

FRANCHISE DISCLOSURE DOCUMENT



REALTY ONE GROUP AFFILIATES, INC.

A Nevada Corporation
23811 Aliso Creek Road, Suite 168
Laguna Niguel, California 92677
1-855-529-0101

E-mail: info@RealtyOneGroup.com

URL: www.RealtyOneGroup.com

As a Realty ONE Group franchisee you will operate a Real Estate outlet providing real estate-related programs and products.

The total investment necessary to begin operation of a Realty ONE Group unit franchise is \$44,250 to \$222,500. This includes \$15,000 to \$20,000 which must be paid to the franchisor and its affiliates.

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 format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Vinnie Tracey at Realty ONE Group Affiliates, Inc., 23811 Aliso Creek Road, Suite 168, Laguna Niguel, California 92677; telephone 1-855-529-0101.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*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 homepage 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 27, 2020.**

(as amended July 7, 2020)

How to Use This Franchise Disclosure Document

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

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

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 risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in California. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in California than in your own state.

2. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

3. **Minimum Number of Agents Required.** You must maintain a minimum number of real estate agents associated with your real estate office. Your inability to maintain this number of real estate agents may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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.

REALTY ONE GROUP AFFILIATES, INC.
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Exhibits

"A"	Unit Franchise Agreement <i>Exhibits to Franchise Agreement:</i> Exhibit 1: Location of Real Estate Office; Primary Marketing Area Exhibit 2: Name and Address of Regional Director (If Any) Exhibit 3: Names and Addresses of Principal Equity Owners Exhibit 4: Guarantee of Franchise Agreement Exhibit 5: Addendum for Satellite Office
"B"	Financial Statements
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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language, this disclosure document uses “we” or “us” to mean Realty ONE Group Affiliates, Inc. “You” means the individual or entity buying the Realty ONE Group franchise. All persons who own 20% or more of the franchise entity are “Principal Equity Owners.”

The Franchisor, Parents and Affiliates

We are the franchisor for the Realty ONE Group residential real estate brokerage system. Our principal business address is 1645 Village Center Circle, Suite 170, Las Vegas, Nevada 89134. Our support office in California is located at 23811 Aliso Creek Road, Suite 168, Laguna Niguel, California 92677.

Our parent entity is Realty One Group International, LLC, a Delaware limited liability company, whose principal business address is 1645 Village Center Circle, Suite 170, Las Vegas, Nevada 89134.

Predecessors

Our predecessor (and affiliated entity) is Realty ONE Group, Inc. (“ROG”), whose principal business address is 23811 Aliso Creek Road, Suite 168, Laguna Niguel, California 92677. ROG may provide goods or services to our franchisees. Other than ROG, we are not controlled by, controlling, or under common control with any other entity that provides goods or services to our franchisees or that offers franchises in any line of business.

Name Used by the Franchisor

We conduct business under the names “ONE RealtyONEGroup” (the “Brand”) and “ONE LUXE”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agents for service of process are Oshins & Associates, LLC, whose address is 1645 Village Center Circle, Suite 170, Las Vegas, Nevada 89134 and (if you are in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin) the state office or official listed in Exhibit F of this disclosure document.

Business Organization Used by the Franchisor

We are a corporation organized in Nevada on July 20, 2012.

The Franchisor’s Business

We act as a franchisor of Realty ONE Group franchises to real estate brokers (sometimes referred to as “Unit Franchises”). Although our affiliate ROG does, we do not operate businesses of the type being franchised.

The Business the Franchisee Will Conduct

Our franchise is a license to independently own and operate an office (“Outlet”) providing full-service residential and commercial real estate brokerage services and related services (collectively, “Realty ONE Group Services”) to retail customers strictly in accordance with our methods and format (which we can periodically change), using our designated technology and techniques. Your initial Outlet will be your principal real estate brokerage office. With our written consent, you may also open (under separate Franchise Agreements) other real estate offices as additional Outlets.

