opportunity to upgrade yourself to a National Franchise Opportunity (your “Operating Territory”). You may only operate the Franchised Business within your designated Operating Territory.

The scope and size of your Operating Territory will vary depending on local factors and whether or not, at the time of signing your Franchise Agreement, your designated Operating Territory qualifies as a Standard Operating Territory, a Standard Operating Territory that has been supplemented with the purchase of up to two additional geographic zones or, a Small Market Operating Territory. A Standard Operating Territory

consists of a geographic area that contains an approximate population of 500,000. Subject to availability, our approval and your payment of additional Initial Franchise Fees identified in Item 5 of this Disclosure Document, one or two additional geographic zones (with each zone containing a population of, approximately, 250,000 people) may be added to your Standard Operating Territory at the time of signing your Franchise Agreement. A Small Market Operating Territory will generally consist of a geographic area that contains an approximate population of less than 450,000. Our determination as to the approximate population within your Operating Territory will be based on U.S. Census Bureau data or other publically available data that we believe to be more reliable. Our determination as to the population within your Operating Territory will be made at the time of signing your Franchise Agreement, and will be based on raw data and without regard to demographics or other qualifying factors.

We will not alter the size of your Operating Territory without your written consent. We will not decrease the size of your Operating Territory if the population within your Operating Territory increases. We will not increase the size of your Operating Territory if the population within your Operating Territory decreases. The continuation of your Operating Territory is not dependent on the achievement of a certain sales volume, market penetration or other contingency other than your continued compliance with and satisfaction of the terms and conditions of your Franchise Agreement. The Franchise Agreement does not grant you options, rights of first refusal or similar rights for your acquisition of additional franchises within your Operating Territory or any contiguous areas.

Territory Rules

You must operate your FranReal Business and provide the System Services and Products of your FranReal Business exclusively within your Operating Territory. The marketing of your FranReal Business must be targeted to your Operating Territory and you are not permitted to directly solicit customers outside of your Operating Territory. Provided that you do not engage in any Direct Solicitation of customers outside of your Operating Territory or within the Operating Territory of another FranReal Business, you may provide, subject to our written approval, System Services and Products within an Open Area, subject to the following definitions, rules and limited circumstances:

- (a) You cannot engage in any Direct Solicitations outside of your Operating Territory. The term “Direct Solicitation” refers to and means “communications and/or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, digital media and/or other forms of marketing directed toward customers, potential customers or referral sources of a FranReal Business;”
- (b) You cannot provide System Services and Products in the designated territory or Operating Territory of another FranReal Business (an “Assigned Area”);
- (c) An “Open Area” is a geographic area that (i) is not an Assigned Area; and (ii) is located within a five (5) mile radius of your Operating Territory.
- (d) You must obtain our written approval, in each instance, before providing System Services and Products to a customer in an Open Area;
- (e) Once an Open Area becomes an Assigned Area you will no longer be authorized to provide System Services and Products to any customers within the Open Area and you must turn over

to us, for the benefit of another FranReal Business franchisee, all information and records related customers in the Open Area; and

- (f) You must satisfy and/or comply with other conditions and/or restrictions that we may designate and set forth in the future in the Manuals.

Reserved Rights

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you (Franchise Agreement, Section 2.D), to engage in the following activities (our “Reserved Rights”): (a) operate and grant to others the right to develop and operate FranReal Businesses and Franchised FranReal Businesses using the System and Licensed Marks at locations outside your Operating Territory as we deem appropriate and irrespective of the proximity to your Operating Territory; (b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation to own and operate, franchise, and/or franchise others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not utilizing the Licensed Marks) within your Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to the Franchised Business, even if such business or businesses presently or, in the future, own and operate, franchise and/or franchise others to own and operate businesses that offer and sell products and services that are the same as or similar to the Franchised Business (but not utilizing the Licensed Marks) within your Operating Territory; (d) use the Licensed Marks and System to offer, sell, and provide the approved products and services offered and sold by the Franchised Business or products and services similar to the approved products and services offered and sold by the Franchised Business on behalf of regional and/or national customer accounts (such as retail chain stores, corporations, organizations and businesses that maintain outlets, locations, offices, facilities, and/or businesses throughout a regional or nationally) (referred to as “Special Accounts”) within or outside your Operating Territory; and (f) use the Licensed Marks and System and to franchise others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

Special Accounts

FranReal and our Related Parties have the right to market, offer, sell and provide Commercial Real Estate Services and other services through independent contractor relationships and/or an internal and/or corporate sales force to entities/organizations/retail chains having multiple, commonly branded or similarly associated outlet facilities, which typically, but not necessarily, operate nationally or regionally and have outlets located over multiple Franchisee Operating Territory (individually and collectively, “Special Accounts”). We and/or Related Parties can solicit, service and/or administer Special Accounts wherever located and may request related assistance from Franchisees and/or from independent third party commercial real estate brokerages, according to processes and procedures we can establish as we consider appropriate in the Manuals or through other written instruction. If you accept such a request from us, you will be required and agree to participate in the applicable Special Account project/transaction on terms that we have negotiated. You are free to negotiate your own fees on a client-by-client basis, except as to Special Accounts. Notwithstanding any other term of this Agreement, you may not solicit or service Special Accounts clients that are parties to agreements with us or a Related Party of ours without our written approval. You agree to comply with any Policies we establish in the Manuals or other written communication relating to such restrictions, to franchisees’ co-operative Franchise practices/conduct and/or to matters and/or disputes with or among franchisees relating to Special Accounts or other client matters.

Co-Listing

Except for Special Accounts, no restrictions exist on you or us or on any of our franchisees, licensees or Related Parties as to customers (including those in or outside their respective assigned areas) that may be solicited or from whom business can be accepted, and we and our franchisees, licensees and affiliates are free to advertise and solicit business from any area desired, subject to our general standards for advertising and our policies regarding co-listing of properties outside your Assigned Area. However, to competitively attract and effectively service any potential or existing client that owns, manages or controls multiple commercial real properties located within and outside of any single marketing area, we may establish policies governing the manner in which those clients are solicited and serviced.

You may offer, sell and provide Approved Services in any geographic area or jurisdiction where you are licensed and have qualified to do business if required, and are otherwise legally entitled to do so, subject to our rights involving Special Accounts as described below in this Item. You will be permitted to operate your FranReal business only at a specific location which we accept, as described in the Franchise Agreement, unless otherwise approved by us in writing.

No compensation is paid to you if we or a franchisee, licensee or Affiliate solicits or accepts business from within your or any other market area, except for any co-listing or fee sharing arrangements you may have with that person. To provide the highest degree of service to clients, if you perform Commercial Real Estate Services in connection with real property or businesses located outside your non-exclusive Assigned area, you must co-list with a qualified FranReal franchisee having an office in the market area in which the real property or business is located, if one is available, according to FranReal's co-listing Policies, as provided in the Manuals or other written instruction published by us occasionally. If there is no qualified FranReal broker or real estate agent at a Franchise located in the Assigned Market Area in which the subject property is located, you can, with our prior consent, co-list with an unaffiliated commercial real estate broker close to the property or business or, if feasible due to proximity and preference of the client, you may service the listing directly, provided you alert FranReal Franchises in the area in advance of publicizing the listing. We have an unrestricted right to deny any consent if we determine that a qualified FranReal Broker or Real Estate agent is available for the co-listing. We suggest that the share of the listing to a local franchisee be at least 10% of the list side fee. In any event, our current policies provide that the local franchisee should be brought in on a co-listing basis before or promptly after the primary franchisee secures the listing agreement with the client and according to any timeframe specified in the Manuals. These recommendations and policies are subject to change by us.

Additional Disclosures

We do not grant to you any right to share in the proceeds received by us, our affiliates or any third-party from the activities outlined in the preceding paragraph as to our Reserved Rights including, soliciting or conducting business under our Reserved Rights within your Operating Territory. We will not unreasonably withhold our approval of your request to relocate your Administrative Office provided that it is relocated within your Operating Territory and otherwise meets our System standards.

We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sell or will sell goods or services similar to those that will be offered by you through the Franchised Business.

ITEM 13 TRADEMARKS

We grant you the right to operate a business using our System, which is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the "Marks"), as are designated

by us in writing for use in connection with the System. Our right to use and license others to use the Marks is exercised pursuant to a ninety-nine (99) year intellectual property license agreement with our founder, Ty Brewster (the “IP Agreement”), which, if not renewed, ends on February 28, 2124, and which can be terminated upon thirty-days’ notice for a material breach. Under the IP Agreement, we are granted the right to use and to permit others to use the Marks. We have the right to license the use of the registered trademark to you for the term of the Franchise Agreement, including any extensions or renewals.

Principal Trademarks Registered with the United States Patent and Trademark Office

The following trademarks (the “Marks”), which are applied for, are a part of our System, will be used by you in the operations of your FranReal Business, unless otherwise designated by us, and are registered with the United States Patent and Trademark Office (“USPTO”).

Mark	Serial Number	Application Date
FRANREAL	99058710	February 26, 2025
	99058706	February 26, 2025

There are no currently effective material determinations of the USPTO, the Trademark and Appeal Board, the trademark administrator in any state or any court, no pending infringement, opposition or cancellation proceedings; and no pending litigation involving the Marks.

We know of no superior rights or infringing uses that could materially affect your use of the Marks or other related rights in any state.

You are required to provide us with written notice of all claims that you may become aware of concerning the Licensed Marks including your use of the Licensed Marks and/or a claim associated with a third-party’s use of a trademark that is identical or confusingly similar to the Licensed Marks. We maintain the exclusive discretion to take any and all actions or, to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. We possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlements concerning any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable respecting the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that your use of the Licensed Marks is in accordance with the Franchise Agreement, the Manuals, and is consistent with our instructions and the franchise granted to you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions to you and, you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third-party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use the those trademarks, service marks, logos and trade names designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents. We may copyright or have copyrighted advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the United States Copyright Office to register these copyrights. We have not applied to the United States Patent and Trademark Office for the issuance of any patents.

You must keep as confidential our Manuals, supplements to the Manuals and any other manuals or written materials (including those materials made available to you in electronic format or as part of an online or cloud based network that is a part of the System or designated by the System) used in connection with the Franchised Business. The Manuals contain information about our System, System Services and Products, System Equipment and Supplies, proprietary products, marketing systems, and, among other things, confidential methods of operation. We consider the information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copy, duplication, record, reproduction or access to this information. You must also require your employees to sign confidentiality agreements that will require them to keep confidential, both during and after their employment, all information designated by us as confidential. You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, and/or proprietary or confidential information, including, but not limited to, our Manuals. We will take any and all actions (or refrain from same) that we determine, in our discretion, to be appropriate. We may control any action we choose to bring. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third-party establishes to our satisfaction, in our discretion, that its right to these materials are superior, then you must modify or discontinue your use of these materials in accordance with our written instructions.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You, or if you are a Corporate Entity, your managing shareholder, member and/or partner, will be personally responsible for the management and overall supervision of your FranReal Business (the “Managing Owner”). Your Managing Owner must complete, to our satisfaction, our initial training program and must be approved by us. While we recommend that your Managing Owner personally participate in the day-to-day management and on-site supervision and operations of your FranReal Business, you may hire an operating manager to supervise and manage the day-to-day on-site operations of your FranReal Business provided that your operating manager: (a) meets all of our minimum standards and criteria for managers; (b) completes, to our satisfaction, our initial training program; and (c) signs our confidentiality agreements (an “Operating Manager”). We do not require that your Operating Manager own any equity interest in the franchise. (Franchise Agreement, Section 7.J). At all times, your FranReal Business must be managed and supervised on-site by either a Managing Owner, Principal Broker or Operating Manager. If you own and

operate multiple FranReal Businesses then each FranReal Business must be managed and supervised on-site by an Operating Manager or Broker.

You and, if you are Corporate Entity, each of your members, shareholders and/or partners (collectively, “Owners”), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and Owner’s spouse must personally guarantee your obligations to us under the Franchise Agreement (Franchise Agreement, Section 6 and, Franchise Agreement Exhibits 1 and 2). You and each Owner and spouse must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for thirty-six (36) months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), you will not participate in any competitive business located within and/or servicing customers located within your Operating Territory and a twenty-five (25) mile radius surrounding your Operating Territory. Further you will not participate in any competitive business located within and/or servicing customers located within a ten (10) mile radius of any other FranReal Business and/or the operating territory of any other Franchised Business. Your managers and all other employees and agents with access to our confidential information will be required to sign a confidentiality agreement (Franchise Agreement, Section 6 and, Franchise Agreement, Exhibit 4).

ITEM 16

RESTRICTIONS ON PRODUCTS AND SERVICES SOLD

You may only sell the System Services and Products as specified in the Manuals or otherwise approved by us in writing and you may only sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered sold by FranReal Businesses. You are not limited to whom you may sell products and services of your FranReal Business, provided you do so exclusively within your Operating Territory and as otherwise required by us and in compliance with the standards we determine for the System.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Sections in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.B	The term is ten (10) years for the National Franchise Opportunity, and ten (10) years for the Local Franchise Opportunity.
b. Renewal or extension of the term	Section 15	If you meet our conditions for renewal you may renew your franchise for one additional ten (10) year term for the National Franchise Opportunity, and ten (10) years for the Local Franchise Opportunity.
c. Requirements for franchisee to renew or extend	Section 15	You must: not be in default of the Franchise Agreement; have complied with all material terms and conditions of your current Franchise Agreement;

Provision	Sections in Franchise Agreement	Summary
		your owners must be in compliance with and not have violated their agreements with us; give us one hundred and eighty (180) days prior written notice of your request to renew the Franchise Agreement; sign our then current form of franchise agreement and related agreements; sign a general release; pay a renewal fee; pay all monetary obligations owed to us; remodel and upgrade the facility for your Administrative Office. Upon renewal, the then current form of franchise agreement that you will be required to sign may contain terms and conditions materially different from those in your previous franchise agreement.
d. Termination by franchisee	Section 16.B	You may terminate the Franchise Agreement only if you are in compliance with the Franchise Agreement and we fail to cure a material breach of the Franchise Agreement within thirty (30) days or, if the breach cannot be cured within thirty (30) days, then within such period of time that is reasonable to cure the breach.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with “cause”	Section 16.A	We can terminate if you are in default of the terms of the Franchise Agreement.
g “Cause” defined-curable defaults	Section 16.A(3)	You will have thirty (30) days to cure a default where you: fail to timely lease a location that we approve for your FranReal Business; fail to timely develop your FranReal Business; fail to timely open your FranReal Business; your development and/or operation of your FranReal Business violates federal, state or local laws, unless such violation poses a threat to public health or safety; fail to maintain insurance coverage that we require; fail to comply with our standards, systems or specifications as we may designate or as otherwise designated in the Manuals; refuse or fail to pay a supplier or vendor without legal justification; fail to operate your FranReal Business in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable. You have ten (10) days to cure a failure to pay fees due to us or an affiliate of ours.

Provision	Sections in Franchise Agreement	Summary
h. "Cause" defined-non-curable defaults	Sections 6.A(1) and 16.A(2)	The following defaults cannot be cured where: you are deemed insolvent; you make an assignment for the benefit of creditors; admit in writing your inability to pay debts; you are adjudicated bankrupt or insolvent; you file a voluntary bankruptcy petition; a voluntary bankruptcy petition is filed against you and you fail to file a motion to vacate or dismiss the petition within sixty (60) days of its filing; you seek or acquiesce to the appointment of a trustee or receiver; a court orders the appointment of a trustee or receiver over the Franchised Business; execution is levied against the Franchised Business; a final judgment is entered against the Franchise Business and is not satisfied within thirty (30) days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchise Business and such action is not dismissed after sixty (60) days; real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; you abandon or fail to continuously own and operate the Franchised Business; on three (3) or more occasions during the term of the Franchise Agreement you fail to timely submit records and/or reports to us; on three (3) or more occasions during the term of the Franchise Agreement you fail to timely pay fees and/or other financial sums due to us; the Franchisee's Disclosure Questionnaire and Representations Agreement contains material omissions and/or misstatements; you attempt to transfer the Franchise Agreement and/or the assets of the Franchised Business without our prior written consent; you misuse, divulge or communicate to any unauthorized third party the confidential information and/or the contents of the Manuals; you engage in conduct that materially impairs our Licensed Marks or System and/or the goodwill and reputation of our Licensed Marks or System; you or an owner are convicted of a felony or plead guilty or nolo contendere to a felony; you or an owner engaged in dishonest or unethical conduct that, in our judgment, results in embarrassment to us, our FranReal Businesses and/or the System; you underreport your Gross Revenue and/or financial performance resulting in, in any instance, the underpayment, by five (5%) percent or more, of royalties and/or other fees due from you to us; you use equipment and/or supplies

Provision	Sections in Franchise Agreement	Summary
		not approved by us; you fail to timely complete our training programs as designated by us and as determined in our discretion; engage in conduct and/or operations of the Franchised Business that poses an immediate threat or danger to public health or safety; you lose the right to occupy the facility and approved location of the Franchised Business; you fail to comply with Anti-Terrorism laws; you fail to immediately notify us of any know breach by a third-party of our Confidentiality Agreement; you misappropriate, misuse or otherwise make any unauthorized use of the Licensed Marks, the confidential information and/or the System; you fail to pay a fee due to us within ten (10) days' notice from us; and/or you fail, without legal justification, on more than three (3) occasions to pay a supplier or vendor of the Franchised Business.
i. Franchisee's obligations on termination/non-renewal	Sections 6 and 17	You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the Manuals, the Business Management System, the Business Management System Data, and the System Equipment and Supplies; return the Manuals and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.
j. Assignment of the contract by franchisor	Section 14.A	No restriction on our right to assign.
k. "Transfer" by franchisee-definition	Section 14.B	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership

Provision	Sections in Franchise Agreement	Summary
		interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
l. Franchisor's approval of transfer by franchisee	Section 14.B	Transfers require our prior written consent, which may be granted or withheld in our discretion.
m. Conditions for franchisor's approval of transfer	Section 14.C	Provide us with thirty (30) days prior written notice of the proposed transfer; you and your owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee's owners and their spouses must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your owners and their spouses must sign a general release in favor of us; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; and we approve of the transfer and transferee in writing and subject to our discretion; you pay the Transfer Fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.F	We have the right to match any offer to purchase your FranReal Business or the corporate entity operating your FranReal Business.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	Section 14.D	If you are an individual, within thirty (30) days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager or Broker approved by us and within sixty days of such appointment the Operating Manager or Broker must complete, to our satisfaction, our initial training program. Within twelve (12)

Provision	Sections in Franchise Agreement	Summary
		months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If franchisee is a Corporate Entity, within thirty (30) days of the death or permanent disability of your Managing Owner or Broker, if there are other Owners, must appoint a replacement Operating Manager or Broker approved by us and within sixty days of such appointment the replacement Operating Manager or Broker must complete, to our satisfaction, our initial training program.
q. Non-competition covenants during the term of the franchise	Section 6	No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants.
r. Noncompetition covenants after the franchise is terminated or expires	Sections 6 and 17.E	No involvement, ownership or interest whatsoever for two (2) years in any competing business in: your operating territory; a twenty-five (25) mile radius surrounding your operating territory; a ten (10) mile radius surrounding the operating territory of any other FranReal Business; and you must comply with confidentiality, non-disclosure and non-solicitation covenants.
s. Modification of the agreement	Section 18.O	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
t. Integration/merger clauses	Section 18	Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective exhibits to the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 18.G and 18.H	Except for certain claims, claims must first be mediated prior to arbitration or litigation. All disputes must be litigated in Arizona. The arbitration will occur with each respective party paying their own costs.
v. Choice of forum	Sections 18.F, 18.H, and 18.I	State court of general jurisdiction that is within or closest to Phoenix, Arizona or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed.
w. Choice of law	Sections 18.F, 18.H, and 18.I	Arizona law will govern (except as otherwise disclosed in <u>Exhibit H</u> to this Disclosure Document).

**ITEM 18
PUBLIC FIGURES**

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ty Brewster, FranReal, LLC at 44 W. Monroe Street, Suite 3201, Phoenix, Arizona 85003 and 609-922-4494, 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 2022 to 2024**

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned	2022	0	0	0
	2023	0	0	0

	2024	0	0	0
Total Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	0	0

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2022 to 2024

STATE	YEAR	NUMBER OF TRANSFERS
None	2022	0
	2023	0
	2024	0

TABLE NO. 3
STATUS OF FRANCHISED OWNED OUTLETS
FOR YEARS 2022 to 2024

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2022 to 2024

State	Year	Outlets at start of year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of year
Arizona	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	0
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	0

TABLE NO. 5
PROJECTED OPENINGS
AS OF December 31, 2024

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	0	0
Colorado	0	0	0
Florida	0	1	0
Georgia	0	1	0
Louisiana	0	0	0

Massachusetts	0	0	0
Michigan	0	1	0
Nevada	0	1	0
New Jersey	0	1	0
New York	0	0	0
Pennsylvania	0	0	0
Texas	0	1	0
TOTAL	0	7	0

Notes to Tables:

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. We know of no franchisee organizations that are associated with our System and that utilize our Licensed Marks or the FranReal trade name as part of the franchisee organizations name.

Exhibit F to this Disclosure Document contains a list of our then current franchisees as of the end of the Issuance Date of this Disclosure Document.

Exhibit G to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during our most recently completed fiscal year or who has not communicated with us within ten (10) weeks of the Issuance Date of this Disclosure Document.

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

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit D is our unaudited financial statements dated December 31, 2024. Our fiscal year ends on December 31. **We have not been in business for three years or more and cannot include all financial statements required by the Federal Trade Commission's Franchise Rule for our last three fiscal years.**

ITEM 22

CONTRACTS

Attached to this Disclosure Document or to the Exhibits attached to and comprising the Franchise Agreement attached to this Disclosure Document are copies of the following franchise and other contracts and agreements in use or proposed for use:

Exhibits to this Disclosure Document

Exhibit <u>E</u>	Franchise Agreement
Exhibit <u>H</u>	State Specific Addendum

Schedules and Exhibits to the Franchise Agreement

Schedule <u>1</u>	Operating Territory Acknowledgement
Schedule <u>2</u>	Operating Territory Type, Franchise Fee, and Administrative Office
Schedule <u>3</u>	Statement of Franchisee's Owners
Exhibit <u>1</u>	Franchise Owner Agreement and Guaranty
Exhibit <u>2</u>	Joinder Agreement
Exhibit <u>3</u>	Franchisee Disclosure Questionnaire and Representations Agreement
Exhibit <u>4</u>	Confidentiality Agreement
Exhibit <u>5</u>	Administrative Office Location Acknowledgement
Exhibit <u>6</u>	Assignment of Telephone Numbers and Digital Media Accounts
Exhibit <u>7</u>	General Release
Exhibit <u>8</u>	ACH Authorization Form

Individual state law may supersede the provisions contained in your Franchise Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. See, the state specific addendums contained in Exhibit H of this Disclosure Document.

ITEM 23

RECEIPTS

Two copies of a detachable receipt in Exhibit J are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address Ty Brewster, FranReal, LLC, 44 W. Monroe Street, Suite 3201, Phoenix, Arizona 85003. The duplicate is for your records.



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A
STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection and Innovation
320 West 4th Street Suite 750
Los Angeles, CA 90013

Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677
www.dfpi.ca.gov
ask.dfpi@dfpi.ca.gov

Connecticut

Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida

Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii

Franchise & Securities Division
State Department of Commerce
P.O. Box 40
Honolulu, HI 96813

Illinois

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

Indiana

Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street Room E-111
Indianapolis, IN 46204

Kentucky

Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine

Department of Professional and Financial
Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
PO Box 30213
Lansing, MI 48909

Minnesota

Minnesota Department of Commerce
Registration and Licensing Division
85 7th Place East, Suite 500
St. Paul, MN 55101

Nebraska

Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400, Lincoln, NE 68509

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

North Carolina

Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota

Office of Securities Commissioner
600 East Boulevard, 5th Floor
Department 414
Bismarck, ND 58505

LIST OF STATE ADMINISTRATORS (CONTINUED)

Rhode Island

Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina

Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota

Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas

Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah

Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
PO Box 146704
Salt Lake City, UT 84114

Virginia

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

Washington

Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507

Wisconsin

Franchise Office
Wisconsin Securities Commission
PO Box 1768
Madison, WI 53701



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

FranReal, LLC, 44 W. Monroe Street, Suite 3201, Phoenix, Arizona 85003
Attn: Ty Brewster, Founder and CEO

California

Department of Financial Protection and Innovation
320 West 4th Street Suite 750
Los Angeles, CA 90013

Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677
www.dfpi.ca.gov
ask.dfpi@dfpi.ca.gov

Connecticut

Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii

Director of Department of Commerce and Consumer
Affairs
335 Merchant Street, Suite 203
Honolulu, HI 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota

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

New York

Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Securities Commissioner
State Capitol
600 East Boulevard
Bismarck, ND 58505

Rhode Island

Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington

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

Wisconsin

Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C

OPERATIONS MANUAL TABLE OF CONTENTS



FRANCHISE OPERATIONS MANUAL

2025

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FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D
FINANCIAL STATEMENTS

FranReal LLC

Profit and Loss

October - December, 2024

	TOTAL
Income	
Sales	98,688.92
Total Income	\$98,688.92
GROSS PROFIT	\$98,688.92
Expenses	
Advertising & marketing	13,937.96
Contract labor	33,836.46
Employee benefits	34.80
Entertainment	109.43
General business expenses	
Bank fees & service charges	137.00
Memberships & subscriptions	4,311.76
Total General business expenses	4,448.76
Interest paid	2,822.90
Legal & accounting services	237.22
Legal Fees	249.00
Total Legal & accounting services	486.22
Meals	1,076.04
Meals with clients	3,464.13
Travel meals	4,185.73
Total Meals	8,725.90
Office expenses	
Office supplies	1,481.06
Shipping & postage	96.58
Software & apps	5,740.15
Total Office expenses	7,317.79
Rent	
Equipment rental	28.52
Total Rent	28.52
Supplies	
Supplies & materials	108.81
Total Supplies	108.81
Travel	419.08
Airfare	3,405.16
Hotels	10,628.63
Taxis or shared rides	691.69
Vehicle rental	48.22
Total Travel	15,192.78

FranReal LLC

Profit and Loss

October - December, 2024

	TOTAL
Utilities	
Phone service	171.00
Total Utilities	171.00
Total Expenses	\$87,221.33
NET OPERATING INCOME	\$11,467.59
Other Expenses	
Vehicle expenses	
Parking & tolls	24.22
Vehicle gas & fuel	1,642.65
Vehicle repairs	422.62
Total Vehicle expenses	2,089.49
Total Other Expenses	\$2,089.49
NET OTHER INCOME	\$ -2,089.49
NET INCOME	\$9,378.10

FranReal LLC

Balance Sheet

As of December 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Business Adv Relationship - 6303 - 1	43,152.18
Business Adv Relationship - 6316 - 1	888.70
Total Bank Accounts	\$44,040.88
Total Current Assets	\$44,040.88
TOTAL ASSETS	\$44,040.88
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Chase Credit Card	25,620.82
Citibank Credit Card	44,500.54
Total Credit Cards	\$70,121.36
Other Current Liabilities	
Lines of credit	25,650.85
Total Other Current Liabilities	\$25,650.85
Total Current Liabilities	\$95,772.21
Total Liabilities	\$95,772.21
Equity	
Opening balance equity	-38,109.43
Retained Earnings	
Net Income	-13,621.90
Total Equity	\$ -51,731.33
TOTAL LIABILITIES AND EQUITY	\$44,040.88



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E
FRANCHISE AGREEMENT

FRANREAL FRANCHISE AGREEMENT

Franchise Owner:

Date:

Franchise State:



FRANREAL, LLC

FRANREAL FRANCHISE AGREEMENT

Franchisee Name

FRANREAL FRANCHISE AGREEMENT

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Schedule 2	Operating Territory Type, Franchise Fee, and Administrative Office Location Acknowledgment
Schedule 3	Statement of Franchisee’s Owners
Exhibit 1	Franchise Owner Agreement and Guaranty
Exhibit 2	Joinder Agreement
Exhibit 3	Franchisee Disclosure Questionnaire and Representations Agreement
Exhibit 4	Confidentiality Agreement
Exhibit 5	Administrative Office Location Acknowledgment
Exhibit 6	Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 7	General Release
Exhibit 8	ACH Authorization

FRANREAL FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is entered into on _____, 20__ (“Effective Date”), by and between FranReal, LLC, An Arizona limited liability company with a principal place of business located at 44 W. Monroe Street, Suite 3201, Phoenix, Arizona 85003, (the “Franchisor”) and _____ (the “Franchisee”).