We previously offered “Regional Franchises” granting a “Regional Franchisee” the rights within a defined “Regional Territory” to offer and sell Realty ONE Group Affiliates Unit Franchises and then provide ongoing training and assistance to Unit Franchises in the Regional Territory. In January 2019, we discontinued offering Regional Franchises in the United States. We currently offer Regional Franchises in Canada only. However, there are currently 11 Regional Franchisees in the United States (one in Arizona, four in California, one in Colorado, one in Iowa, one in New Jersey, one in Pennsylvania, one in Texas and one in Utah), and one Regional Franchisee in Alberta, Canada. If your Franchise is in a Regional Territory licensed to a Regional Franchisee, we will provide you with the contact information about the Regional Franchisee operating in the territory where your unit franchise will be located (you will be entering into a Franchise Agreement with us and the Regional Franchisee will not be a party to this agreement).

In screening potential franchisees, during the application process, we conduct credit and criminal background checks on the owners of the franchisee (and their spouses).

General Market for Franchised Products and Services

The general market you will operate the business in involves buyers and sellers of residential property. The market for Realty ONE Group Services are all individuals within a reasonable proximity to the Outlet. This type of business is fully developed, does not involve sales primarily to a certain group, and is not seasonal, although the real estate market is subject to outside forces beyond our control, including the national and worldwide economy.

Industry Specific Laws or Regulations

In most states, you will need a real estate broker’s license issued by the real estate licensing agency of the state where the Outlet is located. And there are specific regulations pertaining to operating in the commercial and residential real estate industry and you must comply with all local codes, regulations and licensing requirements. Some states also require franchised real estate brokers to identify themselves as franchised real estate brokers when offering their services to the public. You should consult with local agencies and your attorney. You must obtain all required licenses and permits and ensure that your sales agents, employees, and others providing Realty ONE Group Services to customers at or through your Outlet have all required licenses and permits. The failure to maintain the proper licensing is a material breach of your Franchise Agreement. You will also need a business license, and you must comply with federal, state and local laws applicable to the operation of residential real estate brokerage businesses, as well as occupational health and safety laws, and the Americans with Disabilities Act. Although you are not engaged as a Realty ONE Group unit franchisee to act as or sales agent to recruit third-party franchisees, before you ever do so, you may need to be registered as a sales agent under state franchise laws.

Competition

All Realty ONE Group franchises will compete with other residential real estate organizations that offer services comparable to the Realty ONE Group Services as well as recruiting top-producing sales agents, including franchised operations, national chains, independent real estate brokers and agents and independently owned real estate companies offering real estate services to residential and commercial customers. A very important if not critical component of your ability to meet your competition will be your ability to recruit and retain sales agents.

Prior Experience of Franchisor, Predecessors and Affiliates

We began offering Unit Franchises in August 2012. We began offering Regional Director Franchises in October 2014. We have never offered franchises in other lines of business. We do not operate businesses of the type being franchised and do not engage in other business activities.

The Realty ONE Group concept was originated by our affiliated entity ROG in Nevada in 2005. ROG and its subsidiary entities presently own and operate 14 Realty ONE Group real estate brokerage offices (eight in Arizona, two in California and four in Nevada) that operate businesses of the type being franchised to you. Depending on the location of your Outlet, one or more of these offices may compete with you for real estate listings and customers. The addresses of these real estate brokerage offices are listed in Exhibit C to this disclosure document.

ROG has not and will not be offering franchises providing the type of business you will operate or in any other line of business.

ITEM 2: BUSINESS EXPERIENCE

Kuba Jewgieniew: Chief Executive Officer and Director

Mr. Jewgieniew was named our President and Director at our inception in July 2012, and in April 2016 he was named Chief Executive Officer. He also founded and currently serves as Director of ROG (since May 2005; from May 2005 to September 2017, he also served as President). Mr. Jewgieniew is licensed as a real estate broker in Nevada.

Vinnie Tracey: President

Mr. Tracey joined us in September 2017 and was named our President in March 2018. From October 2015 to August 2017, Mr. Tracey served as Vice President North American Commercial Accounts-Natural Gas for United Energy Trading LLC, Denver, Colorado. From 1977 to August 2015, he served in various capacities for RE/MAX International, Denver, Colorado, beginning in 1977 as Senior Marketing Director for RE/MAX Tennessee and Kentucky, and eventually becoming President of RE/MAX International, serving in that capacity from October 2004 to August 2015.