RECITALS

WHEREAS, Franchisor has developed two distinctive and proprietary types of franchises: (i) a Local Franchise Opportunity, and (ii) a National Franchise Opportunity (collectively, the “System”) for the establishment, development and operation of a business that provides professional commercial real estate brokerage services that specialize in the sale and leasing of commercial properties as well as other real estate-related activities that include listing, co-listing, offering, selling, purchasing, exchanging, leasing, or renting of commercial real property (including certain types of businesses conducted on the commercial real property), property management services, and other services and products that the Franchisor authorizes (the “System Services and Products”) under the Licensed Marks (defined below) (each, a “Franchised Business”, or “FranReal Business”);

WHEREAS, the System and, therefore, each FranReal Business, is identified by the Licensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time; and

WHEREAS, Franchisee desires to obtain the non-exclusive franchise and right to use the System in the development and operation of a FranReal Business within a designated operating territory and pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties do hereby agree, as follows:

SECTION 1 DEFINITIONS

Supplementing the terms and definitions contained in the foregoing “Recitals”:

“**Accounting Period**” is the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee’s obligations to report financial information and data to Franchisor (including Gross Revenue) and Franchisee’s payment of all fees, including, but not limited to, Royalty Fees, Advertising Contributions, Technology Fees, and other on-going fees. The “Accounting Period” shall be a monthly period commencing not later than the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and shall continue each and every month thereafter throughout the Term of this Agreement.

“**Actual Business Commencement Date**” refers to and means the date of the grand opening of the Franchised Business and/or the date upon which the Franchised Business is open to the public.

“Adjusted Gross Income” refers to and means all consideration of any kind before splits, expenses or other outlays earned, due or received by you or any of your Licensed Associates in connection with a transaction for which a real estate license is required, including, among other things, (a) cash, commissions, referral fees, commission notes, promissory notes, securities and interests in commercial real estate investment entities, and (b) all income from property leasing, business opportunity brokerage, appraisals and the other activities, if any, allowed by this Agreement. However, Adjusted Gross Income excludes: (i) Income from property management services; (ii) Income from notary services, operation of a real estate school or from construction, land development or real estate investment unless the income is earned for listing, marketing or selling property through the Office; (iii) Income from co-op commissions and referral fees paid to other licensed real estate firms; (iv) Income that you and we have expressly agreed in advance and in writing to exclude from Adjusted Gross Income; and (v) The sale or purchase of real property that you own or that is owned by one of your Licensed Associates as clearly evidenced by documentation you submit to us. This exclusion will apply only to one sale or purchase sale during any 12-month period by the concerned buyer or seller.

“Administrative Office(s)” refers to and means the fixed administrative offices and/or facilities from which FranReal Businesses may be established, operated and managed. An Administrative Office is a commercial office facility from which Franchisee manages the administrative and back-end operations of the Franchised Business. If Franchisee elects to conduct the administrative operations of the Franchised Business from a home office, Franchisee may do so as long as same is permitted by applicable laws and regulations and, in such event, reference in this Agreement to the term “Administrative Office” shall also refer to Franchisee’s home office.

“Advertising Contributions” refers to and means any and all obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor’s affiliate and/or designees as set forth in this Agreement including, but not limited to, the Brand Development Fund Fee ([Section 9.A](#)).

“Affiliates” means entities that may own us, which we may own or with which we are under common ownership. “Affiliates” also includes any individuals or other entities that we designate as such.

“Ancillary Agreements” refers to and means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee but, not including this Agreement; and (b) Franchisor and each of Franchisee’s Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Franchise Owner Agreement and Guaranty, Joinder Agreement, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

“Ancillary Services” means offering or performing under the Marks and the Franchise those specific services, if any, which are ancillary and in addition to Commercial Real Estate Services.

“Annual Conference Attendance Fee” refers to and means an annual conference fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceed \$1,000 per attendee annually.

“Annual System Conference” refers to and means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among FranReal Business franchisees, and general education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. The Annual System Conference shall be for a duration of not more than three consecutive days

per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee's travel to and attendance at the Annual System Conference.

"Applicable Law" means and includes all civil and criminal laws, statutes, rules, regulations, ordinances, policies and procedures established by any Governmental Authority pertaining to and/or governing the operation of the Franchise, including, but not limited to, all real estate salesperson and broker laws, real property sales laws, immigration and labor laws, health and safety laws, and tax laws, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

"Approved Location" means the single location that we have approved in writing as the site at which you may own and operate a FranReal Office under the franchise granted by this Agreement.

"Approved Supplier" means a supplier that we have approved as a source from which you may purchase specified items that may only be purchased from an approved source. There may be more than one approved supplier for an item.

"Assigned Area" refers to and means the operating area and areas or designated area and areas of current and future FranReal Businesses other than the Operating Territory of Franchisee's FranReal Business. Franchisor shall exclusively determine Assigned Areas.

"Assignment of Telephone Numbers and Digital Media Accounts" refers to and means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 6.

"Authorized Salesperson" means and includes each Licensed Persons employed by the Franchisee or Principal Broker, and such additional Licensed Persons as may be subsequently engaged by Franchisee, unless and until terminated by such Principal Broker, or until such time as the person fails to be a Licensed Person under Applicable Law or to meet FranReal's reasonable qualification criteria, as set forth in the Manuals.

"Authorized User" means a person with written authorization by FranReal to use the Technology Services.

"Brand Development Fund Fee" shall have the meaning defined and set forth in Section 9.A. of this Agreement.

"Brand Development Fund" shall have the meaning defined and set forth in Section 9.A. of this Agreement.

"Brand Fund" means a fund established by FranReal for purposes of increasing brand awareness and national advertising.

"Brokerage Services" means all Commercial Real Estate Services.

"Business Day" means any calendar day other than Saturday, Sunday or a Federal holiday.

"Business Entity" means a corporation, limited liability company, partnership or other form of business organization established under applicable state law and which is not an individual.

"Business Management System Data" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by Franchisor or Franchisee) into the Business Management

System utilized by Franchisee; (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

“Business Management System” refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by Franchisor, in Franchisor’s Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business. Franchisor reserves the right to modify and designate alternative Business Management Systems as Franchisor determines in Franchisor’s Reasonable Business Judgment. Without limitation to the foregoing, the Business Management System may include: (a) multiple point of sale systems installed and maintained on-site at your Administrative Office; (b) portable tablet and/or computer systems utilized on-site when providing services to customers of the Franchised Business; (c) web based, private server based, network based and/or cloud based systems, processing systems, production systems and/or service delivery systems; and (d) customer systems. The Business Management System or systems may, in whole or in part, include and utilize internet, intra-net and cloud based and accessed applications, software, databases and/or systems that require Franchisee to access such systems and information through the internet or a private network and that stores the data and information relating to the Franchised Business on off-site servers through accounts and/or servers controlled by Franchisor. At all times, Franchisor shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee’s Business Management System Data.

“Commercial Real Estate Services” means acting as a broker, salesperson, agent or finder for or on behalf of sellers, buyers, lessors, tenants or others in connection with the listing, co-listing, offering, selling, purchasing, exchanging, leasing, renting, consulting, expert witness testimony, or managing of commercial real property, including vacant land transactions. FranReal reserves the right to condition, further define and interpret the scope of what shall constitute approved Commercial Real Estate Services from time to time through the Manuals or other written instruction to Franchisees.

“Competitive Activities” means to own, operate, lend to, advise, be employed by, or have any financial interest in any business, including any franchised, networked or affiliated business, that engages in the offer, sale or provision of Commercial Real Estate Services or Ancillary Services you are permitted by us to perform (or the franchising or licensing thereof), other than pursuant to and in accordance with this Agreement or any other agreement related to your operation of an FranReal Franchise.

“Competitive Business” refers to and means any business that is the same as or similar to a FranReal Business including, but not limited to, any business that offers and/or provides services and/or products relating to real estate brokerage services.

“Confidential Information” refers to and means all of Franchisor’s and/or Franchisor’s affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of FranReal Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by FranReal Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of FranReal Businesses; (d) customer lists and information related to FranReal Businesses and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

“Confidentiality Agreement” refers to and means the form of “Confidentiality Agreement” attached to this Agreement as Exhibit 4.

“Controlling Interest” a Controlling Interest shall exist for the following individuals, Owners, partners and/or entities: (a) (If Franchisee is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Franchisee is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

“Copyrights” refers to and means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor utilizes and/or allows FranReal Business franchisees to use, sell or display in connection with the development, marketing and/or operation of a FranReal Business, whether as of the Effective Date of this Agreement or any time in the future.

“Corporate Entity” refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snap Chat, YouTube, and Google+, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, FranReal Businesses, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Direct Solicitation” refers to and means “communications and/or contacts occurring through in person contact, telephone, mail, electronic mail, direct mail, distributed print media, Digital Media, Marketing Media, Media Distribution and/or marketing directed toward customers, potential customers or referral sources of a FranReal Business.

“Due Date” shall have the meaning defined and set forth in Section 5.B. of this Agreement.

“Effective Date” shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

“Expiration” means expiration of the Term of this Agreement, the non-renewal of this Agreement.

“Franchise Disclosure Questionnaire and Representations Statement” refers to and means the form of “Franchise Disclosure Questionnaire and Representations Statement” attached to this Agreement as Exhibit 3.

“Franchise Network” means the interdependent network composed of FranReal’s, all FranReal franchisees, FranReal’s Related Parties, any other persons or business entities that FranReal has licensed to use the Trade Name, Marks, System, or any of them.

“Franchise Owner Agreement and Guaranty” refers to and means the form of agreement attached to this Agreement as Exhibit 1. The Franchise Owner Agreement and Guaranty is an agreement and guarantee individually, jointly and severally entered into by the Owners of Franchisee.

“Franchised Business” refers to and means the FranReal Business that Franchisee shall develop and is required to establish, maintain and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual. Without limitation to the foregoing, the Franchised Business shall be exclusively established, maintained, owned and operated by Franchisee within Franchisee’s designated Operating Territory and in accordance with the terms of this Agreement.

“Franchisee’s Administrative Office” refers to and means the Administrative Office from which Franchisee establishes, operates and manages the Franchised Business. Franchisee’s Administrative Office must be located within Franchisee’s Operating Territory, must be approved by Franchisor and shall, further, have the meaning defined and set forth in Section 2.A. of this Agreement. Franchisee’s Administrative Office must be located within the Operating Territory at a location and facility approved, in writing, by Franchisor, in Franchisor’s Reasonable Business Judgment.

“Franchisor’s Reasonable Business Judgment” refers to, means and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System, FranReal Businesses and the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of FranReal Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor’s Reasonable Business Judgment that such decision, determination, action or choice made by Franchisor shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor’s Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor’s profits; (b) Franchisor shall not be required to consider Franchisee’s individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor’s obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee’s or such third party’s judgment for Franchisor’s Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor’s Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor’s Reasonable Business Judgment.

“FranReal Business(es)” shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of “FranReal Businesses”, shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor’s affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

“FranReal System Transaction” means a transaction whereby Commercial Real Estate Services are provided in connection with, or by referral from, (i) any broker, salesperson or Related Party of FranReal, or (ii) an FranReal franchisee, or any person or Business Entity associated with, or acting on behalf of any FranReal franchisee other than Franchisee.

“FranReal” means FranReal Franchising LLC or any person or entity to which FranReal allocates all or part of its rights and obligations under this Agreement.

“FranReal” or the “Franchise Business” means the single “FranReal” business that FranReal authorized You to conduct under the Trade Name, Marks, and System within the Operating Territory, Approved Territory, at the Approved Location, under this Agreement.

“GAAP” refers to and means United States Generally Accepted Accounting Principles.

“Geographic Zone” refers to and means a geographic area that includes a population of approximately 250,000. Franchisor, in Franchisor’s Reasonable Business Judgment, maintains the sole and exclusive discretion in designating what constitutes a Zone and the calculation of the approximate population located within a Zone. The determination as to the approximate population within a Zone is made by Franchisor as of the Effective Date of this Agreement based on U.S. Census Bureau data or other publicly available data that Franchisor believes to be more reliable. The approximate population will be determined in the aggregate and calculated based on raw data and without regard to demographics or other qualifying factors and is not subject to future adjustment.

“Good Standing” means timely compliance by You and Your Related Parties with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of amounts You owe to FranReal and its Related Parties.

“Gross Revenue” means the total dollar sales from all business and customers of your FranReal Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or corporate entity from business conducted or which started in, on, from or through your FranReal Business and/or your operating territory, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Revenue include the total gross amount of revenues and sales from whatever source derived from and/or derived by you (including any person and/or corporate entity acting on your behalf) from business conducted within and/or outside your operating territory that is related to your FranReal Business and/or a competitive business located and/or operated within your operating territory, outside your operating territory, and/or otherwise. Gross Revenue do not include sales or use taxes collected by you.

In Addition, “Gross Revenues” applies to all gross fees, commissions or other compensation calculated at their fair market value in United States currency, received or receivable by Franchisee (directly or indirectly), whether in cash, equity position, credit or for barter (and, if for credit or barter, whether or not

payment is received), or for any other consideration, in connection with all Commercial Real Estate Services, whether transaction or fixed-fee based. Gross Revenues also include without limitation all revenues, project management fees, consulting fees, finder fees, and commissions received or receivable by or on behalf of Franchisee's salespersons, agents and representatives in connection with any products or services that are promoted or sold under any of the Marks, including Commercial Real Estate Services, whether transaction or fixed-fee based, Leasing Services, Ancillary Services, multiple listing fees, taxes, commissions, overrides, bonuses and salaries, without deduction for Franchisee's costs or expenses.

Furthermore, "Gross Revenues" also shall include any fees and other compensation from all Leasing Services, including Leasing Services for a building for which Franchisee provides Property Management Services and any and all Property Management Revenue. If Residential Real Estate Brokerage Services or any other activity/service is approved by FranReal as a Permitted Outside Service under the Franchise Agreement and you or your Related Party use the Marks and/or any FranReal proprietary System, tool or resource in connection with such service(s) or activity(ies), any Commercial Real Estate Services fees or other amounts generated by you, your Related Party or your respective agents from such service(s)/activity(ies) shall be included in Gross Revenues and subject to Royalties. Payment of Royalties in such an event is not an exclusive remedy.

If Franchisee or any of its Principal Broker or Authorized Salespersons desires to offer and sell, exchange, lease or rent commercial real property in which they or any of them own a twenty-five percent (25%) or greater interest or owns a controlling interest, and provided Franchisee has the authority to do so, Franchisee shall cause such property to be listed and sold through Franchisee in accordance with this Agreement; provided that the foregoing obligation shall not apply to sales or leases in response to entirely unsolicited offers.

"Immediate Family" refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

"IP Claim" shall have the meaning defined and set forth in Section 11.E of this Agreement.

"Joinder Agreement" refers to and means the form "Joinder Agreement" attached to this Agreement as Exhibit 2.

"Know-How" refers to means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a FranReal Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"Leasing Services" means and includes leasing and related lease marketing services you provide to a tenant or landlord, under a contract, including leasing for any properties managed by you.

"Licensed Associate" means any real estate broker, Manager, salesperson or their equivalent, affiliated with your Office, whether active or inactive, full-time or part-time, including your Principal Broker and anyone else listed under the name of your FranReal business with the real estate licensing authority of your state.

"Licensed Marks" refers to and means the trademarks, service marks, emblems and indicia of origin, including the "FranReal real estate" trademark, the FranReal logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by Franchisor in connection with the

identification of FranReal Businesses and the System Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor in Franchisor's Reasonable Business Judgment.

"Licensed Person" means a Business Entity or individual who possesses a real estate broker's license or other license required to perform Commercial Real Estate Services or Ancillary Services that is valid and effective in the state in which the Franchise is conducted.

"Managers" refers to and means the Managing Owner plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers and board members who may possess access to the Confidential Information.

"Managing Owner" if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day-to-day oversight, management and operation of the Franchised Business. The Managing Owner must possess and maintain an ownership and equity interest in the Franchisee such that said individual owns, holds and controls not less than 25% of the equity and ownership interests in Franchisee. At all times, the Managing Owner must manage the operations of the Franchised Business.

"Manual" means the confidential Operations Manual and all other manuals that FranReal will lend to You, or authorize You to use, during the term of this Agreement and that contains information, forms and requirements for the establishment and operation of the FranReal, and for use of FranReal's Trade Name and Marks, along with communications from FranReal to You, including, but not limited to, bulletins, e-mails, and text messages.

"Marketing Media" refers to and means all communications, whether written, oral, digital, or otherwise utilized for and/or designed for the purpose of marketing, advertising and/or promoting Franchisee's FranReal Business including, but not limited to, Direct Solicitations, Web Based Media, Digital Media, social media, print publications, print mailers, email communications and public relations.

"Marks" means selected trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols licensed by FranReal to You under this Agreement.

"Media Distribution" refers to and means methods, by any means, for the publication, transmission, dissemination, distribution and/or delivery of Marketing Media.

"Monthly Minimum Royalty Fee Requirements" shall have the meaning defined and set forth in Section 5.B. of this Agreement.

"Noncompliance Fee" refers to and means a fee payable by Franchisee in an amount equal to the amount of costs and expenses that Franchisor incurs respecting the enforcement of Franchisor's rights under this Agreement in response to a default by Franchisee. Said costs and expenses shall include any and all reasonable administrative fees, legal fees, legal disbursements, consultant fees, expert fees, accounting fees and filing fees. Recoverable legal fees shall include legal fees and charges by both outside legal counsel and/or incurred by Franchisor as to Franchisor's in-house legal staff.

"Notice Period" shall have the meaning defined and set forth in Section 16.A of this Agreement.

"Open Area" refers to a geographic territory and area that (a) is not an Assigned Area; and (b) is located within a five (5) mile radius of Franchisee's Operating Territory.

“Operating Manager” refers to and means the Manager designated by Franchisee or Franchisee’s Managing Owner, that is charged with the obligation and responsibility to supervise and manage (on-site at Franchisee’s Administrative Office) the day-to-day operations of the Franchised Business. At all times, the Operating Manager must: (a) meet all of Franchisor’s minimum training and brand quality control standards and criteria for managers as may be set forth in the Operations Manual; (b) successfully complete Franchisor’s initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.

“Operating Principal” means the managing shareholder, partner, or member that you must designate if you are a legal entity.

“Operating Territory” refers to and means the territory identified and described in Schedule 1 attached to and made a part of this Agreement. Franchisor, in Franchisor’s Reasonable Business Judgment and discretion, shall determine the Operating Territory. Franchisor’s designation of Franchisee’s Operating Territory and whether or not Franchisee’s Operating Territory is a Small Market Operating Territory, a Standard Operating Territory, or a Standard Operating Territory that has been supplemented with one additional Geographic Zone or two Geographic Zones is set forth in Schedule “2” attached to and made a part of this Agreement.

“Operations Manual” refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of FranReal Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of FranReal Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor’s Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor’s modification from time to time and based on Franchisor’s Reasonable Business Judgment, the Operations Manual shall, among other things, designate the System Services and Products that must be offered and provided by the Franchised Business and the FranReal Business Ingredients and Supplies that must be exclusively utilized by the FranReal Business. Only System Services and Products may be offered and sold by the Franchised Business. Only System Equipment and Supplies may be utilized by Franchisee in the operations of the Franchised Business.

“Out of Territory Service Request” refers to and means a written documentation that is prepared and submitted in accordance with Franchisor’s standards and specifications wherein Franchisee: (a) identifies the name and contact information of a prospective customer located in an Open Area that has requested the services of Franchisee’s FranReal Business; (b) identifies the date for the proposed services and/or products to be provided by the Franchised Business; and (c) requests Franchisor’s written notification either approving or disapproving Franchisee’s request to provide System Services and Products on behalf of the prospective Open Area customer.

“Out of Territory Service” refers to and means the provision of System Services and Products within an “Open Area” and in accordance with the Territory Rules.

“Owner” refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company, (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee’s Owners are identified in Schedule 3 to this Agreement.

“Permitted Outside Services” means offering or performing those specific services, if any, described in Schedule 1 independently from and not under the Franchise and the Marks. If listed on Schedule 1, such services may include services like property management, auctioneering, “Residential Real Estate Brokerage Services,” construction; insurance; title insurance or searches; real estate syndicating; mortgage banking, escrow or appraisal service.

“Policies” shall mean and refer to the standards, specifications, policies, procedures, protocols and restrictions as FranReal may establish and revise from time to time, whether contained in the Manuals or as FranReal may otherwise direct in writing.

“Post-Term Restricted Period” refers to and means the two (2) year period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Post-Term Restricted Period” means the eighteen (18) month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity.

“Pre-Conversion Sales” means sales from an existing commercial real estate services business before it converts to an FranReal Franchise Business.

“Principal Broker” means the following Licensed Person, unless and until changed by mutual written agreement of the parties, or until such time as the person fails: (1) to devote substantial full time and best efforts to the supervision and conduct of the Commercial Real Estate Services Franchise, as licensed herein; (2) to be a licensed real estate broker under Applicable Law; or (3) otherwise to meet FranReal’s reasonable qualification criteria as set forth in the Manuals.

“Prohibited Activities” shall have the meaning defined and set forth in Section 6.D. of this Agreement.

“Proprietary Service” means any product or service that is composed of or in accordance with FranReal’s specifications or that bears or has been labeled with any of the Marks.

“Published Content” refers to and means any and all information, data, articles, blog posts, press releases, frequently asked questions, special offers, product information, service information, web posts, videos and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee’s agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to or posted to Digital Media.

“Related Party” or **“Related Parties”** means persons and companies affiliated with FranReal or You, as the context indicates, including, but not limited to, owners (as defined herein), general partners, limited partners, shareholders, or members, owning an interest in (i) FranReal or in You; (ii) corporations or limited liability companies in which FranReal or You have an interest; (iii) corporations or limited liability companies in which any person or entity owning an interest in You also has an interest; or (iv) officers, directors, members, or agents of FranReal or of You.

“Renewal Fee” shall have the meaning defined and set forth in Section 15.A. of this Agreement. The Renewal Fee is a fixed sum of our then-current initial franchise fee.

“Renewal Term” refers to and means, for the National Franchise Opportunity, the ten (10) year period that commences on the expiration of the Term and continues, unless earlier terminated pursuant to the terms of

the then applicable FranReal Business renewal franchise agreement, for the ten (10) year period thereafter. For the Local Franchise Opportunity, “Renewal Term” refers to and means, for the National Franchise Opportunity, the ten (10) year period that commences on the expiration of the Term and continues, unless earlier terminated pursuant to the terms of the then applicable FranReal Business renewal franchise agreement, for the ten (10) year period thereafter. The Renewal Term applies only if Franchisee is entitled to invoke and does invoke Franchisee’s renewal rights in accordance with the terms of this Agreement including, but not limited to, Section 15 of this Agreement and the applicable FranReal Business renewal franchise agreement.

“**Reserved Rights**” shall have the meaning defined and set forth in Section 2.D. of this Agreement.

“**Restricted Territory**” refers to and means the geographic area: (a) comprising Franchisee’s Operating Territory; (b) comprising a twenty-five (25) mile radius surrounding Franchisee’s Operating Territory (or, if Franchisee is not granted or designated an operating territory, then a twenty-five (25) mile radius surrounding Franchisee’s Administrative Office); (c) comprising a ten (10) mile radius surrounding the operating territories, respectively, of other FranReal Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within Franchisee’s Operating Territory plus a ten (10) mile radius surrounding Franchisee’s Operating Territory or, if Franchisee is not granted or designated an operating territory, then ten (10) mile radius surrounding Franchisee’s Administrative Office.

“**Royalty Fee(s)**” shall have the meaning defined and set forth in Section 5.B. of this Agreement. If any federal, state or local tax other than an income tax is imposed upon the Royalty Fee paid by Franchisee to Franchisor which, Franchisor cannot directly and, dollar of dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

“**Royalty Rate**” shall have the meaning defined and set forth in Section 5.B. of this Agreement.

“**Scheduled Business Commencement Date**” **[change language]** refers to and means the date that occurs on the six (6) month anniversary of the Effective Date of this Agreement.

“**Small Market Operating Territory**” refers to and means an Operating Territory comprised of a geographic area that contains a population, approximately, of less than 500,000. Franchisor, in Franchisor’s Reasonable Business Judgment, shall exclusively determine what constitutes a Small Market Operating Territory and the calculation of the approximate population located within a Small Market Operating Territory. The determination as to the approximate population within a Small Market Operating Territory is made by Franchisor as of the Effective Date of this Agreement based on U.S. Census Bureau data or other publicly available data that Franchisor believes to be more reliable. The population will be determined in the aggregate and calculated based on raw data and without regard to demographics or other qualifying factors and is not subject to future adjustment.

“**Special Accounts**” refers to and means the right to market, offer, sell and provide Commercial Real Estate Services and other services through independent contractor relationships and/or an internal and/or corporate sales force to entities/organizations/retail chains having multiple, commonly branded or similarly associated outlet facilities, which typically, but not necessarily, operate nationally or regionally and have outlets located over multiple Franchisee Operating Territory (individually and collectively, “Special Accounts”). We and/or Related Parties can solicit, service and/or administer Special Accounts wherever

located and may request related assistance from Franchisees and/or from independent third party commercial real estate brokerages, according to processes and procedures we can establish as we consider appropriate in the Manuals or through other written instruction. If you accept such a request from us, you will be required and agree to participate in the applicable Special Account project/transaction on terms that we have negotiated. You are free to negotiate your own fees on a client-by-client basis, except as to Special Accounts. Notwithstanding any other term of this Agreement, you may not solicit or service Special Accounts clients that are parties to agreements with us or a Related Party of ours without our written approval. You agree to comply with any Policies we establish in the Manuals or other written communication relating to such restrictions, to franchisees' co-operative Franchise practices/conduct and/or to matters and/or disputes with or among franchisees relating to Special Accounts or other client matters.

"Standard Operating Territory" Refers to and means an Operating Territory comprised of a geographic area that includes a population of, approximately, 500,000 people. Franchisor, in Franchisor's Reasonable Business Judgment, maintains the sole and exclusive discretion as to what constitutes a Standard Operating Territory and the calculation of the approximate population located within a Standard Operating Territory. The determination as to the approximate population within a Standard Operating Territory is made by Franchisor as of the Effective Date of this Agreement based on U.S. Census Bureau data or other publicly available data that Franchisor believes to be more reliable. The approximate population will be determined in the aggregate and calculated based on raw data and without regard to demographics or other qualifying factors and is not subject to future adjustment.

"Supplemental Training Fee" shall have the meaning defined and set forth in Section 4.A. of this Agreement.

"Supplemental Training" shall have the meaning defined and set forth in Section 4.A. of this Agreement.

"Supplier Evaluation Fee" refers to and means the fee determined by Franchisor, in Franchisor's Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor's consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

"System Equipment and Supplies" refers to and means the equipment and supplies designated by Franchisor as required for use in connection with Franchisee's FranReal Business and the System Services and Products. Without limitation to the foregoing, the System Equipment and Supplies shall include FranReal real estate branded, non-branded and third-party branded equipment and supplies designated by Franchisor for use in the day-to-day operations of Franchisees FranReal Business including, among other things: real estate brokerage services, designated by Franchisor in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment. System Equipment and Supplies shall further include those products that Franchisor authorizes for sale to customers of Franchisee's FranReal Business.

"System Services and Products" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean refers to and means those products and services that Franchisor authorizes for sale by FranReal Businesses. Franchisor shall exclusively designate and determine the System Services and Products and Franchisor, in Franchisor's Reasonable Business Judgment, may change, modify, reduce or supplement the System Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor's right to change and modify the System Services and Products, shall designate the System Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the System Services and Products.

“System Website” refers to and means the web page and/or pages located on the world wide web at the FranReal.com URL (uniform resource locator) and shall further include all webpages and subdomains (including those that are franchisee and/or geography specific) that are a part of FranReal.com, or as designated by Franchisor being associated with the URL of FranReal.com and/or FranReal Businesses.

“System” shall have the meaning defined in the “Recitals” section of this Agreement and is further supplemented, as follows: without limitation to the Recitals section of this Agreement and supplementing the definition and meaning of the term “System”, System shall be defined to further include and mean: (a) the System Services and Products, System Equipment and Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a FranReal Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a FranReal Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor’s Reasonable Business Judgment.

“Technology Fee” shall have the meaning defined and set forth in Section 5.D. of this Agreement and is supplemented, as follows: the Technology Fee is an administrative fee associated with defraying certain costs incurred by Franchisor in connection with the maintenance of the FranReal.com website. The Technology Fee is not specific to any services or content provided on behalf of Franchisee.

“Term” refers to and means the period of time set forth and defined in Section 2.B. of this Agreement and, the Renewal Term if Franchisee invokes Franchisee’s renewal rights in accordance with the terms of this Agreement.

“Termination” means the termination of this Agreement under the circumstances described in Section 16 of this Agreement before the expiration of the Term.

“Territory Rules” shall have the meaning defined and set forth in Section 3.J. of this Agreement.

“Trade Dress” refers to and means the FranReal Business designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

“Trade Name” means the commercial names FranReal, individually or collectively.

“Training Program” shall have the meaning defined and set forth in Section “4.A” of this Agreement.

“Transaction Closing” means the closing of any sale, exchange, rental or lease of real property, in connection with which Franchisee has performed Approved Services, including any escrow closing, if applicable.

“Transfer Fee” shall have the meaning defined in Section 14.C.(11) of this Agreement. The Transfer Fee is a fixed sum of \$15,000.

“Transfer” means any direct or indirect transfer, pledge, encumbrance, sale, gift, hypothecation, mortgage, sublicense, transfer through bequest or inheritance, transfer in trust, divorce or by operation of law or by any other means, or disposition of (i) any of the rights granted under this Agreement (ii) any part of this Agreement, (in) any rights or privileges incidental to this Agreement, (iv) the business or any interest therein, or (v) any ownership interest in you, including, without limitation, any arrangement whereby you sell or pledge accounts receivable or any other assets of the Franchised Business (each a “Transfer”). Without limiting the foregoing the term, “Transfer” includes any sale, resale, pledge, encumbrance transfer or assignment of: (a) any fractional partnership ownership interest if You are a partnership (b) any membership interest in you if you are a limited liability company and (c) any beneficial or economic ownership interest in you, any transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change of ownership, if you are a corporation.

“Travel Expenses” means costs and expenses incurred by or assessed in connection with travel, including airfare, hotel/lodging, local transportation, meals, and, with regard to FranReal’s employees’, salespersons’, agents’ and/or representatives’ expenses, a per diem charge determined by FranReal in advance, with respect to other incidental expenses incurred, including, without limitation, laundry and/or telephone expenses. It also includes all Wages and other expenses, if any, incurred by Franchisee and its Principal Broker and Authorized Salespersons to attend any training programs that may be offered.

“Wages” means all salaries and hourly wages, and all related direct and indirect payroll expenses of employees, including employment-related taxes, overtime compensation, vacation benefits, pension and profit-sharing plan contributions, medical insurance premiums, medical benefits, and the like, and all direct and indirect fees, costs and expenses payable to independent contractors, agents, representatives and outside consultants.

“You” means the person or entity that is named as “You” in the Preamble to this Agreement. In addition, “You” means all persons or entities that succeed to Your interest by Transfer, other transfer, or operation of law.

“Your Affiliates” means entities that may own any interest in you, any other entity that you or those entities may own or with which your or they are under common ownership.

SECTION 2

GRANT OF FRANCHISE

2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive franchise and right to develop, own and operate a FranReal Business within a specified territory. In reliance on the representations made by Franchisee and/or Franchisee’s Owners in any submitted application and during the application process, including, without limitation, the Franchise Disclosure Questionnaire and Representations Statement attached to this Agreement as Exhibit 3 and, subject to the terms and conditions of this Agreement, Franchisee’s request has been approved by Franchisor, subject to the following terms and conditions:

- (1) During the Term of this Agreement and subject to the rights of Franchisor including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive franchise, right and obligation to develop and operate a FranReal Business within the Operating Territory;

(2) If, as of the Effective Date, Franchisee has selected a proposed Administrative Office that Franchisor approves as Franchisee's Administrative Office, then the location of Franchisee's Administrative Office shall be identified in Schedule 2 of this Agreement;

(3) If, as of the Effective Date, Franchisee has not selected a proposed Administrative Office location that is approved by Franchisor in Schedule 2 to this Agreement, and/or Schedule 2 to this Agreement is left incomplete as to the specific location of Franchisee's Administrative Office, Franchisee must locate, identify and secure an Administrative Office for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor's approval of Franchisee's Administrative Office. If, after the Effective Date, Franchisee proposes and Franchisor approves of Franchisee's proposed Administrative Office, such approval must be in writing and must be evidenced by Franchisor's execution of Exhibit 5 with a specific Administrative Office location designated and identified in Exhibit 5;

(4) Franchisee must manage the Franchised Business from Franchisee's Administrative Office located within Franchisee's Operating Territory;

(5) Franchisee may only operate the Franchised Business within Franchisee's Operating Territory and, without limitation to the foregoing, Franchisee may only offer and sell the System Services and Products within Franchisee's Operating Territory and in accordance with the requirements set forth in the Operations Manual;

(6) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights, provided that, at all times Franchisee is and remains in compliance with all of the terms and provisions of this Agreement, during the Term of this Agreement, neither Franchisor nor any affiliate of Franchisor will establish or operate, or grant a franchise to any third-party to operate, a FranReal Business using the Licensed Marks and System within Franchisee's Operating Territory (provided that an Operating Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement); and

(7) The foregoing rights granted in this Section 2.A. are subject to and contingent upon each and every, term and condition of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

2.A.1 No Sublicensing or Other Rights to FranReal Property

You have no right to (a) sublicense the Marks or the System to any other person or entity, or (b) use the Marks or the System in any manner not authorized by us in writing, including but not limited in any business or channel of distribution other than the Office at the Approved Location.

Franchisee is permitted under this Agreement to operate the Franchise solely at or from the Franchisee Business Address, unless otherwise expressly authorized by FranReal in writing. Franchisee shall not subdivide, sublicense, subcontract, sublease, or enter any management agreement providing for the right to operate the Franchise that is the subject of this Agreement, or to use the Marks or System or any System components licensed to Franchisee pursuant to this Agreement. Franchisee is permitted only to use the Marks and the System to operate the Franchise in compliance with this Agreement and is not authorized to modify, enhance, reverse engineer, create any derivative works from or otherwise manipulate or interfere with the Marks, the System, the Confidential Materials and Practices or any element of any of them or any other information or items proprietary to FranReal. Franchisee will enter into such user licenses, sublicenses or similar agreements as FranReal may request from time to time to meet any third-party licensing

requirements in connection with tools or systems licensed to Franchisee for use in the operation of the FranReal Franchise.

2.B. TYPE OF FRANCHISE

Before signing this Agreement, Franchisee shall select one of the following two types of opportunities which will define the products and services Franchisee may be entitled to from the Franchisor and the costs of same. Franchisor shall indicate Franchisee's selection on Schedule 1. By acquiring a franchise, Franchisee acquires the right to solicit customers located within the Assigned Area and to provide authorized products and services to them. The two types of franchises are a Local Franchise Opportunity and a National Franchise Opportunity. The products and services each franchisee is entitled to are set forth in Exhibit A to this agreement.

2.B.1 Additional Territories

If you select a Local Franchise Opportunity, you may be, at Franchisor's sole and absolute discretion, awarded additional Geographical Zones for additional adjacent territories of approximately 250,000 population increments.

2.B.2 Small Market Conversion

The Local Franchise Opportunity may be converted at the sole discretion of Franchisor into a Small Market Franchise Opportunity if the Standard Operating Territory is below the 450,000 population. If the parties agree that the Local Franchise Opportunity is converted to a Small Market Franchise Opportunity the initial franchise Fee may also be reduced. The initial franchise fee are defined in Section ____.

2.C. TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of 10 years for a National Franchise Opportunity, and 10 years for a Local Franchise Opportunity, commencing as of the Effective Date (the "Term").

2.D. OWNERS AGREEMENT, INDIVIDUAL GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each Owner shall execute, sign and deliver to Franchisor the Franchise Owner Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will jointly and severally guarantee Franchisee's obligations and personally bind themselves to confidentiality and non-competition covenants and restrictions. Without limitation to and as a supplement to the foregoing, each Owner shall be bound by the provisions, obligations and responsibilities set forth in this Agreement by executing the Joinder Agreement attached to this Agreement as Exhibit 2.

2.E. RESERVATION OF RIGHTS

Franchisor on behalf of itself, its affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to

operate a Franchised Business, FranReal Business and/or other businesses using the System and Licensed Marks at locations outside Franchisee's Operating Territory; (b) acquire or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or franchise others to own and operate and to continue to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, even if such business or businesses presently or, in the future, own and operate and franchise or franchise others to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Operating Territory; (d) use the Licensed Marks and System to offer, sell, and provide System Services and Products or products and services similar to the approved products and services offered and sold by the Franchised Business on behalf of Special Accounts within or outside Franchisee's Operating Territory; and (f) use the Licensed Marks and System and to franchise others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement.

Franchisee further acknowledges and agrees that Franchisee may offer, sell and provide Approved Services pursuant to this Agreement in any geographic area or jurisdiction where Franchisee is licensed and has qualified to do business if required, and is otherwise legally entitled to do so; provided, that to the extent Franchisee performs Commercial Real Estate Services in connection with real property or businesses located outside of Franchisee's non-exclusive Territory and Market Area, then Franchisee shall co-list with a qualified FranReal Advisor at a Franchise having an office in the market area in which the real property or business is located, if one is available and to the extent permitted under Applicable Law, in accordance with FranReal's co-listing requirements, as provided in the Manuals, Policies or in other written instruction published by FranReal from time to time. If there is no qualified FranReal Advisor at a Franchise located in the PMA in which the subject property is located, Franchisee may, with FranReal's prior consent, co-list with an unaffiliated commercial real estate broker close to the property or business to the extent permitted under Applicable Law, or, if feasible due to Territory and Market Area proximity and preference of the client, Franchisee may service the listing directly, provided Franchisee notifies FranReal Franchises in the area in advance of publicizing the listing. FranReal reserves the right to deny any such consent if FranReal determines in its sole discretion that a qualified FranReal Advisor is available for such co-listing.

2.F. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right, at all times, to supplement, modify, alter and/or amend the System including any and/or all components of the System. Franchisee shall promptly comply with all such modifications to the System whether such modification results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System which shall be communicated to Franchisee by Franchisor including, but not limited to, communication through the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

2.G. OWNERSHIP OF CORPORATE ENTITY

If Franchisee is at any time a Corporate Entity, Franchisee represents that the information contained in Schedule 3 to this Agreement is true and accurate.

SECTION 3
FRANCHISEE'S DEVELOPMENT, COMMENCEMENT AND
OPERATION OF THE FRANCHISED BUSINESS

3.A. COMMENCEMENT OF THE FRANCHISED BUSINESS

Franchisee must develop and open the Franchised Business to the public and, commence the day-to-day operations of the Franchised Business, on or before the Scheduled Business Commencement Date. Notwithstanding the foregoing, Franchisee agrees that prior to opening and commencing the operations of the Franchised Business, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations designated by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; (d) have satisfied, state, local and federal rules, requirements and licensing to offer and provide the System Services and Products; and (e) obtained Franchisor's written consent to open.

3.B. OPERATIONS OF THE FRANCHISED BUSINESS

At all times, Franchisee's FranReal Business shall: (a) be exclusively operated from an approved Administrative Office located within the Operating Territory; (b) exclusively offer, sell and provide the System Services and Products; (c) ensure that the System Services and Products are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed the training requirements and Training Programs required by Franchisor; (d) exclusively utilize, maintain and stock in inventory the System Equipment and Supplies in such quantities and as designated by Franchisor; (e) exclusively purchase the System Equipment and Supplies from the supplier and/or suppliers, vendor and/or vendors approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment; (f) be exclusively managed and operated by Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner; AND (g) (h) be operated in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment. At all times Franchisee must maintain the necessary franchises and permits and those franchises and permits recommended and/or required by Franchisor in connection with Franchisee's ownership and operation of the Franchised Business.

3.C. FRANCHISEE'S ADMINISTRATIVE OFFICE

You shall, on Your own initiative and at Your own expense, locate, obtain and occupy the site for the FranReal. The site shall be a minimum of 250 square feet, and shall meet minimum demographic/geographic requirements, as described in the Manual, which vary by region. You are responsible for completing and submitting to FranReal for review and approval the information and materials regarding your proposed site. FranReal will issue its preliminary approval or disapproval of your proposed site within 30 days after FranReal has received all of the information and materials. FranReal may not withhold its approval unreasonably. FranReal will not be deemed to have withheld its approval unreasonably if the proposed site fails to meet FranReal's then-current standards and specifications, as FranReal determines in its sole and absolute discretion. If, after your submission to FranReal of the necessary documents, FranReal issues an approval of your proposed site (the "Approved Location") you shall submit a copy of the proposed lease for the Approved Location before you sign the lease.

You acknowledge and agree that our recommendation or approval of a particular site for the FranReal, and any information communicated to you regarding our site-selection requirements or criteria, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the location or for any

other purpose. By approving a particular site for the FranReal, FranReal does not guarantee that the FranReal will be successful. You acknowledge that your selection of the site for the FranReal is based on Your own independent investigation of the suitability of the site.

If you use a home office to operate any aspect of the franchise, you may not allow clients to visit you at your home office.

3.D. FURNITURE, FIXTURES, EQUIPMENT AND SIGNS

Franchisee agrees to use in the construction and operation of Franchisee's Administrative Office only those types of construction and decorating materials, fixtures, equipment, furniture, and signs that Franchisor has approved or designated in the Operations Manual for Franchised Business as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee shall purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs including, but not limited to, System Equipment and Supplies, only from suppliers approved or designated by Franchisor (which may include Franchisor and/or its affiliates) from time-to-time in writing and/or in the Operations Manual.

3.E. ON-GOING PURCHASE OF EQUIPMENT AND SUPPLIES

At all times during the Term of this Agreement and in connection with the day-to-day operations of the Franchised Business, Franchisee shall exclusively utilize the System Equipment and Supplies and Franchisee shall exclusively purchase the System Equipment and Supplies from the supplier and/or suppliers and vendor and/or vendors designated by Franchisor from time-to-time. Franchisee expressly acknowledges and agrees that control over the nature, quality, branding and source of the System Equipment and Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, equipment and/or sources of supply, Franchisee shall only utilize the System Equipment and Supplies as designated by Franchisor and only from those suppliers designated and approved by Franchisor. Franchisee further acknowledges and agrees that in many instances Franchisor and/or Franchisor's affiliates may be and/or may become the sole and exclusive supplier of the System Equipment and Supplies.

3.F. BUSINESS MANAGEMENT SYSTEM

At all times, Franchisee shall exclusively utilize the Business Management System(s) designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented or replaced by Franchisor from time to time. Franchisee cannot substitute or replace the Business Management System in favor of any substitutes or other systems. To the extent that the Business Management System is hosted, maintained, franchised or operated by third-party suppliers Franchisee shall purchase, franchise and maintain such Business Management System and/or systems from such third-party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. To the extent that the Business Management System(s) designated is/are internet or cloud-based systems with accounts and data (including accounts and data associated with the Franchised Business) stored off-site Franchisor, in Franchisor's Reasonable Business Judgment, may require that Franchisee's franchise, utilization and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor or franchised through Franchisor. To the extent that the Business Management System(s) is/are stored locally on computer systems maintained by Franchisee, then Franchisee shall provide Franchisor with internet and complete remote access to such systems. Franchisor may be and/or become the exclusive supplier and/or reseller of the Business Management System.

Franchisee shall be responsible for initial franchise fees, training fees and continuing monthly franchise

fees required for continued and mandatory access and utilization of the Business Management System. Such fees shall be designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment or by the suppliers designated by Franchisor and approved by Franchisor in Franchisor's Reasonable Business Judgment, and shall be paid to Franchisor and/or to the third-party supplier(s) approved by Franchisor. Franchisee must complete training, purchase and franchise the Business Management System(s) no later than forty-five (45) days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date.

Supplementing and without limitation to the foregoing, Franchisee acknowledges that the Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System, and that:

- (1) Franchisee shall utilize the Business Management System exclusively for the operations of the Franchised Business and in accordance with the terms of this Agreement and Franchisor's standards and specifications as set forth in the Operations Manual;
- (2) All rights in and to the Business Management System are non-transferable and non-assignable to Franchisee and shall be utilized by Franchisee subject to the terms and conditions of this Agreement, Business Management System franchises that Franchisor may approve of and otherwise as determined by Franchisor in Franchisor's Reasonable Business Judgment;
- (3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, expect that Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Among other things, upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;
- (4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and the Business Management System Data and to duplicate and evaluate data the Business Management System Data If applicable, upon Franchisor's request, Franchisee shall electronically transfer and transmit to Franchisor all Business Management System Data;
- (5) When instructed by Franchisor, Franchisee shall upgrade, replace and modify the Business Management System;
- (6) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications or enhancements to the Business Management System, to the configuration and templates associated with the Business Management System and that Franchisor shall have the right to use such ideas and suggestions and that Franchisee shall not receive or obtain any ownership rights or interests in any modifications or enhancements to the Business Management Software;
- (7) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit nor allow any third party to access, utilize or duplicate the Business Management System or the Business Management System Data without Franchisor's prior written consent;
- (8) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential and Franchisee shall maintain security

precautions to maintain the confidentiality and secrecy of the Business Management and to prevent the unauthorized access or use;

(9) Management Software System and all information, data and templates stored, entered and/or maintained thereon as confidential, as containing trade secrets of Franchisor that we have entrusted to Franchisee in confidence to use only as Franchisor authorizes; and

(10) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

3.G. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

Franchisee acknowledges the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. Between Franchisor and Franchisee, Franchisor is the absolute owner of the Digital Media and nothing contained in this Agreement grants to Franchisee any ownership interest in or to the Digital Media. Franchisee shall not utilize, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to utilize the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media and/or Published Content, if permitted by Franchisor, must be approved by Franchisor prior to publication or use in any form. Digital Media and Published content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Judgment.

Franchisee agrees that in the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third-party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

3.H. RELOCATION OF FRANCHISEES ADMINISTRATIVE OFFICE

At FranReal's sole discretion, You may relocate the FranReal, with FranReal's prior written consent, if all of the following conditions are met:

(a) You and Your Related Parties are in Good Standing under this Agreement and any other Agreement between FranReal and You, and You and Your Related Parties are in compliance with all provisions of the Manual;

(b) You and any of Your Related Parties that have signed this Agreement have agreed to cancel this Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation (with a term equal to the then- remaining term of this Agreement);

(c) You have secured a site that is located in an available Territory and Market Area, and which meets our then-current size and demographic requirements and, if you are leasing the space, you have submitted the proposed lease agreement for our review;

(d) You agree to equip and furnish Your new FranReal so that the office meets the standards of appearance and function applicable to new FranReals at the time of relocation;

(e) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to FranReal, of any and all claims against FranReal and its Related Parties, affiliates, successors and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between You and FranReal or its affiliates, and federal, state, and local laws and rules; and

(f) You may cease to operate the FranReal for no more than one (1) day only for the purposes of moving all equipment from the old Approved Location to the new approved location for the FranReal.

3.I. SPECIAL ACCOUNTS

The franchise and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Section 2.A. of this Agreement, and the reservation of rights set forth in Section 2.D. of this Agreement. Subject to the following terms and conditions and, Franchisee's compliance with same (hereinafter, the "Special Account Rules"), Franchisee may provide System Services and Products on behalf of a Special Account location within Franchisee's Operating Territory:

Special Account Rules

(1) Franchisee must be in compliance with the terms and conditions of this Agreement;

(2) If Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee possesses the operational capacity and experience sufficient for performing the services on behalf of the Special Account, Franchisor shall submit to Franchisee a proposed work order (the "Work Order") to Franchisee disclosing that portion of the System Services and Products designated by Franchisor to be performed by Franchisee, the pricing related thereto, timing requirements, and other information determined to be relevant by Franchisor;

(3) Franchisee shall have ten (10) days to evaluate the Work Order and determine whether or not Franchisee wishes to accept same; and

(4) If Franchisee elects to accept the Work Order, Franchisee shall perform and comply with same. If Franchisee elects to reject the work order Franchisee is under no obligation to perform same. If Franchisee fails to respond in writing within ten (10) days where Franchisee either accepts or rejects the Work Order, Franchisee shall be deemed to have rejected the Work Order.

Franchisee acknowledges and agrees that if Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee does not possess the requisite capacity, skills and/or resources to provide System Services and Products in connection with the Special Account, that Franchisor may elect to not submit a Work Order to Franchisee and either Franchisor, Franchisor's affiliates, and/or other System franchisee's may be selected to provide System Services and Products on behalf of a Special Account located within Franchisee's Operating Territory.

SECTION 4 **TRAINING AND OPERATING ASSISTANCE**

4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING

(1) Within forty-five (45) days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Managing Owner and one manager must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program").

Franchisor will provide Franchisee (comprised of Franchisee's Managing Owner, and one designated manager) with Franchisor's Training Program. If Franchisee would like more than two individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of \$600 per additional person attending Initial Training. Prior to opening and commencing the operations of the Franchised Business, the Managing Owner and other personnel as designated or determined by Franchisor, must attend and successfully complete the Training Program designated by Franchisor. The training will include classroom and on-the-job instruction at a location or facility designated by Franchisor. Following completion of the initial Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisor's standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases which may require participation in interactive Webinar type sessions and on-site training at the training site designated by the Franchisor.

(2) Franchisee (or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner) and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as

Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee shall pay the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, lodging, food, automobile rental, travel costs and all other expenses for those persons who, on behalf of Franchisee, attend and participate in the Training Program. If the Training Program is provided at the Franchised Business by a representative of Franchisor (provided that Franchisor, in Franchisor's sole discretion, elects to do so), then the Franchisee will pay for the reasonable travel costs, lodging, food, automobile rental and other expenses incurred by Franchisor's representative in connection with such training.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee at Franchisee's Administrative Office (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of \$600 per on-site trainer per day plus reimbursement of the travel and hotel accommodation expenses that Franchisor's trainers reasonably incur (the "Supplemental Training Fee"). Franchisee agrees that if Franchisee is in breach of this Agreement due to the operations of the Franchised Business, Franchisor may require that Franchisee participate in and pay for Supplemental Training.