Eddie Sturgeon: Executive Vice President Global Growth

Mr. Sturgeon was named our Executive Vice President Global Growth in December 2019. From May 2017 to December 2019, he served as Regional Vice President of ROG. From October 2016 to May 2017, Mr. Sturgeon served as National Sales Director for RE/MAX - Motto Mortgage, Denver, Colorado. From February 2011 to October 2016, he served as Senior Business Development Consultant for RE/MAX International, Denver, Colorado.

Michael Clear: Chief Operating Officer.

Mr. Clear was named our Chief Operating Officer in January 2017. From December 2014 to December 2016, he served as Vice President - Operations for American Home Shield, Memphis, Tennessee.

Gary Fabian: Chief Financial Officer

Mr. Fabian was named our Chief Financial Officer in November 2018. From August 2016 to November 2018, he served as Chief Financial Officer for First Team Real Estate, Irvine, California. From May 2012 to May 2016, he served as Chief Financial Officer for Stearns Lending, Santa Ana, California.

Cory Jo Vasquez: Chief Marketing Officer

Ms. Vasquez was named our Chief Marketing Officer in October 2019. From January 2019 to October 2019, she served as Vice President, Global Communications for ROG, Laguna Niguel, California. From June 2007 to November 2018, Ms. Vasquez served in various capacities (Senior Public Relations Manager from June 2007 to June 2015, Senior Manager Social Media & Digital Marketing from January 2013 to March 2018, and Director of Public Relations & Social Media, from June 2015 to November 2018) for RE/MAX International, Denver, Colorado.

Mark Pessin: Chief Learning Officer and Designated Broker

Mr. Pessin was named our Chief Learning Officer in January 2020. He also serves as our Designated Broker (since February 2020). From January 2018 to January 2020, Mr. Pessin served as Vice President, Learning & Support for ROG, Laguna Niguel, California. From June 2017 to June 2018, he served as Managing Broker - Mission Valley Branch for ROG, Mission Valley, California. From September 2016 to June 2018, Mr. Pessin served as Regional Manager - San Diego for ROG, Vice President, Global Communications for ROG, San Diego, California. From September 2015 to June 2018, he served as Managing Broker - Carlsbad Branch for ROG, Carlsbad, California. From November 2014 to September 2015, he served as Managing Broker - Northwest Las Vegas Branch for ROG, Las Vegas, Nevada.

Alexandru D. Mihai: General Counsel

Mr. Mihai was named our General Counsel in May 2015. He also serves as General Counsel of ROG (since May 2015). From 2007 to May 2015, Mr. Mihai served as an Attorney with Lynberg & Watkins, APC in Orange, California where his practice areas included general civil litigation. He was named partner at Lynberg & Watkins in 2014. Mr. Mihai is a Member in good standing of the California State Bar.

ITEM 3: LITIGATION

On March 9, 2020, Lublin Corporation, doing business as Century 21 Advantage Gold, filed a Complaint with the Court of Common Pleas of Philadelphia County, Pennsylvania (*Lublin Corporation, doing business as Century 21 Advantage Gold vs. Janet Tarity, Realty One Group Affiliates, Inc., Realty One Group Unlimited and RMX Property Management, LLC*, Case Description January Term 2020, No. 02792, Commerce Program), seeking unspecified damages and injunctive relief for an alleged violation of the Pennsylvania Uniform Trade Secrets Act and damages for breach of contract and breach of fiduciary duty against defendant Janet Tarity. Since we are not using any of the trade secrets of plaintiff and we have no personal knowledge of the other matters alleged by the plaintiff regarding solicitation or interference, we will be filing a response denying the plaintiffs allegations and submitting affirmative defenses. This matter is pending, and no trial dates have been set.

Other than the one matter described above, no litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

On June 30, 2011, our Chief Learning Officer Mark Pessin filed a bankruptcy petition under Chapter 7 of the Bankruptcy Code with the United States Bankruptcy Court, District of Nevada, Case No. 1120541LBR. Mr. Pessin's debts were discharged by the bankruptcy trustee, and the case was closed on October 4, 2011.

Other than the one matter described above, no bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The Initial Franchise Fee is \$20,000. However, if your "Primary Marketing Area" (as defined in the Franchise Agreement) contains 650 or fewer real estate agents, has a population of 50,000 or less and is not adjacent to a metropolitan area consisting of a densely populated urban core and less populated surrounding territories, it would be defined in the Franchise Agreement as a "Low Density Marketing Area" and the Initial Franchise Fee you pay would be \$15,000. The Initial Franchise Fee is due and payable in full when you sign the Franchise Agreement.