(5) If the Franchised Business experiences turnover, each newly hired Manager must, prior to being able to work in the Franchised Business complete, at Franchisee's expense, Franchisor's initial Training Program at a location and facility designated by Franchisor. In connection with such training, if training occurs (subject to Franchisor's discretion) at a FranReal real estate Administrative Office designated by Franchisor, Franchisee shall pay to Franchisor a training fee of \$600 per Manager, per day for each Manager attending Franchisor's Training Program. Notwithstanding the foregoing, Franchisor, in Franchisor's sole discretion, may treat such training as Supplemental Training and provide the Training Program on-site at Franchisee's Administrative Office wherein Franchisee shall pay to Franchisor the fees and reimburse Franchisor of the expenses set forth in Section 4.A.(4), above.

(6) Franchisor, in Franchisor's Reasonable Business Judgment must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Franchise Owner and Spouse Agreement and Guaranty or the Confidentiality Agreement, respectively.

(7) In an effort to maintain brand standards and to protect and enhance the goodwill associated with the System and the Marks, FranReal may offer ongoing training or education programs on matters related to the operation or promotion of the FranReal on an optional or mandatory basis, as it deems appropriate, in its sole discretion. You shall attend and complete all such continuing education programs FranReal requires. You shall be responsible for Your own expenses and those of Your employees who attend any such training or education programs. FranReal may also require you to pay a fee for continuing training and education programs of its costs, plus an administrative fee.

You must complete all education and training programs FranReal designates to FranReal's satisfaction.

(8) We may provide additional training programs to you during the term of this Agreement. If you request additional training from us, or if we require you to participate in additional training as a condition for curing a default of this Agreement, we may charge you an Additional Training Fee (of up to \$500 per person per day) and you must pay us for all out-of-pocket costs incurred by us in connection with such training, including travel and related expenses. Additional training may be offered online or in groups with other franchisees.

4.B. OPERATING ASSISTANCE

From time to time and as determined by Franchisor in Franchisor's Reasonable Business Judgment, Franchisor may advise Franchisee of those applicable standards, procedures and System requirements in connection with Franchisee's operation of the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

(1) Establishing and communicating to franchisee operating procedures, improvements to the System and modifications to the System in connection with the Franchisee's operation of the Franchised Business, the System Services and Products, equipment to be purchased and utilized by Franchisee and those systems and procedures to be utilized by Franchisee in connection with Franchisee's training of service employees and Franchisee's marketing and promotion of the Franchised Business;

(2) Establishing and communicating additional and/or modified System Services and Products that may be authorized for FranReal Businesses;

(3) Modifying the System Services and Products authorized for FranReal Businesses;

(4) Establishing and communicating marketing and promotion standards and base campaigns that are authorized for use by franchisees in connection with the operation and promotion of FranReal Businesses;

(5) Establishing and communicating advertising and promotional programs and standards for use by franchisees in connection with the operation and promotion of FranReal Businesses;

(7) Approving or disapproving of Franchisee request to utilize marketing and promotion materials and media not previously authorized by Franchisor;

(8) Establishing and communicating administrative and general operating procedures for use by franchisees in connection with the operation of FranReal Businesses;

(9) Establishing, updating, revising and communicating a list(s) of approved suppliers of products, supplies, equipment, software systems and marketing related services including, but not limited to the System Equipment and Supplies, as Franchisor deems appropriate and as may be otherwise designated by Franchisor in Franchisor's Reasonable Business Judgment;

(10) Coordinating an Annual System Conference for System franchisees that are in good standing with Franchisor. Franchisee shall be responsible for all expenses of its personnel attending the annual meeting including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee of \$1,000. Franchisee agrees that if Franchisee

fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference. No more than two individuals may attend the Annual System Conference on behalf of Franchisee; and

(11) Establish and communicate guidance to Franchisee in the form of the Operations Manual and as Franchisor, in Franchisor's sole discretion, deems appropriate in the form bulletins or other written materials, telephonic consultations and/or consultations at the offices of Franchisor.

4.C. OPERATIONS MANUAL

Franchisor shall loan to Franchisee during the term of the franchise one copy (in digital format or in print, as determined by Franchisor) of the Operations Manual. The Operations Manual contains mandatory and suggested specifications, standards and operating procedures that Franchisor prescribes for FranReal Businesses and information relative to other obligations of Franchisee. Franchisee must operate the Franchised Business in accordance with the specifications and requirements set forth in the Operations Manual and as same may be modified, supplemented and/or changed by Franchisor from time to time. Franchisor has the right to add to, and otherwise modify, the Operations Manual to reflect changes in the System Services and Products, FranReal Business System Equipment and Supplies, specifications, standards and operating procedures of a FranReal Business. Franchisee must keep its copy of the Operations Manual current and in a secure location at Franchisee's Administrative Office. If the Operations Manual is provided to Franchisee in electronic format, Franchisee shall not permit third party access to the Operations Manual. The master copy of the Operations Manual that Franchisor maintains at Franchisor's principal office controls if there is a dispute relative to the contents of the Operations Manual. Franchisee shall have a reasonable period of time to implement the changes in the System required by changes to the Operations Manual. Franchisor shall give Franchisee written notice of the changes required and the period of time within which the changes must be implemented by Franchisee. Without limitation to the foregoing, Franchisee may only offer and sell the System Services and Products and utilize the System Equipment and Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or as Franchisor may otherwise designate in writing.

SECTION 5

FEES

5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee (the "Initial Franchise Fee") of Thirty Thousand (\$30,000) Dollars for a Local Franchise Opportunity and Forty-Five Thousand (\$45,000) Dollars for a National Franchise Opportunity . If, at the time of executing this Agreement, Franchisee elects to increase the size of Franchisee's Standard Operating Territory and Franchisor, in Franchisor's Reasonable Business Judgment, approves of Franchisee's request, then the Initial Franchise Fee for Franchisee's Standard Operating Territory shall be increased by Twelve Thousand Five Hundred (\$12,500) Dollars for each additional Geographic Zone added to Franchisee's Standard Operating Territory.

If at the time of executing this Agreement, Franchisor determines at its sole discretion in agreement with Franchisee that the classification of the Standard Operating Territory for a Local Franchise Opportunity is subject to conversion to a Small Market Operating Territory the Initial Franchise Fee of Thirty Thousand

(\$30,000) Dollars will be reduced to Twenty Thousand (\$20,000) Dollars. No additional Geographic Zones will be supplemented to a Small Market Operating Territory.

Classification of Franchisee's Operating Territory as a Standard Operating Territory, a Small Market Operating Territory, a Standard Operating Territory that has been supplemented by one Geographic Zone, or a Standard Operating Territory that has been supplemented by one (1) or two (2) Geographic Zones, and, the corresponding Initial Franchise Fee, is set forth in Schedule "2" attached to this Agreement. The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable.

If you purchase a Local Franchise Opportunity, during the original ten (10) year Term of this Agreement Franchisee enters into any additional franchise agreements with Franchisor for additional FranReal Businesses, then Initial Franchise Fee for a Standard Operating Territory, Small Market Operating Territory, or additional Geographic Zone shall be discounted by twenty (20%) percent of Franchisor's then current franchise fee for a Standard Operating Territory or its equivalent. All subsequent franchise agreements between Franchisor and Franchisee shall be subject to the terms and conditions of Franchisor's then current franchise agreement and shall be subject to Franchisor's acceptance and approval of Franchisee's request to enter into any subsequent franchise agreements which Franchisor may approve or disapprove in Franchisor's Reasonable Business Judgment.

5.B. ROYALTY FEES

Throughout the Term of this Agreement, Franchisee shall pay to Franchisor continuing monthly non-refundable royalty fees (each, a "Royalty Fee").

You must pay to us a continuing Royalty Fee and a Minimum Royalty Fee. The continuing Royalty Fee is 8% of Gross Revenue. Your Royalty obligation is determined by and equal to the greater of: (a) the applicable percentage (the "Royalty Rate") of the monthly Gross Revenue (defined below) of the Franchised Business (the "Percentage Based Monthly Royalty"), or (b) the applicable fixed fee minimum annual royalty fee requirement (the "Minimum Annual Royalty Fee Requirement"). Your Royalty Fee will be equal to the greater of the applicable Percentage Based Monthly Royalty or the Minimum Annual Royalty Fee Requirement. The Percentage Based Monthly Royalty must equal or exceed the Minimum Annual Royalty Fee Requirement for the previous calendar year Gross Revenue, based on the following Minimum Annual Royalty schedule.

MINIMUM ANNUAL ROYALTY	
Level of Franchisee's then current aggregate calendar year Gross Revenue determined as of the last day of the prior calendar month	Applicable Minimum Royalty Rate
National Franchise	\$30,000
Local Franchise	\$20,000
Small Market	\$10,000
Additional Territory(ies)	\$5,000 each (not exceeding \$10,000, in aggregate)
The foregoing minimum annual royalty relates, exclusively and only to the determination of the applicable Royalty Rate in calculating and determining monthly Royalty Fees and is not a financial performance representation or sales projection of any kind. In calculating and determining the applicable Royalty Rate, Gross Revenue cannot be combined between multiple FranReal Businesses and the Gross Revenue for each respective calendar year does not carry-over into any subsequent calendar year. In your	

first year and for any partial year under the Franchise Agreement we will adjust the Minimum Royalty Fee Requirement on a pro rata basis.

At all times the monthly Royalty Fee shall be calculated based on the actual monthly Gross Revenue. The Annual Minimum Royalty Fee Requirement must be equal or greater than all monthly Royalty Fees collected in the preceding calendar year. If all monthly Royalty Fees collected for the preceding calendar year are less than the Annual Minimum Royalty Fee Requirement, you must pay franchisor the difference within thirty (30) days of the date, which is currently due January 31st of each year if you have not produced the Minimum Annual Royalty in the prior year.

In your first year and for any partial year under this Franchise Agreement we will adjust the Minimum Royalty Fee Requirement on a pro rata basis. The pro rata basis is calculated monthly. If your business commencement or opening date is less than fifty 50% percent of the total calendar month it will not be calculated on a pro rata basis or included in the Minimum Annual Royalty. The following chart shows an example of how pro rata adjustments are calculated:

PRO RATA CALCULATION OF MINIMUM ANNUAL ROYALTY	
Type of Franchise and Minimum Annual Royalty	Applicable Minimum Annual Royalty Rate Pro Rata by Month (rounded by the nearest dollar)
National Franchise \$30,000	\$2,500 per month
Local Franchise \$20,000	\$1,667 per month
Small Market \$10,000	\$832 per month
Additional Territory(ies) \$5,000 each (not exceeding \$10,000, in aggregate)	\$417 each per month (not exceeding \$1,667, in aggregate)
The foregoing Pro Rata monthly calculation of the Minimum Annual Royalty Rate is not a financial performance representation or sales projection of any kind. In calculating and determining the applicable Annual Minimum Royalty Rate, Gross Revenue cannot be combined between multiple FranReal Businesses and the Gross Revenue for each respective calendar year does not carry-over into any subsequent calendar year. In your first year and for any partial year under the Franchise Agreement we will adjust the Minimum Royalty Fee Requirement on the foregoing pro rata basis.	

The Royalty Fee is on-going and is payable in cash and calculation of the on-going Royalty Fee to be paid monthly (or based on such other Accounting Period designated by Franchisor) shall be on-going based on the Gross Revenue for the previous monthly Accounting Period for each and every month throughout the Term of this Agreement. Royalty Fee payments will be paid monthly and sent by ACH and/or electronic funds transfer, due on the first Thursday of each monthly Accounting Period (for the preceding month and each month thereafter throughout the entire Term of this Agreement) or such other specific day of the month that Franchisor designates from time to time or for such other period that Franchisor may designate (the "Due Date")(the term Due Date is further defined in Section 1 of this Agreement). Upon the request of Franchisor and in no event not later than thirty (30) days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date, Franchisee shall execute Franchisor's designated ACH Authorization form and such other authorization agreements, in the form proscribed by Franchisor, for preauthorized payment of Royalty Fee payments, and other amounts due from Franchisee under this Agreement, by electronic transfer of funds from Franchisee's bank account to the bank account that Franchisor designates. As of the Effective Date, Franchisor's current ACH Authorization that must be executed and complied with by Franchisee is attached hereto as Exhibit 8. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other

than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

On the Due Date each month, Franchisee shall report by telephone, electronic means, or in written form, as Franchisor directs, a performance and royalty report itemizing actual sales achieved by the Franchised Business and any deductions therefrom to arrive at the Gross Revenue for the preceding monthly Accounting Period and other business and financial performance data designated by Franchisor (the "Performance and Royalty Report") and any other reports required under this Agreement. Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner. If Franchisee fails to have sufficient funds in its account or otherwise fails to pay any royalties due as of the Due Date, Franchisee shall owe, in addition to such royalties, a late charge equivalent to the lesser of Five Percent (5%) per month of any late royalty payment or Fifty (\$50) Dollars; provided, however, in no event shall Franchisee be required to pay a late fee at a rate greater than the maximum commercial contract interest rate permitted by applicable law. Further, if Franchisee fails to submit an accurate Performance and Royalty Report by the Due Date of each month for the preceding month, Franchisee must pay, in addition to royalties, a late charge in the amount of One Hundred (\$100) Dollars. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

5.B. PER AGENT MONTHLY FEE

You pay us a monthly fee of \$400 per agent working for your Franchised Business for the use Co-Star and LoopNet. This fee is subject to increase if any third-party increases the fees we pay to them. We may also send you software updates, as we deem necessary in our sole discretion, or other materials that we may develop in connection with the System that we require you to purchase. This fee shall be paid in monthly installments, payable by the first (1st) day following the close of each month, commencing with the end of the first month following entry into this Agreement.

5.C. TECHNOLOGY FEE

Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable Technology Fee in the amount of Five Hundred (\$500) Dollars. Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right, at any and all times throughout the Term, to implement and charge Franchisee a monthly Technology Fee in a monthly amount designated by Franchisor but provided that such monthly amount of the Technology Fee does not exceed Seven Hundred Fifty (\$750) Dollars per month. The Technology Fee is a general administrative fee and is directly connected to multiple required services. The Technology Fee shall be paid to Franchisor each and every month on the Due Date.

5.D. INTEREST, COLLECTION COSTS AND ATTORNEY FEES

All unpaid obligations under this Agreement (of any nature) shall automatically bear interest from the date due until paid at the lesser of: (a) eighteen percent (18%) per annum, or (b) the maximum rate allowed by applicable law. However, if such past due obligation remains unpaid for more than thirty (30) days, then the amount of the unpaid and past due obligation will bear simple interest at the lesser of eighteen percent (18%) simple interest per annum or the maximum legal rate allowable by applicable law. Furthermore, the Franchisee will pay Franchisor for any and all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney's fees.

Franchisee acknowledges that this Section 5.D. does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance

Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that Franchisee's failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section 16.

5.E. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

5.F. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

5.G. PRE-CONVERSION SALES

Your obligation to pay monthly royalties on Pre-Conversion Sales shall commence four (4) months from the Effective Date of this Agreement. All Pre-Conversion Sales that close more than (4) months from the Effective Date of this Agreement shall be included in the payments of the Royalties.

SECTION 6

FRANCHISEE'S AND FRANCHISEE'S OWNERS

RESTRICTIVE COVENANTS AND OBLIGATIONS

6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses and Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of FranReal Businesses. Accordingly, Franchisee and Franchisee's Owners (and Spouses) agree to comply with the restrictive covenants set forth in this Section 6 and throughout this Agreement.

6.B. RESTRICTIVE COVENANTS: KNOW-HOW

Franchisee agrees that Franchisee: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement; (b) shall maintain the confidentiality of the Know-how at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and that Franchisee's Owners shall each execute

and deliver to Franchisor the Franchise Owner Agreement and Guaranty in the form attached to this Agreement as Exhibit 1 and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement in the form attached to this Agreement as Exhibit 4.

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Franchisee agrees that Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the FranReal Business operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement in the form attached to this Agreement as Exhibit 4.

6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest (whether as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or in any similar capacity) in a Competitive Business (other than owning an interest of three percent (3%) or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor (or one of Franchisor's affiliates or franchisees); and/or (d) inducing (i) any of Franchisor's employees or managers (or those of Franchisor's affiliates or franchisees) to leave their position with Franchisor, or (ii) any customer or client of Franchisor (or of one of Franchisor's affiliates or franchisees) or of Franchisee to any other person or business that is not a FranReal Business. Franchisee acknowledges that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System and other FranReal Business Franchisees. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Post-Term Restricted Period Franchisee will not engage 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/clients who are located within the Restricted Territory. If

Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach). Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that this restriction is fair and reasonable and that if Franchisee did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm Franchisor and the System.

6.F. IMMEDIATE FAMILY MEMBERS.

Franchisee acknowledges, agrees and represents that should Franchisee circumvent the restrictive covenants and obligations due to Franchisor under this Section 6 by disclosing Confidential Information and Know-how to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) that Franchisor will and the System will be irreparably harmed. Franchisee acknowledges that if Franchisee or one of Franchisee's Owners did disclose the Know-how to an immediate family member and the immediate family member of Franchisee or an Owner used the Confidential Information or Know-How to engage in activities that, for Franchisee, qualify as Prohibited Activities as defined above, that Franchisor and the System will be irreparably harmed. Franchisee agrees that as between Franchisee and Franchisor that Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted and/or provided an immediate family member with access to the Confidential Information and/or Know-How. Therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Section 6 if any member of Franchisee's immediate family or the immediate family of an Owner (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities or (b) uses or discloses the Confidential Information and/or Know-how. However, Franchisee may rebut this presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owner(s) did not disclose the Confidential Information and Know-How and did not permit disclosure of the Confidential Information or Know-How to the family member of Franchisee or Franchisee's Owners. Franchisee agrees that the foregoing covenants, obligations, representations and burden of proof shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that: (a) the terms of this Section 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Section 6. **Franchisee hereby waives any right to challenge the terms of this Section 6 as being overly broad, unreasonable or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Section 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Section 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Section 6 to ensure that the terms and covenants are enforceable under applicable law.

6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Section 6 will cause irreparable harm to Franchisor and/or other FranReal Business franchisees for which there is no adequate remedy at law. Therefore, Franchisee agrees that any violation of these Section 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor 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 Franchisee, 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 Franchisee and Franchisor agree that the amount of the bond shall not exceed \$1,000. Franchisor's remedies under this Section 6.H. are not 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.

6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Franchisee agrees that with regard to the Franchised Business all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of FranReal Businesses. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates and employees assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Section 6.I. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use nor will Franchisee allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

SECTION 7 **OPERATING STANDARDS**

7.A. OPERATIONS AND MAINTENANCE OF BRAND STANDARDS

At all times, Franchisee and the Franchised Business shall, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time-to-time: (a) exclusively offer and sell the System Services and Products; (b) exclusively purchase and utilize the System Equipment and Supplies; (c) maintain a complete and updated inventory and supply of System Equipment and Supplies; (d) maintain, update, replenish and replace Franchisee's System Equipment and Supplies; and (e) maintain, update, replenish and recondition Franchisee's Administrative Office.

7.B. LICENSURE

You warrant that you will employ at all times during the term hereof an individual who is licensed as a real estate broker under the laws of your State and that a licensed individual will serve as Principal Broker of your Office throughout the term of this Agreement. You further warrant that you will notify us within 5

days of any change in your Principal Broker. Breach of this warranty is a material breach of this Agreement, entitling us, at our option, to terminate it immediately upon written notice to you.

7.C. MANAGEMENT

Your Principal Broker must devote time and best efforts to the management and operation of your Office and must directly, or indirectly through an approved Manager, supervise all financial and operational aspects of your Office. We are entitled to address all communications with you to your Principal Broker and your Principal Broker may make agreements with us on your behalf. You must keep us informed of the identity of your Principal Broker. When the employment of a Principal Broker terminates, you must promptly appoint a successor who must complete the FranReal initial training program within 60 days of being hired and sign our then current form of Nondisclosure and Noncompetition Agreement.

7.D. EMPLOYEES

You must always employ a sufficient number of properly trained and qualified employees to operate your Office according to our standards and specifications. You must ensure that your employees preserve good client relations and comply with this Agreement and the Franchisee Materials. The foregoing notwithstanding, this Agreement does not create, nor does any conduct by either party create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, joint employer, employee, or servant of each other for any purpose. We have no relationship with your employees and you have no relationship with our employees.

7.E. MAINTENANCE, UPDATES AND UPGRADES

At all times, Franchisee shall update, upgrade, maintain, replenish, replace and recondition Franchisee's System Equipment and Supplies, and, if applicable, Franchisee's Administrative Office as specified by Franchisor in the Operations Manual and/or otherwise in writing, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time-to-time. Notwithstanding the foregoing, Franchisee expressly agrees that the foregoing obligations relate to brand standards and specifications associated with the Licensed Marks and the System Services and Products and that, at all times, Franchisee is and shall exclusively remain responsible for conditions involving the safety of customers and employees in connection with the operations of the Franchised Business.

7.F. DAMAGE CAUSED BY CASUALTY

If Franchisee's Administrative Office, and/or System Equipment and Supplies is and/or are damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than one (1) month after such casualty, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue until completion of the repairs or reconstruction, in order to restore Franchisee's Administrative Office, and System Equipment and Supplies, as applicable, to its original condition before casualty.

7.G. ALTERATIONS TO THE FRANCHISEE'S OPERATIONS CENTER AND FRANCHISEE'S EQUIPMENT AND SUPPLIES

Franchisee shall not make any material alterations to Franchisee's System Equipment and Supplies, Franchisee's Administrative Office, or System Equipment and Supplies.

7.H. UNIFORM IMAGE, STANDARDS, SPECIFICATIONS, PRODUCT PREPARATION, SERVICE DELIVERY AND PRODUCT REQUIREMENTS

To ensure that the highest degree of uniformity, quality and service is maintained (as determined by Franchisor in Franchisor's Reasonable Business Judgment), Franchisee must use Franchisee's best efforts to operate the Franchised Business in strict conformity with the methods, standards and specifications of Franchisor as set forth in the Operations Manual and as Franchisor may, in Franchisor's Reasonable Business Judgment, otherwise prescribe in writing and modify from time-to-time.

Supplementing and without limitation to the foregoing, Franchisee agrees that Franchisee, in strict conformity with the methods, standards and specifications of Franchisor as set forth in the Operations Manual and as Franchisor may, in Franchisor's Reasonable Business Judgment, otherwise prescribe in writing and modify from time-to-time, shall:

- (1) Exclusively offer and sell the System Services and Products;
- (2) Exclusively utilize the System Equipment and Supplies and only those methods, procedures, production systems, and delivery systems as designated by Franchisor;
- (3) Exclusively utilize the System Equipment and Supplies, equipment, supplies, materials, uniforms, and forms as designated by Franchisor;
- (4) Exclusively utilize packaging, signs, goods, uniforms, and other materials displaying the Licensed Marks as designated by Franchisor, and obtain such items from suppliers designated by Franchisor;
- (5) Provide prompt, courteous, and efficient service to customers;
- (6) Maintain ordinary and regular business hours as required by Franchisor;
- (7) Adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct in dealing with customers and suppliers of the Franchised Business;
- (8) Conduct all advertising and promotion of the Franchised Business in strict compliance with Franchisor's standards and specifications and to the highest standards of ethical advertising;
- (9) Refrain from any business or advertising practice that may be injurious to the goodwill associated with Franchisor, FranReal Businesses, the System, and the Licensed Marks;
- (10) Not deviate from the standards that Franchisor sets for the operation of the Franchised Business;
- (11) Promptly respond to all customer and potential customer inquiries and complaints to achieve high levels of customer satisfaction and reviews;
- (12) Honor and implement refund policies established by Franchisor from time to time in Franchisor's Reasonable Business Judgment;
- (13) Honor, implement and offer Customer Vouchers as authorized and designated by Franchisor;

- (14) Maintain and display at visible locations (including Franchisee's Administrative Office) designated by Franchisor displays and signs informing customers and the public that *"This FranReal Business is independently owned operated and managed by [insert name of Franchisee] pursuant to a franchise agreement"* or such other signage as designated by Franchisor;
- (15) Adopt, implement, and abide by the System and all changes made to the System (as designated by Franchisor in Franchisor's Reasonable Business Judgment) including, without limitation, the System Services and Products and the System Equipment and Supplies;
- (16) Maintain a fully trained competent staff capable of rendering courteous quality service;
- (17) Ensure that all of Franchisee's employees wear uniform designated by Franchisor and adhere to Franchisor's brand standards;
- (18) Not promote any other businesses at the Franchised Business, and/or from Franchisee's Administrative Office;
- (19) Comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all health laws, wage and hour laws, labor department, workers compensation and unemployment laws and rules;
- (20) Comply with all statutes and rules regarding the maintenance and security of customer information, customer data, customer privacy, credit card transactions and other financial obligations involving customers of the Franchised Business;
- (21) Stock, maintain and replenish System Equipment and Supplies in such supply as to realize, service and promote the Franchised Business to its full potential;
- (22) Exclusively use, at all times, only those supplies, products, equipment, software systems, business management systems, customer relationship management systems (whether hard drive based, networked, or cloud based) and supplies designated by Franchisor including, without limitation, the System Equipment and Supplies, the System Services and Products, and the Business Management System, and purchase same exclusively from Franchisor and/or Franchisor's designated suppliers;
- (23) Ensure that all services and products sold by the Franchised Business are limited to the System Services and Products;
- (24) Permit Franchisor or Franchisor's agents, at any reasonable time, to inspect Franchisee's Administrative Office and test, sample, and evaluate the services and products provided by the Franchised Business to evaluate whether or not same meet and comply with Franchisor's standards and specifications;
- (25) Designate and maintain an Operating Manager who, in addition to the Managing Owner, (a) completed Franchisor's initial Training Program, (b) works on-site at Franchisee's Administrative Office, (c) signed and duly executed the Confidentiality Agreement, and (d) consistently demonstrates his or her ability to satisfy the performance requirements of the System related to confidentiality, brand protection, the purchase, maintenance, and utilization of the System Equipment and Supplies, and service standards respecting the System Services and Products;

(26) Install and maintain in connection with the operations of the Franchised Business, all equipment, supplies and systems, as designated by Franchisor including, without limitation, point of sale systems, the Business Management System, computer systems, security systems, System Equipment and Supplies, and telecommunications equipment designated by Franchisor, and provide and permit Franchisor to maintain, direct and independent access to such systems and monitor the Franchised Business;

(27) Implement and maintain, at Franchisee's expense, a bookkeeping, accounting, and record keeping system conforming to the requirements and formats Franchisor prescribes; and

(28) Grant and give full and complete on demand and continuous instantaneous access to Franchisee's business and financial records including, without limitation, Franchisee's point of sale systems, the Business Management System utilized by Franchisee, and Franchisee's Business Management System Data.

7.I. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the supplies, suppliers and equipment utilized by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as modified by Franchisor from time-to-time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer to the public the System Services and Products to customers located within Franchisee's Operating Territory;

(2) The Franchised Business will exclusively: (a) offer and serve the System Services and Products; (b) provide the System Services and Products in accordance with the System's standards and specifications; (c) exclusively purchase and utilize System Equipment and Supplies from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and utilize equipment, supplies, promotional materials, point of sale systems and Business Management System(s) designated by Franchisor and subject to Franchisor's specifications; (e) Purchase displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials (including but not limited to System Equipment and Supplies) as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) Purchase from distributors and other suppliers approved by Franchisor all other materials, goods, and supplies (including but not limited to System Equipment and Supplies) used in preparing, offering, selling, promoting, and serving the System Services and Products;

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products (including but not limited to System Equipment and Supplies) that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be utilized by the Franchised Business;

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may, from time to time, modify the list of approved brands, suppliers and distributors of System Equipment and Supplies, and approved equipment, supplies and services to be utilized by the Franchised Business and Franchisee shall,

after receipt in writing of such modification, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor;

(5) Franchisor reserves the right to designate, from time to time, a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Equipment and Supplies and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees and may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate; and

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such products, services, equipment, supplies, suppliers and/or distributors are not presently, at the time of Franchisee's request, approved for use in the System: (a) Franchisee must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) Shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; (c) Shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisor's Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third-parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within fourteen (14) days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within sixty (60) days of the completion of all inspections and evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers.

7.J. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate, modify, test and/or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

7.K. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall secure and maintain in full force all required franchises, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee must immediately notify Franchisor in writing of any of the following concerning Franchisee, the Franchised Business, Franchisee's Administrative Office: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(3) All advertising and promotion by Franchisee must be completely factual and conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, FranReal Businesses, and the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, FranReal Businesses and/or using the Licensed Marks.

(4) Franchisee and Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at <http://www.treasury.gov>) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner become so listed. "Anti-Terrorism Laws" refers to and means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

7.L. MANAGEMENT OF THE FRANCHISED BUSINESS

(1) Franchisee acknowledges that critical to the success of the Franchised Business is the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. At all times, Franchisee's FranReal Business must be under the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Franchised Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completed Franchisor's Initial Training program and has otherwise meet the criteria and conditions for qualification as an Operating manager. If the Operating Manager is a family member of Franchisee and/or an Owner then the Operating Manager must also sign and agree to be bound by the terms of the Franchise Owner and Spouse Agreement and Guaranty.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks.

(3) If, at any time, the Franchised Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised

Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Section 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

(4) Franchisee will at all times maintain sufficient working capital to fulfill its obligations under this Agreement.

SECTION 8 **INSURANCE**

Franchisee must procure and maintain in full force at all times during the Term of this Agreement, at Franchisee's sole expense, on a primary rather than a participatory basis with Franchisor, an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business. The policy or policies must be written by a responsible carrier or carriers with an AM Best Rating of at least A-, VII and reasonably acceptable to Franchisor.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two (2) years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees.

By the earlier of ninety (90) days after the Effective Date or prior to the commencement of the Training Program, Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Section 8. All insurance policies required must expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately to procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

SECTION 9
BRAND DEVELOPMENT AND MARKETING

9.A. BRAND DEVELOPMENT FUND

At all times and from time to time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate and administer a brand development fund (the "Brand Development Fund"). The following shall apply to the Brand Development Fund at all times throughout the Term:

- (1) If Franchisor institutes the Brand Development Fund, Franchisee shall pay, on the Due Date, a mandatory and continuing fee to the Brand Development Fund in an amount equal to a percentage of Gross Revenue (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each monthly Accounting Period (the "Brand Development Fund Fee"), provided, however, Franchisee will not be required to contribute more than Two Percent (2%) of the Gross Revenue of the Franchised Business for each monthly Accounting Period;
- (2) Franchisor will provide Franchisee with written notice of the percentage of Gross Revenue that Franchisee is required to contribute to the Brand Development Fund. Upon such written notice to Franchisee, the percentage of Gross Revenue to be paid by Franchisee to the Brand Development Fund will be applicable for each and every monthly Accounting Period thereafter during the Term until otherwise designated by Franchisor in writing. The Brand Development Fund Fee shall be paid to Franchisor on the Due Date and in accordance with the payment terms and method set forth in Section 5.B for the payment of Royalty Fees;
- (3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;
- (4) Franchisee agrees that the purpose of the advertising, media, marketing and activities financed by the Brand Development Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund will not be utilized to directly or indirectly market or promote the Franchised Business or, unless otherwise directed by Franchisor, in Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Administrative Office or Operating Territory;
- (5) Franchisee agrees that the Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor, provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development

Fund shall be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor shall not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all FranReal Businesses to the Brand Development Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Development Fund;

(7) FranReal Businesses owned by Franchisor or Franchisor's affiliates are not required to pay any Brand Development Fund Fee or contribute to or make any contribution to the Brand Development Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the Brand Development Fund is not a trust, (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund, and (c) Franchisor may deposit and maintain any and all funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year that they are collected and the Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund, and Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Section 9.A(8);

(9) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by FranReal Businesses operating in that geographic area or that any FranReal Businesses will benefit directly or in proportion to its contribution to the Brand Development Fund from the development of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of FranReal Businesses in the System. Franchisor may use the Brand Development Fund to promote or benefit FranReal Businesses located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Section 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Section 9, Franchisor assumes no direct

or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the Brand Development Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council shall only serve in an advisory capacity and Franchisor shall select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third-parties.

9.B. FRANCHISEE LOCAL MARKETING

Franchisee must spend on a monthly basis an amount not less than 2% of monthly Gross Revenue on local marketing, including public relations, in the Operating Territory (or Franchisee's market if an Operating Territory was not designated) each monthly Accounting Period. On or before the first Friday of each month (or such other dates as may be specified by Franchisor), Franchisee must provide Franchisor with an accurate accounting of Franchisee's local marketing expenditures, public relations and marketing activities during the immediately preceding monthly Accounting Period. Franchisee agrees to provide to Franchisor such other periodic reports and records of such local marketing as may be requested by Franchisor. If the Franchisee's expenditures for local marketing activities do not aggregate the required percentage of Franchisee's Gross Revenue annually, Franchisee must contribute the deficiency on local marketing as directed by Franchisor. Franchisee agrees that all local marketing and other marketing efforts of Franchisee must be pre-approved, in writing by Franchisor. Franchisor reserves all rights to reject any and all marketing efforts requested by Franchisee. Franchisee agrees that:

(1) Franchisee shall provide Franchisor with monthly reports documenting Franchisee's advertising initiatives (which must be approved by Franchisor and consistent with Franchisor's standards and specifications) and expenditures, including Profit and Loss Statements, advertising return on investment calculations and other documentation as Franchisor may request to evaluate Franchisee's local marketing and local marketing expenditures. Franchisee agrees that all of Franchisee's marketing efforts must be focused on media and marketing directed toward Franchisee's Operating Territory, and Franchisee shall not direct Franchisee's marketing and promotion efforts with the purpose of soliciting and/or attracting customers from outside of Franchisee's Operating Territory;

(2) Prior to the opening of the Franchised Business, Franchisee shall submit to Franchisor, Franchisee's grand opening marketing plan for review and approval by Franchisor. Franchisee shall only utilize those portions of its grand opening marketing approved by Franchisor. In accordance with Franchisee's grand opening marketing plan, provided same is approved by Franchisor, Franchisee will spend a minimum of \$3,000 on the marketing and promotion of the grand opening of the Franchised Business prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date. Franchisee will provide Franchisor a written accounting of Franchisee's expenditures for grand opening marketing within thirty (30) days prior to the anticipated grand opening of the Franchised Business; and

(3) Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of other FranReal Businesses.

9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING

All marketing and promotion of the Franchised Business and all marketing media utilized by Franchisee in

the marketing and/or promotion of the Franchised Business must be professional and must conform to Franchisor's standards and specifications as set forth in the Operations Manual or as otherwise directed by Franchisor in writing. Before Franchisee uses any local marketing and promotional materials and/or media not prepared by or previously approved by Franchisor in writing, Franchisee shall submit samples of such materials to Franchisor for approval, which shall be at the discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the notification requirements set forth in this Agreement, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within fifteen (15) days from the date Franchisor receives the materials, then Franchisee may commence using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

9.D. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive or defer the obligations of Franchisee under the Brand Development Fund. In no event shall such waiver or deferral extend beyond six (6) months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development Fund. Under no circumstance shall Franchisor be under any obligation to grant any waiver or deferral. Franchisor may reject Franchisees request for a waiver or deferral based on any reason or no reason at all.

9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee agrees that Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possess no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of System Services and Products through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 6. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

9.F. NO MARKETING OUTSIDE FRANCHISEE'S OPERATING TERRITORY

Franchisee agrees that Franchisee's marketing and Marketing Media must be directed toward Franchisee's Operating Territory and that under no circumstance shall Franchisee cause, authorize or engage in any Media Distribution to customers, potential customers and/or customer referral sources outside of Franchisee's Operating Territory, unless: (a) such Media Distribution is a joint distribution with other FranReal Businesses authorized by Franchisor in writing; and (b) Franchisor, in Franchisor's Reasonable Business Judgment, otherwise agrees to same in writing.

SECTION 10 **RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION**

10.A. INDEPENDENT CONTRACTORS

Franchisor and Franchisee acknowledge and agree that this Agreement does not create a fiduciary relationship between Franchisor and Franchisee, Franchisor and Franchisee are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. The parties' relationship is strictly a franchisor and franchise relationship.

Franchisee agrees that Franchisee is the sole employer of the employees of the Franchised Business. Franchisee has the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling and paying wages to, and withholding and paying taxes for Franchisee's employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors and employees shall not be construed, considered, or represented as Franchisor's employees, representatives, or agents. Franchisee agrees that there is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the System Services and Products, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

Franchisee must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a FranReal Business under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires.

Franchisee must not employ any Franchised Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee must not employ any Franchised Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee.

Franchisor and Franchisee shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act.

Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

10.B. INDEMNIFICATION BY FRANCHISEE

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners,

partners, agents, representatives, independent contractors, employees, assigns and successors (the “Franchisor Indemnified Parties”) harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages arising out of, or relating to, Franchisee’s Administrative Office, Franchisee’s Administrative Office, and/or the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor’s gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties’ reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner acknowledge and agree that the terms of this Section 10.B shall survive the termination, expiration or Transfer of this Agreement.

Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor’s failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

10.C. INDEMNIFICATION BY FRANCHISOR

Franchisor shall indemnify, defend, and hold Franchisee and Franchisee’s officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the “Franchisee Indemnified Parties”) harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages solely arising out of, or solely relating to, Franchisor’s gross negligence in the operation of Franchisee’s FranReal Business that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties’ reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Section 10.C shall survive the termination, expiration or Transfer of this Agreement.

SECTION 11

LICENSED MARKS AND SYSTEM; INNOVATIONS TO SYSTEM

11.A. OWNERSHIP AND GOODWILL

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that

Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

11.B. USE OF THE LICENSED MARKS

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchisee shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Franchised Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Franchised Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Franchised Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any of Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Franchised Mark(s). Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Section 11.D or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any of Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third-party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Section 11.E.

11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of FranReal Businesses and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Section 11.F from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

11.G. ARTIFICIAL INTELLIGENCE

You will not, without our written consent, utilize any generative artificial intelligence software, tools, or technologies, including natural language processing, deep learning algorithms, or machine learning models (“Generative AI”) directly or indirectly in the operation of the Franchised Business, including without limitation, in advertising, promotion, or marketing of the Franchised Business, communications with customers, business planning, analysis or optimization, or in any social media. You acknowledge and agree not to upload or share any Confidential Information (including any inputs of information containing trade secrets, sensitive confidential information, or personal information) with any unapproved third-party platforms, including Generative AI, except as authorized in writing by us. In addition, you shall prohibit your employees from using any Confidential Information in Generative AI. In the event you utilize any Generative AI, with or without prior approval from us, you shall comply with all laws applicable to such use, including without limitation, all trademarks, copyright, and biometric laws, and shall not infringe upon or use intellectual property of a third party without appropriate authorization and attribution.

SECTION 12 RECORDS AND REPORTS

12.A. MAINTENANCE AND PRESERVATION OF RECORDS.

Franchisee shall maintain during the Term, and preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records, and accounts from the Franchised Business. Such records shall be maintained and preserved in the form and manner by Franchisor in the Operations Manual or otherwise in writing.

12.B REPORTING OBLIGATIONS.

Franchisee shall comply with the following reporting obligations:

(1) Franchisee shall submit to Franchisor, in the form Franchisor reasonably prescribes, an unaudited monthly profit and loss statement and balance sheet for the Franchised Business within sixty (60) days after the end of each month during the Term. If Franchisee fails to submit the profit and loss statement and balance sheet within the time period specified in this Section 12, Franchisor will assess a late fee in the amount of One Hundred (\$100) Dollars against Franchisee. Because Franchisor’s administrative, incidental and indirect costs, expenses and damages would be difficult, if not impossible to ascertain in the event such documentation is not timely tendered by Franchisee to Franchisor, the foregoing late charge was negotiated by the parties as liquidated damages and not a penalty. Payment of such late fee shall not constitute a cure of Franchisee’s reporting obligations under this Section 12.B, and such payment shall not relieve Franchisee of its reporting obligations under this Agreement;

(2) Franchisee shall provide to Franchisor annual financial statements for Franchisee reviewed by an independent certified public accountant in accordance with GAAP within ninety (90) days after the end of Franchisee’s fiscal year. Franchisor reserves the right to require such financial statements to be audited by an independent certified public accountant satisfactory to Franchisor at Franchisee’s cost and expense. The annual financial statements of Franchisee must reconcile Gross Revenue per GAAP to Gross Revenue per this Agreement;

(3) Franchisee shall provide to Franchisor, Franchisee’s annual federal, state and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within forty-five (45) days of Franchisee or Franchisee’s agent

filing such returns with the applicable federal, state and local entities; and

(4) Franchisee shall timely submit to Franchisor, any other forms, reports, records, information, and data as Franchisor may reasonably request.

SECTION 13 **INSPECTION AND AUDITS**

13.A. FRANCHISOR'S RIGHT TO INSPECT OPERATIONS CENTER AND SYSTEM EQUIPMENT AND SUPPLIES

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect Franchisee's Administrative Office, and System Equipment and Supplies. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, movies, or videotapes of Franchisee's Administrative Office, customer service visits and interview employees and customers of the Franchised Business, so long as Franchisee's ability to operate the Franchised Business is not materially and unreasonably impeded. Franchisee has the right to request and receive copies of all reports, transcripts, videotapes, recordings, photographs, and media made in the course of the inspection within ten (10) days after Franchisor's said request.

13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies all such books, statements, records and supporting documents at all times at Franchisee's Administrative Office. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit.

SECTION 14 **TRANSFER OF INTEREST**

14.A. BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third-party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor's rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary

Agreements and/or Franchisor's rights and obligations under this Agreement and/or the Ancillary Agreements.

14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee agrees, and, Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

(1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;

(2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Administrative Office, (c) the Franchised Business, or (d) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of the Franchised Business;

(3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;

(4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Section 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and

(5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer.

14.C. CONDITIONS FOR APPROVAL OF TRANSFER

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Section 14.F below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate a FranReal Business, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

(1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least thirty (30) days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Section 14.F below;

- (2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;
- (3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;
- (4) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses shall personally execute the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Each owner of the transferee shall also be required to execute the Joinder Agreement in the form attached to this Agreement as Exhibit 2 and such further agreements designated by Franchisor whereby the proposed transferee assumes each and every obligation and responsibility of Franchisee as set forth in this Agreement;
- (5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;
- (6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 7 releasing Franchisor, Franchisor's Affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;
- (7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then-current standard form franchise agreement offered to new franchisees of FranReal Businesses and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then-current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;
- (8) The transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's Administrative Office to conform to the then-current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;
- (9) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;
- (10) At the transferee's expense, the transferee, and the transferee's managing owner, managers and/or any other applicable employees of transferee's FranReal Business must complete any training programs then in effect for franchisees of FranReal Businesses upon terms and conditions

set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay the Transfer Fee to Franchisor;

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 4;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees, Advertising Contributions;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;

(18) The Transfer of the Franchised Business, the lease for Franchisee's Administrative Office (if applicable), and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Section 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed thirty (30) days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within sixty (60) days of the appointment. If Franchisee's FranReal Business is not being managed by a Franchisor approved Operating Manager (as applicable) within thirty (30) days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the

operations of Franchisee's FranReal Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's FranReal Business. Franchisor's appointment of a manager for Franchisee's FranReal Business does not relieve Franchisee of its obligations under this Agreement, including this Section 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Section 16, below. At all times, including while Franchisee's FranReal Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's FranReal Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's FranReal Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed thirty (30) days from the date of death or permanent disability must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within sixty (60) days of the appointment. If Franchisee's FranReal Business is not being managed by a Franchisor approved Managing Owner (as applicable) within thirty (30) days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's FranReal Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's FranReal Business. Franchisor's appointment of a manager for Franchisee's FranReal Business does not relieve Franchisee of its obligations under this Agreement, including this Section 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Section 16, below. At all times, including while Franchisee's FranReal Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's FranReal Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's FranReal Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time. Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Section 14.D(1) shall apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed twelve (12) months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Section 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and the Joinder Agreement attached to this Agreement as Exhibit 2.

14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the “Assignee Corporate Entity”), provided that: (a) Franchisee has provided Franchisor with thirty (30) days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and the Joinder Agreement attached to this Agreement as Exhibit 2; (c) the Spouse of each Franchisee (individually, jointly and severally as to each individual Spouse) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and (e) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee’s individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

14.F. FRANCHISOR’S RIGHT OF FIRST REFUSAL

If Franchisee or an Owner desires to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee’s FranReal Business, Franchisee’s Administrative Office, and/or Franchisee’s Administrative Office, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the “Offer”) and submit an exact copy of the Offer to Franchisor. Franchisor shall have thirty (30) days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee’s FranReal Business, Franchisee’s Administrative Office, and/or Franchisee’s Administrative Office for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said thirty (30) day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional sixty (60) days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor’s election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Section 14.F right of first refusal, Franchisee complies with the terms of this Section 14. However, if the sale to the purchaser is not completed within one hundred twenty (120) days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Section 14.F. Franchisor’s right of first refusal in this Section 14.F shall not apply to any Transfer pursuant to Section 14.E of this Agreement.

14.G. CUSTOMER SATISFICATION

You must present customers with such evaluation cards or forms as the Franchisor may periodically prescribe, for return by the customers to FranReal. If Your scores from the customer response forms do not meet FranReal’s then-current standards, as may be described in the Manual, FranReal may suggest ways in which You can improve Your scores. If You do not take immediate, effective steps to bring Your operation into conformity with FranReal’s standards, Your failure to do so will constitute a material breach of this Agreement, and You shall be subject to termination pursuant to Section 16.

You shall respond to all customer complaints suggestions and the like via e-mail, telephone, or regular mail within 48 hours of submission by the customer or prospective customer.

You shall install a video and/or security system, in a manner we deem acceptable, in our sole discretion, and shall provide FranReal with access to view the video at any time.

14.H. NOTICE OF COMPLAINTS

You shall notify FranReal promptly if You are served with a complaint or demand in any legal proceeding that is in any way related to the FranReal or if You become aware that You are the subject of any complaint to or investigation by a governmental agency, governmental licensing authority, or consumer protection agency. You shall notify FranReal immediately upon receipt of any notice of a breach of the lease agreement for the premises of the FranReal. You must notify FranReal of any claim arising from or affecting the financial condition of your FranReal.

SECTION 15 RENEWAL OF FRANCHISE

15.A. FRANCHISEE'S RIGHT TO RENEW

Subject to Franchisee's satisfaction of the terms and conditions of this Section 15, Franchisee possesses the option to renew the franchise for Franchisee's FranReal Business for one additional ten (10) year Renewal Term (for Full Franchise Opportunities) or two (2) years Renewal Terms (for Pro Franchise Opportunities), provided that:

(a) Franchisee must be in full compliance with all of the terms of this Agreement and all mandatory requirements in FranReal's Policies and in the Manuals;

(b) Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

(c) Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any required System modifications such that the Franchise Business reflects FranReal's then-current standards and specifications;

(d) Franchisee has satisfied all monetary obligations owed by Franchisee to FranReal, any affiliate of FranReal, any supplier, and all other creditors, and has timely met these obligations throughout the term of this Agreement;

(e) Franchisee is not in default of any provision of this Agreement, any other agreement between Franchisee and FranReal, or any other agreement entered into with a party, the subject matter concerning matters relating to the Franchise;

(f) Franchisee has given written notice of its intent to operate a successor FranReal Franchise to FranReal not less than three (3) months nor more than six (6) months prior to the end of the term of this Agreement;

(g) You must sign a copy of the Successor Franchise Agreement no less than 30 days before the expiration of this Agreement, or the date that you receive the new Franchise Agreement from us, whichever is later, which must include signatures on all Attachments thereto;

(h) Franchisee or its Principal Broker must have a real estate broker's license in good standing within the state(s) where Franchisee operates;

(i) Franchisee has complied with FranReal's then-current qualifications for a new FranReal franchisee and has agreed to comply with any training requirements and certification/licensing requirements;

(j) You shall have paid our then-current initial franchise fee, if applicable; and

(k) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to FranReal, of any and all claims against FranReal and its Related Parties affiliates successors and assigns and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between You and FranReal or its affiliates, and federal, state, and local laws and rules.

15.B. NOTICE OF RENEWAL AND NON-RENEWAL

Franchisee must give Franchisor written notice of Franchisee's election to renew this Agreement not less than one hundred and eighty (180) days before the end of the Term.

15.C. RENEWAL FRANCHISE AGREEMENT

Subject to the satisfaction of the conditions set forth in this Section 15, to renew the franchise franchise and to obtain the right to continue to operate the Franchised Business (a) Franchisor and Franchisee execute and become parties to Franchisor's then current franchise agreement and Franchisor's then current ancillary agreements that Franchisor then designates and customarily uses in the grant of franchises for FranReal Businesses at the time of renewal, and (b) each Owner and Spouse must execute and become parties to an individual personal guarantee similar to the Franchise Owner and Spouse Agreement and Guaranty attached hereto as Exhibit 1 and an agreement similar to the Joinder Agreement attached hereto as Exhibit 2. The terms of the renewal franchise agreement and ancillary agreements may differ from the terms of this Agreement and the Ancillary Agreements, including, without limitation, requiring higher advertising contributions and higher royalty fees. Franchisee, each Owner and each Spouse may be required to execute further documents, instruments or agreements that Franchisor customarily requires in the grant of franchises for FranReal Businesses at the time of renewal. Failure by Franchisee, each Owner, and/or each Spouse to execute the foregoing documents, instruments, and agreements within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the franchise. If Franchisee signs a Local Franchise Opportunity franchise agreement, Franchisee may be required to upgrade to a National Franchise Opportunity, in Franchisor's sole and absolute discretion.

15.D. CONDITIONS FOR RENEWAL

In addition to the conditions and requirements stated above in this Section 15, each and every one of the following conditions and requirements must be satisfied by Franchisee before and at the time of renewal:

(1) Franchisee, each Owner and each Spouse (as applicable) must not be in material default of any provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements; and Franchisee must have substantially and timely complied with all the terms and conditions of all agreements with Franchisor and Franchisor's affiliates;

(2) Franchisee must have timely satisfied all monetary obligations owed by Franchisee to

Franchisor and under this Agreement, the Ancillary Agreements, and any other agreement between Franchisee and any of Franchisor's affiliates;

(3) Franchisee must present satisfactory, evidence that Franchisee has the right to remain in possession of Franchisee's Administrative Office or obtain Franchisor's approval for a new Administrative Office within the Operating Territory (if any) for the operation of the Franchisee's FranReal Business for the duration of the Renewal Term of this Agreement;

(4) Based upon an assessment of Franchisee's needs conducted by Franchisor prior to renewal, Franchisee must undertake such additional training, if any, as necessary to comply with Franchisor's then-current training requirements; and

(5) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 7 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders. If precluded by law from giving a general release, Franchisee shall execute an estoppel statement.

SECTION 16

DEFAULTS AND REMEDIES

16.A. TERMINATION BY FRANCHISOR

(1) **Automatic Termination** - Franchisee shall be in default of this Agreement, and Franchisee's rights under this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, events, and/or circumstances:

(a) Franchisee becomes insolvent;

(b) Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(c) Franchisee admits in writing Franchisee's inability to pay its debts as they mature;

(d) Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(e) Franchisee files a voluntary petition in bankruptcy;

(f) Franchisee is adjudicated bankrupt or insolvent;

(g) An involuntary petition in bankruptcy is filed against Franchisee;

(h) Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;

(i) A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Franchisee seeking any relief described in Section 16.A(1)(h), and (1) Franchisee

acquiesces in the entry of such order, judgment or decree (the term "acquiesce" as used in this Section 16.A(1)(i)) shall include, without limitation, Franchisee's failure to file a petition or motion to vacate or discharge any order, judgment or decree within sixty (60) days after entry of such order, judgment or decree), or (2) such order, judgment or decree shall remain for an aggregate of sixty (60) days, whether or not consecutive, from the date of entry thereof;

(j) Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;

(k) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(l) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of sixty (60) days, whether or not consecutive, from the date of entry thereof;

(m) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(n) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution;

(o) Execution is levied upon or against Franchisee's business or any assets of Franchisee;

(p) A final judgment against Franchisee remains of record or unsatisfied for thirty (30) days or more, unless an appeal and/or supersedeas bond is filed;

(q) Franchisee is dissolved;

(r) A cause of action or lawsuit to foreclose any lien or mortgage against Franchisee's Administrative Office if Franchisee is the fee simple owner of Franchisee's Administrative Office;

(s) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of Franchisee's FranReal Business or located at Franchisee's Administrative Office is instituted against Franchisee and not dismissed within sixty (60) days after the summons is served on Franchisee;

(t) Real or personal property of Franchisee utilized in the operation of Franchisee's FranReal Business is sold after levy thereupon by any sheriff, marshal or other law enforcement officer;

(u) Upon termination by Franchisor pursuant to Section 16.A(2) of this Agreement; and/or

(v) Upon termination by Franchisor pursuant to Section 16.A(3) of this Agreement.

(2) **Automatic Termination Upon Written Notice** - Franchisee shall be in default of this Agreement and Franchisee's rights under this Agreement may be terminated by Franchisor, in Franchisor's sole discretion, upon written notice from Franchisor to Franchisee of any one of the following events and/or the occurrence of any one or more of the following actions, events and/or

circumstances with such termination effective on the date of Franchisor's notice:

- (a) Franchisee abandons, surrenders and/or fails to continuously and actively operate Franchisee's FranReal Business, unless prevented by casualty if such casualty is repaired or otherwise remedied in accordance with Section 7.D;
- (b) Franchisee failing or refusing on more than three (3) occasions during the Term to timely submit to Franchisor any records, reports, videotapes, recordings, books, accounts, statements, data, documentation or other information in accordance with this Agreement;
- (c) Franchisee fails or refuses on more than three (3) occasions during the Term to timely pay when due the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, and/or monetary obligation payable to Franchisor pursuant to this Agreement;
- (d) Franchisee materially misrepresents or omits information in Franchisee's Disclosure Questionnaire and Representations Agreement attached hereto as Exhibit 3, Franchisee maintains records, reports, books, accounts, statements, data, documentation or other information in accordance with this Agreement that are with misleading, fraudulent or inaccurate, or Franchisee provides Franchisor with records, reports, books, accounts, statements, data, documentation or other information in accordance with this Agreement that are with misleading, fraudulent or inaccurate;
- (e) Franchisee attempts to Transfer, or any purported Transfer of, this Agreement or any of Franchisee's rights under this Agreement to a third party without Franchisor's prior written consent and/or otherwise not in accordance with this Agreement;
- (f) Franchisee discloses, divulges, and/or communicates to any unauthorized person or entity the Operations Manual and/or any contents of, or any information contained in, the Operations Manual;
- (g) Franchisee discloses, divulges, and/or communicates to any unauthorized person or entity any Confidential Information;
- (h) Franchisee fails or refuses on more than three (3) occasions to substantially comply with any of the requirements imposed by this Agreement or the Operations Manuals;
- (i) Franchisee materially breaches, or is in material default of, this Agreement or engaging in any other activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, FranReal Businesses, Franchisee's FranReal Business, and the goodwill, brand, and reputation associated therewith;
- (j) Franchisee, an Owner, and/or a Spouse (as applicable) breaches, or is in default of, any of the Ancillary Agreements, including, without limitation, the Franchise Owner and Spouse Agreement and Guaranty attached hereto as Exhibit 1 and the Joinder Agreement attached hereto as Exhibit 2;
- (k) Conviction of Franchisee and/or an Owner of a felony or Franchisee or an Owner pleading guilty or nolo contendere to a felony;
- (l) Franchisee and/or an Owner engages in dishonest or unethical conduct that results, in

Franchisor's Reasonable Business Judgment, in embarrassment to Franchisor, the System, the Licensed Marks, FranReal Businesses, Franchisee's FranReal Business, and the goodwill, brand, and reputation associated therewith;

- (m) If any inspection of Franchisee's records, reports, books, accounts, statements, data, documentation or other information discloses an understatement of payments payable to Franchisor under this Agreement of five percent (5%) or more, including, without limitation, payment of the Royalty Fee and/or the Advertising Contribution;
- (n) Franchisee uses products, and/or supplies not approved by Franchisor, including, without limitation, the System Equipment and Supplies and/or the System Services and Products;
- (o) Franchisee fails to complete the Training Program to Franchisor's reasonable satisfaction;
- (p) Franchisee engages in conduct which, in Franchisor's Reasonable Business Judgment, may adversely affect the goodwill of Franchisor, the System, the Licensed Marks, FranReal Businesses and/or Franchisee's FranReal Business;
- (q) An immediate threat or danger to public health or safety resulting from the operation of Franchisee's FranReal Business;
- (r) Franchisee loses the right or ability to occupy Franchisee's Administrative Office due to Franchisee's default of the underlying breach, material breach of the underlying lease, or Franchisee's failure to elect any option to renew the underlying lease;
- (s) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or become listed on the Annex to Executive Order 13244;
- (t) Franchisee fails to: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and/or (3) take reasonable steps (including notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel) to prevent any person or entity from violating the terms of the Confidentiality Agreement;
- (u) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System, Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world;
- (v) Franchisee fails, refuses, and/or is unable to pay the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, and/or monetary obligation payable to Franchisor pursuant to this Agreement within ten (10) calendar days following written notice of same from Franchisor;
- (w) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay any payment, fee, financial obligation, and/or monetary obligation payable to Franchisor and/or Franchisor's Affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's Affiliate, Franchisee and/or Franchisee's affiliate within ten (10) calendar days following written notice of same from Franchisor and/or Franchisor's Affiliate; and/or

- (x) Franchisee fails or refuses, without legal justification, on more than three (3) occasions to timely pay any supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items for the use of, operation of, and/or associated with, Franchisee's FranReal Business, including, without limitation, the System Equipment and Supplies and/or the System Services and Products.

(3) **Termination After Cure Period** - Franchisee shall be in default of this Agreement, and Franchisee's rights under this Agreement shall be terminated, upon thirty (30) calendar days written notice (specifying the default of this Agreement and/or the actions, inactions, failures, circumstances, and/or events that must be cured by Franchisee) to Franchisee (the "Notice Period") upon the occurrence of any one or more of the following actions, inactions, events, and/or circumstances with such termination effective upon expiration of the Notice Period, unless cured by Franchisee within the Notice Period:

- (a) Franchisee fails or refuses to comply with any term and condition of this Agreement or any other agreement between or among Franchisor, Franchisor's Affiliates, Franchisee and/or Franchisee's affiliates;
- (b) Franchisee fails to develop, open, operate and maintain Franchisee's FranReal Business in accordance with this Agreement and throughout the Term;
- (c) Franchisee fails to develop, open and operate Franchisee's FranReal Business on or before the Scheduled Business Commencement Date;
- (d) Franchisee operates Franchisee's FranReal Business in any manner that violates any federal, state, or local law, rule, regulation, ordinance, permit or code;
- (e) Franchisee fails to maintain, or suffers cancellation of, any insurance policy required under this Agreement;
- (f) Franchisee fails or refuses to comply with any specification, standard or operating procedure designated by Franchisor or otherwise set forth in the Operations Manual;
- (g) Franchisee fails or refuses, without legal justification, to pay any supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items for the use of, operation of, and/or associated with, Franchisee's FranReal Business, including, without limitation, the System Equipment and Supplies and/or the System Services and Products;
- (h) Franchisee fails or refuses, within one hundred twenty (120) calendar days of the Effective Date to obtain and secure a signed lease agreement or fee simple ownership interest in a business location in accordance with this Agreement and, that is approved by Franchisor as Franchisee's Administrative Office; and/or
- (i) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development and/or construction of the FranReal Business.

The foregoing events of default set forth in this Section 16.A(3) shall exclude events of default that are otherwise governed by and/or events of default under Section 16.A(1) or Section 16.A(2). In the event of any inconsistency or conflict between the provisions of this Section 16.A(3) with Section 16.A(1), Section 16.A(1) shall take precedence and govern. In the event of any

inconsistency or conflict between the provisions of this Section 16.A(3) with Section 16.A(2), Section 16.A(2) shall take precedence and govern.

(4) **Additional Termination Rights** - Franchisee agrees that Franchisee's strict and exact compliance with, and performance of, all the terms and conditions of this Agreement is necessary for the protection of Franchisor, the System, the Licensed Marks, FranReal Businesses, Franchisee's FranReal Business, and the goodwill, brand, and reputation associated therewith. Franchisee agrees that Franchisee's failure to strictly and exactly to comply and perform in accordance with each of the terms and conditions of this Agreement shall constitute a default under, and a material breach of, this Agreement. Accordingly, in addition to the actions, inactions, events, and/or circumstances specified as a default in Section 16.A(1) through Section 16.A(3) above or elsewhere in this Agreement, Franchisee's failure to perform and comply with each and every term and condition set forth in this Agreement shall constitute a default under this Agreement and a material breach of this Agreement. In the event of a default or material breach not otherwise specified as a default in Section 16.A(1) through Section 16.A(3) above or elsewhere in this Agreement (a "General Default"), then Franchisor shall notify Franchisee in writing of such General Default, and Franchisor will specify in such notice the default or material breach of this Agreement and/or the actions, inactions, failures, circumstances, and/or events that must be cured by Franchisee. If Franchisee fails to remedy or cure such default within thirty (30) days of such notice, or such longer period time as may be required by law, then Franchisor may terminate Franchisee's rights under this Agreement without further notice to Franchisee.

16.B. TERMINATION BY FRANCHISEE

If Franchisee, each Owners and Spouse (as applicable) are in full compliance with each and every term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within thirty (30) days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within thirty (30) days, within thirty (30) days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the thirty (30) day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at least ten (10) days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in this and in compliance with this Section 16.B shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

To induce Franchisor to enter into this Agreement Franchisee, each Owner and each Spouse agree that if Franchisee terminates this Agreement pursuant to this Section 16.B, that Franchisee, each Owner and each Spouse shall nevertheless comply with and be bound by all restrictions and the post-term obligations set forth in Sections 6 and 17 of this Agreement.

16.C. FRANCHISOR'S OTHER REMEDIES

In the event of Franchisee's breach of any provision of this Agreement or Franchisee's default under this Agreement, Franchisor, at Franchisor's sole discretion, shall be entitled to the following remedies and rights in addition to any other rights and remedies available to Franchisor set forth in this Agreement, at law, or in equity: (i) void and terminate this Agreement, and market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion; (ii) hold Franchisee liable for, and recover from Franchisee, all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 18.J below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges resulting from Franchisee's default or material breach; (iii) exercise all legal and equitable rights and remedies allowable by applicable law; (iv) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 18.J below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges to reclaim the rights granted to Franchisee under this Agreement, and marketing, selling, transferring, conveying or assigning those rights to another person or entity; (v) enjoin, prohibit or otherwise prevent Franchisee from operating Franchisee's FranReal Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court ordered restraining order, injunction or other means; (vi) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 18.J below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges resulting from, or associated with, enjoining, restraining, prohibiting, or otherwise preventing Franchisee from operating Franchisee's FranReal Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court ordered restraining order, injunction or other means; (vii) a declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void; (viii) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 18.J below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges associated with enforcing this Agreement; (ix) recover from Franchisee all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, payments of the Royalty Fee and Advertising Contributions; (x) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 18.J below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges resulting from, or associated with, recovering from Franchisee all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, payments of the Royalty Fee and Advertising Contributions; (xi) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (xii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee (which may include, without limitation, requiring cash on delivery); (xiii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates,

and/or rebate sharing that may be offered or made available to other System franchisees; (xiv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund; (xv) require payment of the Noncompliance Fee, which shall be payable and due within fourteen (14) days of the date of Franchisor's invoice; and/or (xvi) if a default or breach by Franchisee results in the earlier termination of this Agreement, then Franchisor, at Franchisor's sole election, may accelerate the due date for all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee, including, without limitation, payments of the Royalty Fee and Advertising Contributions. If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchisee, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's such rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

16.D. GUARANTY

The payment of all payments, amounts, fees, charges and other financial obligations payable by Franchisee to Franchisor pursuant to this Agreement, and Franchisee's observance and performance of all terms and conditions of this Agreement, are guaranteed pursuant to The Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

16.E. NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR

Franchisee shall give Franchisor advance written notice of Franchisee's intent to commence or otherwise institute any legal action or proceeding against Franchisor, specifying the basis for such proposed action, and Franchisee shall grant Franchisor thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based (hereinafter, the "30 Day Cure Notice"). Franchisee hereby expressly understands, and agrees that the 30 Day Cure Notice is a strict condition precedent to Franchisee commencing, or otherwise instituting, legal action or proceeding against Franchisor for any reason whatsoever.

SECTION 17 OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS

17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Section or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Equipment and Supplies.

17.B. CEASE OPERATIONS, USE OF SYSTEM AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

- (1) Permanently cease to be a franchise owner of the FranReal Business that was the subject of this Agreement and cease to operate such FranReal Business under the System;
- (2) Directly or indirectly, hold itself out to any person or entity, or represent itself, as a present or former FranReal Business franchisee;
- (3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or constitute Franchisor's trade secrets; (c) System Equipment and Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Equipment and Supplies; (d) the System Services and Products; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, FranReal Businesses, the Franchised Business, and Franchisee's former FranReal Business, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and FranReal Businesses;
- (4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;
- (5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;
- (6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;
- (7) Except in the event an authorized transferee continues to operate Franchisee's former FranReal Business at Franchisee's Administrative Office subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former FranReal Business, Franchisee's former FranReal real estate Administrative Office, and Franchisee's Administrative Office, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Administrative Office has been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a FranReal Business at your Administrative Office; (b) remove from Franchisee's Administrative Office all distinctive physical and structural features identifying a FranReal Business and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; (c) make specific additional changes to Franchisee's Administrative Office as

Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former FranReal Business. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Administrative Office at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Administrative Office will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (i) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former FranReal Business and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Section 6.B through Section 6.E of this Agreement.

(11) Provide Franchisor, within thirty (30) days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Section 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

17.C. CONTINUING OBLIGATIONS

All obligations of Franchisor and Franchisee under this Agreement which expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee further agrees that in the event of a Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance shall each Owners and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and the Joinder Agreement attached to this Agreement as Exhibit 2. The immediately foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

SECTION 18
ENFORCEMENT AND CONSTRUCTION

18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, Franchisor and Franchisee acknowledge and agree that each term and condition of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or “blue-lined” to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or “blue-lined” in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

18.B. WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor’s rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor’s other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee’s default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this

Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

18.C. FORCE MAJEURE

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six (6) months.

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Section 6 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Section 6.H of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that 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). The remedies available to Franchisor under Section 6.H are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks.

18.E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

18.F. GOVERNING LAW, VENUE, AND JURISDICTION

18.F.1 This Agreement shall take effect upon its acceptance and execution by FranReal. Except to the extent governed by the United States Arbitration Act (9 U.S.C. § 1, et seq.), and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C § 1050, et seq.), this Agreement, the franchise, and all claims arising from or in any way related to the relationship between FranReal, and/or any of its Related Parties, on the one hand, and you, and any of your owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the State

of Arizona, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchise, will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

18.F.2 In the event the arbitration clause set forth in Section 18.H is inapplicable or unenforceable, and subject to FranReal's rights, as outlined in Section 18.I, the following provision shall govern: The parties hereby expressly agree that the United States District Court for the District of Arizona, or if such court lacks subject matter jurisdiction, the Superior Court of Arizona, Maricopa County, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of Arizona and that you are to receive valuable and continuing services emanating from FranReal's headquarters in Arizona. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

18.G. NEGOTIATION AND MEDIATION

18.G.1 Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. Other than an action by FranReal under Section 11.H of this Agreement, the parties agree that if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

18.G.2 Initiation of Procedures

The party that initiates these procedures ("Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief including the damages sought, and identifying one or more persons with authority to settle the dispute for him, her, or it. The party receiving the notice ("Responding Party") has seven (7) days within which to designate by written notice to the Initiating Party one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").

18.G.3 Direct Negotiations

The Authorized Persons may investigate the dispute as they consider appropriate but agree to meet in-person at a location designated by FranReal within seven (7) days from the date of the designation of Authorized Persons to discuss resolution of the dispute. The Authorized Persons may meet at any times and places, and as often as they agree. If the dispute has not been resolved within ten (10) days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so.

18.G.4 Selection of Mediator

The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she or it is beginning mediation within which to submit to one another written lists of acceptable mediators who

are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 18.G to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

18.G.5 Time and Place for Mediation

In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless circumstances make it impossible, the time may not be later than thirty (30) days after selection of the mediator.

18.G.6 Exchange of Information

If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator, if required.

18.G.7 Summary of Views

At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator, and to the other party, a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

18.G.8 Representatives

In the mediation, each party must be represented by an Authorized Person, who must physically attend mediation, and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

18.G.9 Conduct of Mediation

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful, after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties.

All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

18.G.10

Termination of Procedure

The parties agree to participate in the mediation procedure to its conclusion as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

18.G.11

Fees of Mediator, Disqualification

The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute, or any related or similar matter in which either of the parties is involved.

18.G.12

Confidentiality

The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator, is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

18.H ARBITRATION

Except as provided in Section 18.I, and if not resolved by the negotiation and mediation procedures described in Section 18.G above, any dispute, controversy, or claim between you and/or any of your Related Parties, on the one hand, and FranReal and/or any of FranReal's Related Parties, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of in connection with or related to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the execution of this Agreement; (d) any loan or other finance arrangement between you and FranReal or its Related Parties; (e) the parties' relationship; (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (j) the scope or validity of the arbitration obligation under this Agreement, shall be determined in Maricopa County, Arizona, by the American Arbitration Association ("AAA"). This arbitration clause will not deprive FranReal of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction.

18.H.1

The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one (1) arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear.

18.H.2 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

18.H.3 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third-parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of claims is unenforceable then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts in accordance with Section 18.G. The arbitration must take place in Maricopa Count, Arizona, or at such other location as FranReal designates.

18.H.4 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or FranReal. The arbitrator may not, under any circumstance, (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement, or any reasonable standard of business performance that FranReal sets. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of FranReal is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to, any decision as to whether Section 18.G is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

18.H.5 The arbitrator can issue summary orders disposing of all or part of a claim, and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

18.H.6 The arbitrator will have subpoena powers limited only by the laws of the State of Arizona.

18.H.7 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the State of Arizona.

18.H.8 All other procedural matters will be determined by applying the statutory common laws and rules of procedure that control a court of competent jurisdiction in the state of Arizona.

18.H.9 Other than as may be required by law, the entire arbitration proceedings (including but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

18.H.10 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

18.H.11 FranReal reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished FranReal's right to seek recovery of those costs against you.

18.H.12 The Arbitrator shall render a reasoned award unless otherwise requested by the parties. If FranReal requests a more detailed award, i.e. "findings of fact and conclusions of law," the parties shall evenly split the excess cost above the cost required for a reasoned award. However, if You request an award more detailed than a reasoned award, i.e. "findings of facts and conclusions of law," You shall bear the entire additional cost required for such award, which cost is above the cost for a reasoned award.

18.H.13 Should FranReal prevail in any arbitration, the Arbitrator shall require You to pay all expenses of Arbitration, as well as FranReal's attorneys' fees and costs.

18.I EXCEPTIONS TO ARBITRATION AND MEDIATION

18.I.1 Notwithstanding the provisions of Sections 18.G and 18.H of this Agreement, FranReal shall be entitled, with a bond of not more than \$10,000, to the entry of temporary, preliminary and permanent injunctions, and orders of specific performance, enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) Your, and/or any of Your Related Party's use of the Marks; (b) Your confidentiality and non-competition covenants (Section 8); (c) Your obligations upon termination or expiration of the franchise; or (d) Transfer or assignment by You. If FranReal secures any such injunction (i.e. temporary restraining order, preliminary injunction, or permanent injunction) or order of specific performance, you agree to pay to FranReal an amount equal to the aggregate of FranReal's costs of obtaining such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses, and any damages incurred by FranReal as a result of the breach of any such provision.

18.I.2 Further, at the election of FranReal or its affiliate, the mediation and arbitration provisions of Sections 18.G and 18.H, inclusive of all subparts, shall not apply to: (a) any claim by FranReal relating to your failure to pay any fee due to FranReal under this Agreement; and/or (b) any claim by FranReal or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act; and/or (c) any claim by FranReal relating to a breach of your confidentiality and/or non-competition obligations under this Agreement.

18.J INJUNCTIVE REMEDY FOR BREACH

You recognize that You are a member of a Franchise Network and that Your acts and omissions may have a positive or negative effect on the success of other businesses operating under FranReal's Trade Name and in association with its Marks. Failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to FranReal and to some or all of the other franchisees of FranReal. For this reason, You agree that if FranReal can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of Your breach or threatened breach of any of the terms of this Agreement, FranReal will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage and without the necessity of posting bond or other security, any bond or other security being waived hereby. Franchisor has the exclusive right to seek relief pursuant to this section in a court of competent jurisdiction as defined in Section 18.F of this Agreement or any other court of competent jurisdiction. Notwithstanding, if any Court of competent jurisdiction, as described herein, determines that a bond or other security is required, You agree that you

will not seek bond or security in excess of \$10,000 and, in fact, will oppose any effort by a Court to impose a bond or security in excess of \$10,000.

18.K. VARIANCES

FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

18.L. LIMITATIONS OF CLAIMS

You may not maintain an arbitration against the Franchisor or its Related Parties unless: (a) You deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to You, or when you should have known of said event had you been reasonably diligent; (b) thereafter, You must follow the negotiation and mediation procedures described above; and (c) You file an arbitration within one (1) year after the notice is delivered. While this Section 18.L may limit the applicable statute of limitations, it is not intended to extend any applicable statute of limitation in any way. The limitations set forth in this Section 18.L shall not apply to FranReal, its affiliates or its Related Parties.

18.M. WAIVER OF RIGHTS

THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

18.M.1 Jury Trial. The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 18.G is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

18.M.2 Damages Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES, *except that* this waiver and limitation shall not apply with respect to (a) your obligation to indemnify FranReal pursuant to any provision of this Agreement, and/or (b) any claims FranReal brings against you and/or your guarantors

for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of the non-competition covenant and any other cause of action under the Lanham Act and FranReal shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

18.M.3 The parties hereto and each of ~~them~~ **EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that FRANREAL** may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

18.M.4. You hereby expressly waive any and all rights, actions or claims for relief under the Federal Act entitled "Racketeer Influenced and Corrupt Organizations," 18 U.S.C. § 1961, *et seq.* ("RICO").

18.M.5 You hereby expressly agree that the existence of any claims You may have against FranReal or its Related Parties, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by FranReal of the covenants contained in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' fees, incurred by FranReal in connection with the enforcement of any covenant contained in this Agreement.

18.N. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

18.O. COMPLETE AGREEMENT

This Agreement and all exhibits to this Agreement, constitute the entire agreement between the parties. This Agreement supersedes any and all prior negotiations, understandings, representations and agreements. No representations have induced You to execute this Agreement with FranReal Except for those permitted to be made unilaterally by FranReal hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require You to waive reliance on any representation that FranReal made in the most recent disclosure document (including its exhibits and amendments) (the "FDD") that FranReal delivered to You or your Your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

You acknowledge that you are entering into this Agreement as a result of your own independent investigation and not as a result of any representations (with the exception of those representations made in the FDD) made by FranReal, its members, managers, officers, directors, employees, agents, representatives or independent contractors that are contrary to the terms set forth in this Agreement. You acknowledge that the FDD you received contained a copy of this Franchise Agreement and that you reviewed the FDD and Franchise Agreement at least fourteen (14) days (or such other time as applicable law requires) before you

signed this Agreement. You further understand acknowledge and agree that any information you obtain from any FranReal franchisee, including relating to their sales, profit, cash flows, and/or expenses, does not constitute information obtained from FranReal, nor does FranReal make any representation as to the accuracy of any such information.

18.P. ATTORNEY FEES AND EXPENSES

If legal action or arbitration is necessary, including any motion to compel arbitration, or action on appeal, to enforce the terms and conditions of this Agreement, or for violation of this Agreement, FranReal will be entitled to recover reasonable compensation for preparation, investigation costs, court costs, arbitral costs, and reasonable accountants, attorneys, attorneys' assistants, and expert witness fees incurred by FranReal. Further, if FranReal is required to engage legal counsel in connection with any failure by You to comply with this Agreement, You shall reimburse FranReal for any of the above-listed costs and expenses incurred by FranReal, regardless of whether FranReal files or compels mediation, arbitration or litigation.

18.Q. INDIVIDUAL DISPUTE RESOLUTION – NO CLASS ACTION OR MULTI-PARTY ACTION

Any legal action between or among the parties to this Agreement and any of their Related Parties shall be conducted on an individual basis and not on a consolidated or class-wide basis.

18.R. ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.S. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisee acknowledges and represents that prior to the signing of this Agreement that Franchisor recommended and that Franchisee had the opportunity to have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant and other business advisors.

18.T. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Section 18.M of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

18.U. NON-UNIFORM AGREEMENTS

Franchisee acknowledges that Franchisor makes no representations or warranties that all other agreements with FranReal, LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other franchise agreements to other System franchisees in a non-uniform manner.

18.V NO RIGHT TO OFFSET.

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

18.W. HEADINGS.

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

18.X. AUTHORITY TO EXECUTE AND BIND.

Each party acknowledges, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

18.Y. COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES.

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document. Executed duplicates of this Agreement, if any, shall be deemed an originals.

18.Z. JOINT AND SEVERAL LIABILITY.

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

18.AA. RECITALS.

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement, and are hereby fully incorporated into the terms of this Agreement.

SECTION 19 **NOTICES**

All written notices and reports permitted or required to be delivered by this Agreement or the Operations Manual shall be deemed so delivered, at the time delivered by hand, one (1) business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three (3) business days after placed in the U.S. mail by registered or certified Mail, postage prepaid, and addressed to the party to be notified at its most current principal business address

of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and Franchisor shall respond within ten (10) business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



FranReal Franchise Agreement
EXHIBIT A
DESCRIPTION OF FRANCHISE OPPORTUNITY TYPES

LOCAL FRANCHISE OPPORTUNITY

- **Branding:** Local franchise members have the full-use of FranReal branding. Local franchise members may also use FranReal Certified Company logos. FranReal branding may be used on print or digital media. Placement and use of all FranReal branding must be approved by FranReal prior to use by franchisee. See attachment for approved full-use and co-branded logos.
- **Initial Training:** Local franchise members must attend FranReal training either in person at our offices in Arizona, or online. FranReal training will include marketing, sales and operations basic training. At the request of franchisee, FranReal reserves the right to offer in-person FranReal training at franchisee's locations for an additional fee.
- **Protected Territories:** Local franchise members do not receive protected territories.
- **Marketing and sales collateral:** Local franchise members will receive our marketing and sales collateral package (digital versions only). If custom designs are needed for individual franchisees, pricing will be determined at that time based on additional services pricing listed herein. *FranReal reserves the right to add or delete items to or from this list as needed.*
- **Website:** Local franchise members have the option to utilize receive a fully developed FranReal website which includes hosting for the length of their franchise term. If custom designs are needed for individual franchisee websites, pricing will be determined at that time based on additional services pricing listed herein.
- **Online Franchisee Portal Access:** Local franchise members receive unlimited access to all Marketing, Sales and Operations training materials and videos.
- **Online Franchisee Portal Access:** Local franchise members receive unlimited access to all Business strategy, management, business coaching and commercial real estate training materials and videos.
- **Email Support:** Local franchise members receive unlimited email support.
- **Phone support:** Local franchise members do not receive unlimited phone support
- **FranReal Network of Professionals:** Local franchise members receive access to all fellow FranReal owners for additional questions, support and suggestions.
- **Chemicals and Equipment:** Pro franchise members receive access to all FranReal proprietary chemicals and equipment at a 10% discount.
- **FranReal Certification Courses:** Pro franchise members receive access to FranReal in-house, certification courses at a 10% discount.
- **Operations Manual:** Pro franchise members receive FranReal's operations manual
- **Employee Handbook:** Pro franchise members receive FranReal's employee handbook
- **Additional Services:** Pro franchise members receive discounted access to all of FranReal's additional services which include:
 - **Pay per click creation and management** (1 office location at \$375 per month plus \$500 initial fee for add creation and setup) at a 10% discount.
 - **Search engine optimization** (1 office location at \$750 per month plus one-time \$1500 fee for initial setup) at a 10% discount.
 - **Website design and development** (per website at \$3800 for basic 8 page website. Additional pages can be created on an hourly rate basis at \$125 per hour as needed). Estimated cost will be provided prior to commencement of work at a 10% discount.

- **Print media design and development:** (per piece - to be created on an hourly rate basis at \$125 per hour as needed. Estimated cost will be provided prior to commencement of work.) at a 10% discount.
- **Social media marketing:** (per month at \$450 per month to include a minimum of 1 basic post per week. Monthly fee also includes posts related to all holidays and well known events. Additional posts may be created at FranReal's discretion. At a 10% discount.
- **Blog post creation:** (per month @ \$450 per month to include a minimum of 1 basic blog post (up to 750 words) per week. At a 10% discount.
- **Email marketing:** (per email campaign at \$125 per campaign up to 2000 recipients. Includes import of client list. At a 10% discount.
- **Business coaching:** Pro franchise members receive access to one-on-one business and strategy coaching at \$375 per month which includes (2) one-hours coaching sessions by phone. At a 10% discount.

NATIONAL FRANCHISE OPPORTUNITY

- **Branding:** National franchise members must use full FranReal branding on all print and digital media. Placement and use of all FranReal branding must be approved by FranReal prior to use by franchisee. See attachment for approved full-use and co-branded logos.
- **Initial Training:** National franchise members must attend FranReal training either in person at our offices in Arizona, or online. FranReal training will include marketing, sales and operations basic training. At the request of franchisee, FranReal reserves the right to offer in-person FranReal training at franchisee's locations for an additional fee.
- **Protected Territories:** National franchise members receive access to all geographic territories. National FranReal franchisees may market or sell services within any FranReal protected territory without express written consent from the franchisee and FranReal Franchise Systems.
- **Forms, Contracts, Paperwork:** National franchise members will receive our full franchise forms and contract package (digital versions only). *FranReal reserves the right to add or delete items to or from this list as needed.*
- **Marketing and sales collateral:** National franchise members will receive our full franchise marketing and sales collateral package (digital versions only). If custom designs are needed for individual franchisees, pricing will be determined at that time based on additional services pricing listed herein. *FranReal reserves the right to add or delete items to or from this list as needed.*
- **Website:** National franchise members receive a fully developed FranReal website which includes hosting for the length of their franchise term. If custom designs are needed for individual franchisee websites, pricing will be determined at that time based on additional services pricing listed herein.
- **Online Franchisee Portal Access:** National franchise members receive unlimited access to all Marketing, Sales and Operations training materials and videos.
- **Online Franchisee Portal Access:** National franchise members receive unlimited access to all Business strategy, management, business coaching and financial training materials and videos.
- **Email Support:** National franchise members receive unlimited email support
- **Phone support:** National franchise members receive unlimited phone support
- **FranReal Network of Professionals:** National franchise members receive access to all fellow FranReal owners for additional questions, support and suggestions.
- **FranReal Certification Courses:** Full franchise members receive access to FranReal in-house, certification courses at a 25% discount.
- **Operations Manual:** National franchise members receive FranReal's operations manual
- **Employee Handbook:** National franchise members receive FranReal's employee handbook
- **Additional Services:** National franchise members receive discounted access to all of FranReal's additional services which include:
 - **Pay per click creation and management** (1 office location at \$375 per month plus \$500 initial fee for add creation and setup) at a 25% discount.
 - **Search engine optimization** (1 office location at \$750 per month plus one-time \$1500 fee for initial setup) at a 25% discount.

- **Website design and development** (per website at \$3800 for basic 8 page website. Additional pages can be created on an hourly rate basis at \$125 per hour as needed). Estimated cost will be provided prior to commencement of work at a 25% discount.
- **Print media design and development:** (per piece - to be created on an hourly rate basis at \$125 per hour as needed. Estimated cost will be provided prior to commencement of work.) at a 25% discount.
- **Social media marketing:** (per month at \$450 per month to include a minimum of 1 basic post per week. Monthly fee also includes posts related to all holidays and well known events. Additional posts may be created at FranReal's discretion. At a 25% discount.
- **Blog post creation:** (per month at \$450 per month to include a minimum of 1 basic blog post (up to 750 words) per week. At a 25% discount.
- **Email marketing:** (per email campaign at \$125 per campaign up to 2000 recipients. Includes import of client list. At a 25% discount.
- **Business coaching:** Full franchise members receive access to one-on-one business and strategy coaching at \$375 per month which includes (2) one-hours coaching sessions by phone. At a 25% discount.



FranReal Franchise Agreement
SCHEDULE 1
OPERATING TERRITORY ACKNOWLEDGMENT

1. You have elected to purchase the following franchise type:

_____ Local Franchise Opportunity Standard Franchise Opportunity for an initial franchise fee of Thirty Thousand Dollars (\$30,000)

_____ Conversion to Small Market _____ for a reduced initial franchise fee of Twenty Thousand Dollars (\$20,000)

_____ Additional Geographic Zones for an additional initial franchise fee of Twelve Thousand Five Hundred Dollars (\$12,500) each.

_____ One (1) Geographical Zone

_____ Two (2) Geographical Zones

_____ National Franchise Opportunity Standard Franchise Opportunity for an initial franchise fee of Forty-Five Thousand Dollars (\$45,000)

2. If You have elected to purchase a Local Franchise Opportunity, Franchisor and Franchisee agree that “Franchisee’s Operating Territory”, as such term is identified and defined in the Franchise Agreement, including, but not limited to, Section 1 of the Franchise Agreement, is identified, as follows:

[For this Schedule to be Effective this Schedule Must be Completed and Signed by Franchisor. If left incomplete then there shall be no protected Operating Territory]

The foregoing Operating Territory has been determined based on negotiations initiated by Franchisee and benefitting Franchisee. To the extent that the foregoing description of the Operating Territory includes and/or delineates geographic or political boundaries such determinations will be considered fixed as of the Effective Date of the Franchise Agreement and will not change for the purpose of this Agreement notwithstanding a change or reorganization to such boundaries or regions. All street boundaries, if any, will be deemed to end at the street center lines unless otherwise specified above.

3. You are authorized to engage in the following Permitted Outside Services:

[For this Schedule to be Effective this Schedule Must be Completed and Signed by Franchisor. If left incomplete then there shall be no protected Operating Territory]

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)



FranReal Franchise Agreement
SCHEDULE 2
OPERATING TERRITORY TYPE, FRANCHISE FEE, AND
ADMINISTRATIVE OFFICE LOCATION ACKNOWLEDGMENT

Type of Operating Territory – Franchisee’s Operating Territory is a:

[OPERATING TERRITORY TYPE]

[Describe whether or not Franchisee’s Operating Territory is a Standard operating Territory, a Standard Operating Territory Plus One Geographic Zone, a Standard Operating Territory Plus Two Geographic Zones, or a Small Market Operating Territory. If left incomplete the type of Franchisee’s Operating Territory shall be determined based on the Initial Franchise Fee]

Initial Franchise Fee - Franchisee’s Initial Franchise Fee is:

\$

Administrative Office Location Acknowledgment – If selected by Franchisee at the time of signing the Franchise Agreement and, if approved by Franchisor, the location for Franchisee’s Administrative Office shall be:

[If left incomplete or unknown at time of executing this Agreement, Franchisee acknowledges that Administrative Office, must be located Within Franchisees Operating Territory at a location approved by Franchisor in writing]

Franchisee acknowledges and represents that the foregoing determination as to Franchisee’s Operating Territory was based on negotiations initiated by Franchisee and for Franchisee’s benefit.

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)



FranReal Franchise Agreement
SCHEDULE 3
STATEMENT OF FRANCHISEE'S OWNERS

If Franchisee is a Corporate Entity, Franchisee does hereby affirm and acknowledge that, as of the Effective Date:

1. The Following is a list of each Owner of Franchisee and, among other things, all shareholders, partners, members, and other investors in Franchisee, including all investors who own or hold a direct or indirect financial and/or equity interest in Franchisee:

Name	Address	Ownership Interest Percentage

2. The following Owner is hereby also designated by Franchisee as the "Managing Owner":

Name

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



FranReal Franchise Agreement
EXHIBIT 1
FRANCHISE OWNER ~~AND SPOUSE~~ AGREEMENT AND GUARANTY



FRANCHISE OWNER AND SPOUSE AGREEMENT AND GUARANTY

THIS FRANCHISE OWNER AND SPOUSE AGREEMENT AND INDIVIDUAL GUARANTY (the “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner, in favor of FranReal, LLC, An Arizona limited liability company, and its successors and assigns (“us”, “our” or “we”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

Recitals and Representations

WHEREAS, Franchisee is [] (“Franchisee”);

WHEREAS, you acknowledge and agree that we have developed a distinctive and proprietary system (the “System”) for the establishment, development and operation of a business that offers and provides real estate brokerage services, and other products and services that we authorize (the “System Services and Products”) under the Licensed Marks (defined below) (each, a “FranReal Business”);

WHEREAS, Franchisee has entered into a FranReal Business Franchise Agreement (the “Franchise Agreement”) for the ownership, development and operation of a FranReal Business (the “Franchised Business”);

WHEREAS, you have received and have thoroughly reviewed the completed Franchise Agreement, including Schedules and Exhibits attached to the Franchise Agreement;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an “Owner” as set forth in this Agreement; and/or (b) the “Spouse” of an Owner of Franchisee;

WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all others who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners and Spouses);

WHEREAS, you acknowledge that this Agreement, among other things, personally obligates you to guarantee Franchisee’s obligations to us and obligates you to brand protection, confidentiality and non-competition restrictions and covenants and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee;

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be simultaneously entering into the Franchise Agreement with Franchisee;

NOW THEREFORE, to induce us to enter into the Franchise Agreement and as consideration to us for entering into the Franchise Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

1. Recitals and Representations.

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions.

Supplementing the terms and definitions contained in the Recitals and Representations:

“Administrative Office(s)” refers to and means the fixed administrative offices and/or facilities from which FranReal Businesses are established, operated and managed.

“Business Management System” refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business. We reserve the right to modify and designate alternative Business Management Systems as we determine in our Reasonable Business Judgment. Without limitation to the foregoing, the Business Management System may include: (a) multiple point of sale systems installed and maintained on-site at the Administrative Office; (b) portable tablet and/or computer systems utilized on-site when providing services to customers of the Franchised Business; (c) web based, private server based, network based and/or cloud based customer ordering systems, processing systems, production systems and/or service delivery systems; and (d) customer membership and rewards systems. The Business Management System or systems may, in whole or in part, include and utilize internet, intra-net and cloud based and accessed applications, software, databases and/or systems that require Franchisee to access such systems and information through the internet or a private network and that stores the data and information relating to the Franchised Business on off-site servers through accounts and/or servers controlled by us. At all times, we shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee’s Business Management System Data.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

“Competitive Business” refers to and means any business that is the same as or similar to a FranReal Business including, but not limited to, any business that offers and/or provides services and/or products relating to real estate brokerage services.

“Confidential Information” refers to and means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of the Franchise Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of FranReal Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by FranReal Businesses;

(c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of FranReal Businesses; (d) customer lists and information related to FranReal Businesses and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

“Copyrights” refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow FranReal Business franchisees to use, sell or display in connection with the development, marketing and/or operation of a FranReal Business, whether as of the Effective Date or any time in the future.

“Corporate Entity” refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snap Chat, YouTube, and Google+, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to FranReal Businesses, the Franchised Business, the Licensed Marks, the System and/or us. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Effective Date” refers to the “Effective Date” of the Franchise Agreement as the term “Effective Date” is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

“Franchised Business” refers to and means the FranReal Business to be developed, owned and operated by Franchisee pursuant to the terms of the Franchise Agreement.

“Franchisee’s Operating Territory” refers to and means the “Operating Territory” as such term is set forth and defined in the Franchise Agreement.

“Franchisee’s Administrative Office” refers to and means the FranReal real estate Administrative Office from which Franchisee establishes, operates and manages the Franchised Business.

“Immediate Family” refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

“Intellectual Property” refers to and means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

“Know-How” refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a FranReal Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the

foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

“Licensed Marks” refers to and means the trademarks, service marks, emblems and indicia of origin, including the “FranReal real estate” trademark, the FranReal logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of FranReal Businesses and the System Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

“FranReal Business(s)” shall have the meaning defined in the Recitals and Representations section of this Agreement and, without limitation to the Recitals and Representations section of this Agreement, the definition of “FranReal Businesses”, shall further include, refer to and mean: every business and all businesses owned and/or operated by us, our affiliates and/or our authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

“Operations Manual” refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of FranReal Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of FranReal Businesses. The Operations Manual may consist of one of more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Operations Manual shall, among other things, designate the System Services and Products that must be offered and sold by the Franchised Business and the FranReal Business Ingredients and Supplied that must be exclusively utilized by the Franchised Business. Only System Services and Products may be offered and sold by the Franchised Business. Only System Equipment and Supplies may be used by Franchisee in the operations of the Franchised Business.

“Owner” refers to and means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company, (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

“Prohibited Activities” refers to and means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of three percent (3%) or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing (i) any of our employees or managers (or those of our affiliates or franchisees) to leave their position with us, or (ii) any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person or business that is not a FranReal Business.

“Reasonable Business Judgment” refers to, means, and relates to any and all decisions, actions and choices made by us concerning or relating to the Franchise Agreement, the System, FranReal Businesses and the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of FranReal Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. The Franchisee has agreed and, you acknowledge and agree, that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us takes precedence and prevails, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee has agreed and, you acknowledge and agree, that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment as franchisor that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee’s or your individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agreed and you agree that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee’s or such third party’s judgment for our Reasonable Business Judgment. Franchisee agreed and, you agree, that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

“Restricted Period” refers to and means the two (2) year period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse ceases to be an Owner of Franchisee. 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 eighteen (18) month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee.

“Restricted Territory” refers to and means the geographic area: (a) comprising Franchisee’s Operating Territory; (b) comprising a twenty-five (25) mile radius surrounding Franchisee’s Operating Territory (or, if Franchisee is not granted or designated an operating territory, then a twenty-five (25) mile radius surrounding Franchisee’s Administrative Office); (c) comprising a ten (10) mile radius surrounding the each of the operating territories, respectively, of other FranReal Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within Franchisee’s Operating Territory plus

a ten (10) mile radius surrounding Franchisee's Operating Territory or, if Franchisee is not granted or designated an operating territory, then a ten (10) mile radius surrounding Franchisee's Administrative Office.

"Spouse" refers to and means, as of the Effective Date, the legal spouse of an Owner.

"System" refers to and means our system for the development, establishment and operation of FranReal Businesses including, but not limited to: (a) the System Services and Products, System Equipment and Supplies, and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a FranReal Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a FranReal Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

"System Equipment and Supplies" refers to and means the equipment and supplies designated by us as required for use in connection with Franchisee's FranReal Business and the System Services and Products. Without limitation to the foregoing, the System Equipment and Supplies shall include FranReal real estate branded, non-branded and third-party branded equipment and supplies designated by us for use in the day-to-day operations of Franchisee's FranReal Business including, among other things: real estate brokerage services, stationary, sales slips, receipts, customer notices and other forms and materials, designated by us in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by us from time to time in our Reasonable Business Judgment. System Equipment and Supplies shall further include those products that we authorize for sale to customers of Franchisee's FranReal Business.

"System Services and Products" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by FranReal Businesses. We shall exclusively designate and determine the System Services and Products and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the System Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that we may make from time to time and our right to change and modify the System Services and Products, shall designate the System Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the System Services and Products.

"System Website" refers to and means the web page and/or pages located on the world wide web at the FranReal.com URL (uniform resource locator) and shall further include all webpages and subdomains (including those that are franchisee and/or geography specific) that are a part of FranReal.com, or as designated by us as being associated with the URL of FranReal.com and/or FranReal Businesses.

"Trade Dress" refers to and means the FranReal Business designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time-to-time.

“Transfer” refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

- (a) as of the Effective Date you are an Owner and/or Spouse;
- (b) that you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or Spouse;
- (c) in your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee that you have and will be gaining access to, among other things, the System and Intellectual Property;
- (d) you acknowledge that all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;
- (e) you acknowledge that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and
- (f) you acknowledge that the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.

- (a) **Know-How.** You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (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 an Owner of Franchisee or your Spouse is no longer an Owner of Franchisee, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant subfranchises. If applicable law precludes you from assigning ownership of any Improvement to us, then such

Improvement shall be perpetually franchised by you to us free of charge, with full rights to use, commercialize, and subfranchise the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Section 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable) that you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage 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/clients 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 (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. 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 providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. 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 WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of this Section 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) 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 Section 4 to ensure that the terms and covenants are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Section 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other FranReal Business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants 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 Section 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.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. Likewise, you acknowledge and agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Section 4(b) of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree, that:

(a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Section 4(b) of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(b) if you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms

and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Section 4(b) of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(c) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Section 4(b) of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(d) if you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Section 4(b) of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

6. Personal Guaranty of Franchise Agreement and Financial Obligations.

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, but not limited to, the fee obligations of Section 5 of the Franchise Agreement, the advertising obligations of Section 9 of the Franchise Agreement, and the indemnification obligations of Section 10 of the Franchise Agreement);

(d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Section 5 of the Franchise Agreement, the advertising obligations of Section 9 of the Franchise Agreement, and the indemnification obligations of Section 10 of the Franchise Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

You waive: (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement and/or and Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

7. Dispute Resolution.

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

8. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that 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.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that 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.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

Owner / Spouse:

Signature of Owner / Spouse

Name (please print)

Date _____

Owner / Spouse:

Signature of Owner / Spouse

Name (please print)

Date _____

Signature of Owner / Spouse

Name (please print)

Dated _____

Signature of Owner / Spouse

Name (please print)

Dated _____



FranReal Franchise Agreement
EXHIBIT 2
JOINDER AGREEMENT



JOINDER AGREEMENT

Without limitation to the “Franchise Owner and Spouse Agreement and Guaranty” executed simultaneously hereto, and to induce FranReal, LLC. to enter into the FranReal Business Franchise Agreement with [_____], as Franchisee (the “Franchise Agreement”), the undersigned individuals do hereby agree to be individually, jointly and severally bound by and to each and every term, provision, covenant and obligation set forth in the Franchise Agreement.

In the event of any conflict between the terms of this Joinder agreement and the “Franchise Owner and Spouse Agreement and Guaranty” agreement, the terms of the “Franchise Owner and Spouse Agreement and Guaranty” agreement shall take precedence and govern.

Signature

Signature

Name (please print)

Name (please print)

Dated _____

Dated _____



FranReal Franchise Agreement
EXHIBIT 3
FRANCHISEE DISCLOSURE QUESTIONNAIRE
AND REPRESENTATIONS STATEMENT



FRANCHISEE DISCLOSURE QUESTIONNAIRE AND REPRESENTATIONS - In connection with the FranReal Business Franchise Agreement (the “Franchise Agreement”) and franchise relationship that you are about to enter into with FranReal, LLC (hereinafter referred to as “we” or “us”), we require that you complete this Franchisee Disclosure Questionnaire and Representations Statement (the “Questionnaire”). This Questionnaire must be thoroughly reviewed by you, completed by you and signed by you at the time of signing the Franchise Agreement. The responses that you provide will be relied upon by us and are intended to clarify and demonstrate whether or not certain statements or promises were made to you and to confirm your understanding and as to some of the limitations that have been imposed on your ability to make certain claims in the future about your purchase of a FranReal Business franchise and your operation of a FranReal Business. **Please review this Questionnaire carefully, answer all yes and no questions below. If you answer “No” to any particular question we require that you provide an explanation as to the facts and information as to why you have answered “No”.**

- | | | | |
|--------|-------|----|---|
| Yes/No | _____ | 1. | Have you received and personally reviewed the Franchise Agreement and each schedule and exhibit attached to it? |
| Yes/No | _____ | 2. | Have you received and personally reviewed the Franchise Disclosure Document we provided? |
| Yes/No | _____ | 3. | Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? |
| Yes/No | _____ | 4. | Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement? |
| Yes/No | _____ | 5. | Did you receive the Franchise Disclosure Document at least 14 calendar days before signing any agreement relating to the franchise or paying any money? |
| Yes/No | _____ | 6. | Do you understand the risks of developing and operating a FranReal Business franchise? |
| Yes/No | _____ | 7. | Do you understand that the success or failure of your FranReal Business will depend, in large measure, on your skills, abilities and efforts and those of the persons you employ as well as many other factors beyond your control such as competition, cash flow, interest rates, the economy, inflation, labor and supply costs and other relevant factors? |
| Yes/No | _____ | 8. | Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated in the State of Arizona and within particular courts located in Arizona as designated in the Franchise Agreement? |
| Yes/No | _____ | 9. | Do you understand that you must satisfactorily complete the initial training before we will allow you to open your FranReal Business? |

- Yes/No _____ 10. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a FranReal Business that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes/No _____ 11. Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes/No _____ 12. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a FranReal Business will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes/No _____ 13. Do you understand that the Franchise Agreement and the schedules and exhibits attached to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for your FranReal Business and that under no circumstance shall any prior oral or written statements not contained in the Franchise Agreement or the schedules and exhibits to the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT WE ARE RELYING ON YOUR ANSWERS TO THIS QUESTIONNAIRE AND YOU REPRESENT THAT YOU HAVE CAREFULLY REVIEWED AND HAVE TRUTHFULLY RESPONDED TO EACH QUESTION.

Signature of Franchise

Signature of Franchise

Name (please print)

Name (please print)

Dated _____

Dated _____

Additional Information: If you have answered “No” to any question above, please identify the

[CONTINUED ON NEXT PAGE]

question number and provide information as to why you have answered “No”:



FranReal Franchise Agreement
EXHIBIT 4
CONFIDENTIALITY AGREEMENT



CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (the “Agreement”) is entered into by the undersigned (“you”) in favor of FranReal, LLC, An Arizona limited liability company, and its successors and assigns (“us”, “our”, or “we”), upon the terms and conditions set forth below. Each signatory to this Agreement is referred to as “you”.

Recitals and Representations

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a FranReal Business that is owned and operated by one of our franchisees (the “Franchisee”);

WHEREAS, this Agreement is not an employment agreement;

WHEREAS, in the course of your employment and/or association with our Franchisee and your participation and/or access to the FranReal Business of our franchisee, you may gain access to our Intellectual Property, Know-How and System (terms that are defined below in this Agreement) and you understand that it is necessary for us to protect our Intellectual Property, Know-How and System;

WHEREAS, you understand that Intellectual Property, our System and Know-How are critical to the success of our franchise and to the success of FranReal Business, including the FranReal Business owned by the Franchisee.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“**Business Management System**” refers to and means the internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as being required for use by Franchisee’s FranReal Business, including, but not limited to, the day-to-day sales, orders, operations and management of Franchisee’s FranReal Business. Without limitation to the foregoing, the Business Management System may include: (a) multiple point of sale systems or systems installed and maintained on-site at the location of Franchisee’s FranReal Business; (b) web, intra-net or cloud based customer ordering, processing systems, production and service delivery systems; and (c) customer membership and rewards systems.

“**Business Management System Data**” refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered by us or Franchisee (including Franchisee’s employees), into the Business Management System utilized by Franchisee; (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of Franchisee’s FranReal Business.

“Confidential Information” refers to and means all of our trade secrets, methods, standards, techniques, procedures, data and information (as same may exist as of the Effective Date of this Agreement and as may be developed, modified and supplemented in the future) constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of FranReal Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by FranReal Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of FranReal Businesses; (d) customer lists and information related to FranReal Businesses and Franchisee’s FranReal Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

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

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snap Chat, YouTube, and Google+, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to a FranReal Business, FranReal Businesses, Franchisee’s FranReal Business, the Licensed Marks, the System and/or us. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System website) associated with and/or related to Franchisee’s FranReal Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Franchisee” means the FranReal Business franchisee for whom you are an employee, independent contractor, officer and/or director or you are about to be an employee, independent contractor, officer and/or director.

“Intellectual Property” means, individually and collectively, our Licensed Marks, Copyrights, Know-How and System.

“Know-How” refers to and means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a FranReal Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, comprising or constituting a part of the System. Without limitation to the foregoing, Know-How includes information contained in the Operations Manual and the Confidential Information.

“Licensed Marks” refers to and means the word marks, trademarks, service marks, and logos now or

hereafter utilized in the operation of a FranReal Business, including, but not limited to, the “FranReal real estate” trademark, the FranReal logo and related logos, and any other trademarks, service marks or trade names that we designate for use in a FranReal Business.

“Operations Manual” means our confidential operations manual for the development and operation of FranReal Businesses and containing our policies, procedures and requirements for the development and operation of FranReal Businesses, which may consist of one of more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our sole discretion, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time, and based on our reasonable business judgment, the Operations Manual shall, among other things, designate the System Services and Products that must be offered and provided by Franchisee’s FranReal Business. Only System Services and Products may be offered and sold by Franchisee’s FranReal Business. Only those System Equipment and Supplies as designated in the Operations Manual may be utilized by Franchisee in the operations of Franchisee’s FranReal Business.

“Reasonable Business Judgment” refers to our business judgment and means and relates to any and all decisions, actions and choices made by us concerning or relating to the Franchise Agreement, the System, FranReal Businesses and Franchisee’s FranReal Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of FranReal Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. You agree that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. You agree that in connection with any decision, determination, action and/or choice made by us in our Franchisor’s Reasonable Business Judgment that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) We shall not be required to consider your individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under this Agreement, the Franchise Agreement and/or with regard to the System. You agree that neither you, Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute yours, Franchisee’s or such third party’s judgment for our Reasonable Business Judgment. You further agree that should either you or Franchisee challenge our Reasonable Business Judgment in any legal proceeding that you and Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

“System” refers to and means our system for the development, establishment and operation of FranReal Businesses including, but not limited to, (a) the System Services and Products, System Equipment and Supplies and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a FranReal Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development,

establishment, marketing, promotion and operation of a FranReal Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the System including components to the system and modifications and replacements thereto, shall be determined by us, in our Reasonable Business Judgment.

“System Services and Products” refers to and means those products and services that we authorize for sale by FranReal Businesses. We exclusively designate and determine the System Services and Products and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the System Services and Products that must be offered and sold from Franchisee’s FranReal Business and those products and services that may not be sold from Franchisee’s FranReal Business. The Operations Manual, subject to changes that we may make from time to time and our right to change and modify the System Services and Products, shall designate the System Services and Products that must be offered and sold by Franchisee’s FranReal Business. Franchisee’s FranReal Business may only offer and sell the System Services and Products.

“System Website” refers to and means the web page and/or pages located on the world wide web at the FranReal.com URL (uniform resource locator) and shall further include all webpages and subdomains (including those that are franchisee and/or geography specific) that are a part of FranReal.com, or as designated by us as being associated with the URL of FranReal.com and/or FranReal Businesses.

“Trade Dress” refers to and means the FranReal Business designs, images, marketing materials, packaging, branding and/or branding images that we authorize and require Franchisee to use in connection with the operation of Franchisee’s FranReal Business and as may be revised and further developed by us from time to time.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Know-How and Intellectual Property Protection.

You agree that:

- (a) you will not use the Know-How and/or Intellectual Property in any business or capacity other than the FranReal Business operated by Franchisee;
- (b) you will maintain the confidentiality of the Know-How and Intellectual Property at all times;
- (c) you will not make unauthorized copies of documents containing any Know-How and/or the Intellectual Property;
- (d) you will take such reasonable steps as Franchisee may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How and/or Intellectual Property; and
- (e) you will stop using the Know-How and Intellectual Property immediately if you are no longer an employee, independent contractor, officer and/or director of Franchisee. You will not use the

Know-How and/or Intellectual Property for any purpose other than for the performance of your duties on behalf of Franchisee and in accordance with the scope of your engagement and/or employment with Franchisee.

5. Reasonableness of Covenants and Restrictions.

You acknowledge and agree that the terms of this Agreement are reasonable and fair and that 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 the terms of this Agreement will cause irreparable harm to us, Franchisee and other FranReal Business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants 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 Section 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.

7. Miscellaneous.

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that 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 ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT AND THAT THERE IS NOT AND SHALL NEVER BE AN EMPLOYER – EMPLOYEE RELATIONSHIP BETWEEN YOU AND US (FRANREAL, LLC). YOUR RELATIONSHIP WITH FRANCHISEE (INCLUDING YOUR EMPLOYMENT RELATIONSHIP, THE TERMS OF YOUR EMPLOYMENT AND THE CREATION AND/OR TERMINATION OF SUCH EMPLOYMENT RELATIONSHIP) IS AND SHALL BE EXCLUSIVELY CONTROLLED BETWEEN YOU AND FRANCHISEE. WE ARE NOT A JOINT EMPLOYER AND THERE IS NO EMPLOYMENT RELATIONSHIP BETWEEN YOU AND US. THIS AGREEMENT RELATES, EXCLUSIVELY, TO BRAND PROTECTION.**

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set

forth below.

RESTRICTED PARTY:

Witness Signature Only: The Undersigned affirms that he/she witnessed the signature of the Restricted Party in this Agreement

Signature of Restricted Party

Signature of Witness Only

Name of Restricted Party(please print)

Name of Witness (please print)

Date _____

Date _____



FranReal franchise Agreement

EXHIBIT 5

FRANCHISEE'S ADMINISTRATIVE OFFICE LOCATION
ACKNOWLEDGMENT



FRANCHISEE'S ADMINISTRATIVE OFFICE LOCATION ACKNOWLEDGMENT
(POST EFFECTIVE DATE)

Pursuant to the terms of the Franchise Agreement dated _____ by and between FranReal, LLC, as Franchisor, and _____, as Franchisee, Franchisee has selected the following proposed Administrative Office and Franchisor, pursuant to the terms and conditions of the Franchise Agreement, approves the proposed location as Franchisee's Administrative Office:

[To be Effective this Schedule Must be Completed and Signed by Franchisor]

Franchisor and Franchisee agree that the location set forth above constitutes Franchisee's Administrative Office as such term is defined in the Franchise Agreement.

Franchisor:
FranReal, LLC

Franchisee:

By: _____

Franchisee Signature

Title

Name (please print)



FranReal franchise Agreement
EXHIBIT 6
ASSIGNMENT OF TELEPHONE NUMBERS
AND DIGITAL MEDIA ACCOUNTS



ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS
(for the benefit of FranReal, LLC and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS ASSIGNMENT (“Assignment”) is entered into between _____ (the “Assignor”) and FranReal, LLC and its successors and assigns (the “Assignee”).

WHEREAS, Assignee is the franchisor of the FranReal Business franchise system (the “FranReal Business Franchise System”);

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a FranReal Business Franchise Agreement (the “Franchise Agreement”)

WHEREAS, the term “Digital Media” shall refer to and mean “any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snap Chat, YouTube, and Google+, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to a FranReal Business, FranReal Businesses, Assignor’s FranReal Business and/or trademarks associated with the FranReal Business Franchise System and/or Assignee. Digital Media further includes the FranReal Business website, web pages and website subdomains (including those related to, associated with and/or a part of the FranReal Business Franchise System) associated with and/or related to Assignor’s FranReal Business and all web pages, blog posts, videos, articles, information, sub-domains, and all other media and/or publications relating to the FranReal Business Franchise System that is displayed and/or transmitted digitally;” and

WHEREAS, In connection with Assignor’s establishment and operation of a FranReal Business, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor’s FranReal Business including, the following (all collectively referred to as the “Media”):

- (a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor’s FranReal Business;
- (b) The following telephone and facsimile numbers:

_____ ; and

- (c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited franchise pursuant to the FranReal Business Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor acknowledges that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE

Assignor:

Assignee: FranReal, LLC

Signature

Signature

Name and Title (please print)

Name and Title (please print)

Dated _____

Dated _____



FranReal franchise Agreement
EXHIBIT 7
GENERAL RELEASE

GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT:

_____, as RELEASOR, in consideration of good and valuable consideration received from:

FranReal, LLC, as RELEASEE, receipt of which is hereby acknowledged, releases and discharges the RELEASEE, RELEASEE'S heirs, officers, members, agents, executors, administrators, successors and assigns, from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, contracts, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity which against the RELEASEE, the RELEASOR, RELEASORS', heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE. The words "RELEASOR" and "RELEASEE" include all releasors and releasees under this Release. This Release may not be changed orally.

IN WITNESS WHEREOF, the **RELEASOR** has hereunto set RELEASORS' had and seal on the date set forth below.

Releasor:

Signature

Name (please print)

Date _____

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____ before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Signature and Seal



FranReal franchise Agreement
EXHIBIT 8
ACH AUTHORIZATION

EXHIBIT 8



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.

Bank Phone No.

Authorization:

Franchisee hereby authorizes FranReal, 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: _____

Federal Tax ID No.: _____

Its: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F
LIST OF FRANCHISEES

There are no franchisees to report.



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G
LIST OF FRANCHISEES
THAT HAVE LEFT THE SYSTEM

There are no franchisees to report.



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H
STATE SPECIFIC ADDENDUM

CALIFORNIA DISCLOSURE
CALIFORNIA ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

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

b. The franchisor, any person or franchise broker in Item 2 of the FDD is (or not) 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.

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

d. 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.*).

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

f. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

g. The Franchise Agreement requires litigation to be conducted in a court located within the State of Arizona. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

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

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

j. 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).

k. ITEM 5: The Department of Business Oversight requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business

l. ITEM 6: The highest interest rate allowed by law in the State of California is ten (10%) percent.

m. The following URL address is for the franchisor's website: FranReal.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

Connecticut Disclosure
CONNECTICUT ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

Item 3, "Litigation", Item 3 is hereby supplemented by the addition of the following statements incorporated at the beginning of the Item 3:

- a. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.
- b. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.
- c. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.
- d. Neither Company nor any person identified in ITEM 2 above 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) suspending or expelling these persons from membership in the association or exchange.

Item 4, "Bankruptcy", Item 4 is hereby supplemented by the addition of the following statements incorporated at the beginning of the Item 4:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous ten (10) fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

Hawaii Disclosure
HAWAII ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

ADDITION TO FDD RECEIPT EXHIBIT “I”

The Receipt for this Disclosure Document (attached as Exhibit “I”) is supplemented to add the following:

1. THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Illinois Disclosure
ILLINOIS ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

a. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

- Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 to 705/20, provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

b. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended by deleting “t”, “v”, “w” and the following new “t”, “v”, “w” shall be substituted in lieu thereof in Item 17:

Provision	Section in Franchise or other Agreement	Summary
v. Choice of Forum	Section 18.G	The foregoing choice of forum should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by Illinois Law, which claims shall be brought exclusively in the State and Federal Courts of Illinois. See, Illinois Franchise Agreement Amendment.
w. Choice of law	Section 18.F	The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by Illinois Law. See, Illinois Franchise Agreement Amendment.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of Illinois and federal laws (such as 14 Illinois Administrative Code 200.100 et seq., Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/4, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of Illinois.

The franchise agreement requires application of the laws of the State of Arizona. This provision may not be enforceable under Illinois law. 14 Ill. Admin. Code 200.608; 815 ILCS 705/4.

This Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.

Indiana Disclosure
INDIANA ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

- a. Item 8, “Restrictions on Sources of Products and Services”, Item 8 is hereby amended and supplemented by the addition of the following disclosure:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

- b. Item 6, “Other Fees” and Item 9, “Franchisee’s Obligations”, are hereby amended and supplemented, as follows:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee’s reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

- c. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise 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 a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

- d. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Code are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.

Maryland Disclosure
MARYLAND ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

- (a) 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.
- (b) A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- (c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- (d) In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
- (e) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

Michigan Disclosure
MICHIGAN ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

a. 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.

- i) A prohibition of your right to join an association of Franchisees.
- ii) A requirement that you assent to a release, assignment, novation, waiver or estoppel that 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.
- iii) A provision that permits us to terminate a franchise before the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- iv) A provision that permits us to refuse to renew a 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 that 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: (a) the term of the franchise is less than 5 years, and (b) 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 6 months advance notice of our intent not to renew the franchise.
- v) 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.
 - A provision requiring that litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.
 - A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The 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:
 - The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.
 - The fact that the proposed transferee is our or Sub-franchisor's competitor.

- The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- 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 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 and has failed to cure the breach in the manner provided in ITEM 17 (g).
- A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

b. If our most recent financial statements are unaudited and show a net worth of less than \$100,000.00, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

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

d. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913; telephone number (517) 373-3800.

Minnesota Disclosure
MINNESOTA ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

a. Item 13, “Trademarks”, Item 13 is hereby supplemented and amended by the inclusion of the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

b. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

- With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 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 of non-renewal of the Agreement.
- ITEM 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document 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 the jurisdiction.

New York Disclosure
NEW YORK ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

The FDD Cover page is amended to add the following risk factors:

1. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.
2. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.
3. 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.

AMENDMENT OF FDD DISCLOSURES:

In recognition of the requirements of the New York General Business Law, Section 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§200.1 through 201.16), the Franchise Disclosure Document for FranReal, LLC for use in the State of New York shall be amended as follows:

- a. Item 3, "Litigation", Item 3 is hereby supplemented by the addition of the following statements incorporated at the beginning of the Item 3:

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises or franchises under our trademark, 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.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises or franchises under our trademark, 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.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises or franchises under our trademark, 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 franchise as a real estate broker or sales agent.

Accordingly, other than the actions described below, no litigation is required to be disclosed in this Disclosure Document.

- b. Item 4, “Bankruptcy”, Item 4 is hereby supplemented by the addition of the following statements incorporated at the beginning of the Item 4:

Neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10 year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

- c. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended by deleting “d” and “j” and the following new “d” and “j”, shall be substituted in lieu thereof in Item 17:

Provision	Section in Franchise or other Agreement	Summary
d. Termination by franchisee	Section 16.B	Material default by us and compliance with post-termination obligations. Pursuant to New York General Business Law, the franchisee may terminate the Franchise Agreement upon any grounds available by law. No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under the New York General Business Law, Section 3, Sections 687.4 and 687.5.
j. Assignment of contract by us	Section 14.A	No restriction on our right to assign.

d. Item 17(b), “Termination by Franchisee,” Item 17(b), is supplemented to add the following statement to Item 17(b):

No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.

e. 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.

f. 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.

g. 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 franchisee by Article 33 of the General Business Law of the State of New York.

h. Item 5, “Initial Fees,” Item 5 is supplemented to add the following statement to Item 5:

The Franchise Fee may be used to defray franchisor’s costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the franchised business.

i. Item 6, “Other Fees” and Item 11, “Franchisor’s Assistance, Advertising, Computer Systems and Training,” Items 6 and 11 of the Disclosure Document are amended to add the following:

The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee’s reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

j. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in New York or the franchise will be opened in New York. We are required to furnish a New York

prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

k. Franchisor represents that this Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact.

l. This Addendum shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law and of the regulations promulgated thereunder are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.

North Dakota Disclosure
NORTH DAKOTA ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

- a. Item 5, "Initial fees", is hereby amended and supplemented, as follows:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

- b. Item 6, "Other Fees", is hereby amended and supplemented, as follows:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

- c. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is hereby amended and supplemented, as follows:

- Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- 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 and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

- Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

- Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

- Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

- Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Rhode Island Disclosure
RHODE ISLAND ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 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 the Rhode Island Franchise Investment Act.
- Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

Virginia Disclosure
VIRGINIA ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17.h. is hereby amended and supplemented, as follows:

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

Washington State Disclosure
WASHINGTON ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Uniform Franchise Disclosure Document in connection with the offer and sale of franchises for use in the State of Washington will be amended to include the following:

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

- (a) In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- (b) A general release or waiver of rights signed by you will not include rights under the Washington Franchise Investment Protection Act.
- (c) Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act including the right to a jury trial may not be enforceable.
- (d) Transfer fees are collectable if they reflect our reasonable estimated or actual costs in effecting a transfer.
- (e) The Franchise Agreement requires any litigation to be conducted in a state other than Washington; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.
- (f) The state of Washington has a statute, RCW 19.100.180 which 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.
- (g) In any arbitration involving a franchise purchased in Washington, or in a place mutually agreed upon at the time of arbitration, or as determined by the arbitrator.

This Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Franchise Investment Protection Act is met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.

Wisconsin Disclosure
WISCONSIN ADDENDUM TO
FranReal, LLC Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.



STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

**HAWAII – Franchise Agreement Amendment
to FranReal Business Franchise Agreement**

In recognition of the requirements of the Hawaii Franchise Investment Law, the parties to the attached FranReal, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Under Section 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its owners and Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subsection contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Under Section 15.D of the Franchise Agreement, under the heading “Conditions for Renewal,” the subsection 15.D(5) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(5) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 10 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subsection contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the FranReal, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Name and Title

Signature

Name (please print)

Signature

Name (please print)

ILLINOIS – Franchise Agreement Amendment
to FranReal Business Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the parties to the attached FranReal, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Under Section 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its owners and Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; excluding only such claims as the transferor and its owners and Owners may have under the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45).

2. Under Section 15.D of the Franchise Agreement, under the heading “Conditions for Renewal,” the subsection 15.D(5) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(5) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 10 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; excluding only such claims as the transferor and its owners and Owners may have under the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45).

3. Section 18.F. of the Franchise Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 18.F.:
; EXCEPT WITH RESPECT TO CLAIMS ARISING UNDER ILLINOIS LAW.

4. Section 18.G. of the Franchise Agreement, under the heading “Exclusive Jurisdiction and Venue”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 18.G.:
;EXCEPT WITH RESPECT TO CLAIMS ARISING UNDER ILLINOIS LAW.

5. Section 18.I. of the Franchise Agreement, under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Section 18.I.:

Any claims arising under the Illinois Franchise Disclosure Act (the “FDA”) must be brought before the expiration of 3 years after the act or transaction constituting the violation of the FDA upon which it is based, the expiration of one year after Franchisee becomes aware of facts or circumstances reasonably indicating that he or she may have a claim for relief in respect to conduct governed by the FDA, or 90 days after delivery to Franchisee of a written notice disclosing the violation of the FDA, whichever shall first expire.

6. Section 18.K of the Franchise Agreement, under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Section 18.K.:

;except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act.

7. Section 18 of the Franchise Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subsection 18.Z.:

18.Z Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Illinois Franchise Disclosure Act.

8. The Franchise Agreement is supplemented to add the following provision: Any condition, stipulation, or provision contained in this Agreement that purports to bind Franchisee to waive compliance with the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

9. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the FranReal, LLC Franchise Agreement, on the same date as such agreement was executed.

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

MARYLAND – Franchise Agreement Amendment
to FranReal Business Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached FranReal, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Under Section 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its owners and Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

2. Under Section 15.D of the Franchise Agreement, under the heading “Conditions for Renewal,” the subsection 15.D(5) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(5) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 10 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

3. Section 18.G, of the Franchise Agreement, under the heading “Exclusive Jurisdiction and Venue,” shall be amended by the addition of the following statement added to Section 18.G.:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 18.I, of the Franchise Agreement, under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Section 18.I.:

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

5. Section 18 of the Franchise Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subsection 18.Z.:

18.Z Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by the Maryland Franchise Registration and Disclosure Law.

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.

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the FranReal, LLC Franchise Agreement on the same date that the Franchise Agreement was executed.

Franchisor:

FranReal, LLC

Franchisee:

By: _____
Signature

Name and Title

Signature

Name (please print)

Signature

Name (please print)

MINNESOTA – Franchise Agreement Amendment
to FranReal Business Franchise Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached FranReal, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Under Section 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its owners and Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given one hundred eighty (180) days’ notice of nonrenewal of this Agreement by Franchisor.

2. Under Section 15.D of the Franchise Agreement, under the heading “Conditions for Renewal,” the subsection 15.D(5) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(5) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 10 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given one hundred eighty (180) days’ notice of nonrenewal of this Agreement by Franchisor.

3. Under Section 11 of the Franchise Agreement, under the heading “Notice of Infringement and Claims,” the subsection 11.C. shall be supplemented by the addition of the following:

Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee’s use of the Licensed Marks when, in the opinion of Franchisor’s counsel, Franchisee’s rights warrant protection pursuant to Section 11.E. of this Agreement.

4. Under Section 14 of the Franchise Agreement, under the heading “Transfer of Interest,” the subsection 14.C. shall be supplemented by the addition of the following:
Franchisor shall not unreasonably withhold consent to transfer the franchise agreement.
5. Under Section 16 of the Franchise Agreement, under the heading “Termination Upon Written Notice,” the subsection 16.A(2). shall be supplemented by the addition of the following:
Section 16.A(2) will not be enforced to the extent prohibited by applicable law.
6. Under Section 16 of the Franchise Agreement, under the heading “Termination After Cure Period,” the subsection 16.A(3)(d), shall be supplemented by the addition of the following:
Subsection 16.A(3)(d) will not be enforced to the extent prohibited by applicable law.
7. Under Section 16 of the Franchise Agreement, under the heading “Termination After Cure Period,” the subsection 16.A(3) is hereby amended to replace the “30” day cure period with “60” days and the following is added:
Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given ninety (90) days’ notice of termination (with sixty days to cure) of this Agreement.
8. Section 18.F. of the Franchise Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 18.F.:
; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.
9. Section 18.G. of the Franchise Agreement, under the heading “Exclusive Jurisdiction and Venue”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 18.G.:
; except the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.
10. Section 18.K of the Franchise Agreement, under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Section 18.K.:
; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.
11. Section 18.I. of the Franchise Agreement, under the heading “Limitations of Claims,” shall be supplemented by the addition of the following statement:
Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.
12. Section 18 of the Franchise Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subsection 18.Z.:
18.Z Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.
13. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the FranReal, LLC Franchise Agreement on the same date that the Franchise Agreement was executed.

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)

**NEW YORK – Franchise Agreement Amendment
to FranReal Business Franchise Agreement**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached FranReal, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Under Section 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its owners and Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Section 15.D of the Franchise Agreement, under the heading “Conditions for Renewal,” the subsection 15.D(5) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(5) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 10 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Section 18 of the Franchise Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subsection 18.Z.:

18.Z Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by FranReal, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. FranReal, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the FranReal, LLC Franchise Agreement on the same date that the Franchise Agreement was executed.

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)

NORTH DAKOTA – Franchise Agreement Amendment
to FranReal Business Franchise Agreement

Notwithstanding anything to the contrary set forth in the FranReal Business Franchise Agreement (the “Franchise Agreement”), the following provisions shall supersede any inconsistent provisions and apply to FranReal Businesses offered and sold in the state of North Dakota:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your FranReal Business outlet will be located within the State of North Dakota.

1. Section 15 of the Franchise Agreement is hereby amended by the addition of the following language:
Provisions requiring North Dakota franchisees to sign a general release upon renewal of the franchise agreement are not enforceable in North Dakota.
2. Section 16 of the Franchise Agreement is hereby amended by the addition of the following language:
Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota.
3. Sections 6 and 17 of the Franchise Agreement is hereby amended by the addition of the following language:
Covenants not to compete such as those mentioned above are generally considered unenforceable in the state of North Dakota.
4. Section 18 of the Franchise Agreement is hereby amended by the addition of the following language:
Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.
5. Section 18 of the Franchise Agreement is hereby amended by the addition of the following language:
For North Dakota Franchisees, North Dakota law shall apply.
6. Section 18 of the Franchise Agreement is hereby amended by the addition of the following language:
Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Section 18 of the Franchise Agreement is hereby amended by the addition of the following language:
Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.
8. Section 18 of the Franchise Agreement is hereby amended by the addition of the following language:
Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)

WASHINGTON STATE – Franchise Agreement Amendment
to FranReal Business Franchise Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act RCW19.100.180, the parties to the attached FranReal, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Under Section 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its owners and Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; excluding only such claims as the transferor and its owners and Owners may have under the Washington Franchise Investment Protection Act.

2. Under Section 15.D of the Franchise Agreement, under the heading “Conditions for Renewal,” the subsection 15.D(5) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(5) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 10 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; excluding only such claims as the transferor and its owners and Owners may have under the Washington Franchise Investment Protection Act.

3. Section 18.F. of the Franchise Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 18.F.:
; except with respect to claims arising under the Washington Franchise Investment Protection Act, Chapter 19.100 RCW.

4. Section 18.G. of the Franchise Agreement, under the heading “Exclusive Jurisdiction and Venue”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 18.G.:
; except with respect to claims arising under the Washington Franchise Investment Protection Act, Chapter 19.100 RCW.

5. Section 18.K of the Franchise Agreement, under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Section 18.K.:
; except with respect to claims arising under the Washington Franchise Investment Protection Act, Chapter 19.100 RCW.

6. Section 18 of the Franchise Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subsection 18.Z.:
18.Z Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Washington Franchise Investment Protection Act. Provisions which unreasonably restrict or limit the statute of limitations period for

claims under the Washington Franchise Investment Protection Act, rights or remedies under the Washington Franchise Investment Protection Act, may not be enforceable.

7. The Franchise Agreement is hereby amended to include the following provision:
“In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail”.

8. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Chapter RCW 19.100.180, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the FranReal, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor:
FranReal, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>State</u>	<u>Effective Date</u>
California	N/A
Hawaii	N/A
Illinois	N/A
Indiana	N/A
Maryland	N/A
Michigan	N/A
Minnesota	N/A
New York	N/A
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Washington	N/A
Wisconsin	N/A

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.



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J
RECEIPTS



FRANREAL, LLC
RECEIPT

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

If FranReal, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

Issuance Date of this Disclosure Document: March 1, 2025

Our sales agents for this offering are:

Name(s): Ty Brewster and Steve Gardner

Address: 44 W. Monroe Street, Suite 3201, Phoenix, Arizona 85003

Telephone Number: 609-922-4494

The following individual and/or individuals are also sales agents for this offering:

☐ [Other:] _____

I have received a disclosure document dated March 1, 2025 that contained the following Exhibits:

- | | |
|---|---|
| A. List of State Administrators | F. List of Franchisees |
| B. List of Agents for Service of Process | G. List of Franchisees Who Have Left the System |
| C. Table of Contents of Operations Manual | H. State Specific Addendum |
| D. Financial Statements | I. State Effective Dates |
| E. Franchise Agreement | J. Receipts |

PROSPECTIVE FRANCHISEE:

DATE RECEIVED (Must be Completed)

Authorized Signature

Name and Title (please print)



FRANREAL, LLC
RECEIPT

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

If FranReal, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale.

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DATE RECEIVED (Must be Completed)

Authorized Signature

Name and Title (please print)