The Initial Franchise Fee is fully earned by us when paid and is not refundable. If before your successful completion of initial training, we decide, in our sole discretion, that you should not operate a Realty ONE Group business, we may cancel the Franchise Agreement, without any liability to us.

In addition to the Initial Franchise Fee, to reimburse us for our payments to our approved vendor to integrate appropriate data feeds regarding your Outlet in the Multiple Listing Services ("MLS") applicable to the area in which your Outlet is located, you must pay us before the Opening Date an "MLS Set-up Fee" ranging from \$1,000 to \$2,500 per each applicable MLS. The MLS Set-Up Fee varies by market and is not refundable.

There are no other initial fees or payments for services or goods received from us or our affiliates before the Opening Date.

ITEM 6: OTHER FEES

Type of Fee	Amount ¹	Due Date ²	Remarks
Royalty	None	Not applicable	No percentage royalty is payable to us under the Franchise Agreement.
Monthly Agent Fee	Either (i) the product of (A) \$50 ³ multiplied by (B) the number of Real Estate Agents at your Outlet operating under or associated with your real estate broker's license, or (ii) \$1,225 ³ (or \$600 ³ if you are in a Low Density Marketing Area), whichever is greater.	On the 7th calendar day of the following month	The Monthly Fee is based on the number of your Real Estate Agents at your Outlet as of the last business day of the month before your Monthly Fee is due and as reported to us. Within 7 days after the Opening Date, all your Real Estate Agents must be enrolled in our proprietary zONE™ (enrollment and tracking) system.

Type of Fee	Amount ¹	Due Date ²	Remarks
Transaction Fee	\$125 ³ for the first \$200,000 ³ and \$50 ³ for each additional \$200,000 of the price of residential properties and \$125 ³ for the first \$100,000 ³ and \$50 ³ for each additional \$100,000 ³ of the price of commercial properties.	On the 7th calendar day of the following month	The Transaction Fee is only payable if the sale or lease of the property results in a gross commission income of \$2,000 ³ or more. You must also send us a transaction report in the form we prescribe.
Marketing and Promotion Fees	2% of Monthly Agent Fees and Transaction Fees ⁴	On the 7th calendar day of the following month	Marketing and Promotion Fees are paid monthly, beginning with the first full calendar month after the Opening Date.
Satellite Office Fee	\$5,000 ³	When you sign an Addendum for Satellite Office	If in our sole discretion you are financially and operationally qualified to do so, we may allow you to open a satellite office to be operated under the Franchise Agreement for your Outlet. You would pay the Satellite Office Fee and sign the Addendum for Satellite Office (Exhibit 5 of the Franchise Agreement).
Renewal Fee ⁵	\$5,000 ³ , plus \$1,000 ³ for each Satellite Office under your Franchise Agreement	When you sign your renewal Franchise Agreement	Payable only if you exercise renewal option. You are qualified for renewal if you are in full compliance your operating requirements, all fees due us are paid and you are not in breach of any term of your Franchise Agreement, and you sign our new form of Franchise Agreement (which will replace your expiring Franchise Agreement) and a new Addendum for Satellite Office.
Transfer Fee	\$2,500 ³	Not later than 10 days before the transfer	There is no transfer fee if franchise is transferred to an entity (corporation or limited liability company) owned solely by you.
Optional Training and Conference Fee	Up to \$750 ³ (per day)	At time of training	We require attendance of your designated personnel at training courses, seminars, conferences or other programs (one attendee at our BaseCamp Leadership Summits and two attendees at our annual ONE Summit).
Late Payment Penalty	\$500 ³ plus 10% of the amount past due	Immediately upon our demand	The late payment penalty is payable each time you fail to make a required payment and is in addition to interest on the unpaid amount. You must also reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts.
Late Charge	5% of amount past due.	With late payment.	Payable only if you do not pay when due.
Interest	Annual Percentage Rate ("APR") of 18% on the amount past due ² .	Immediately upon our demand	Interest begins from the date payment was originally due.
Costs of Collection	Cost of collection of delinquent amounts (variable)	Immediately upon our demand.	In addition to the late payment penalty and interest on the unpaid amount, you must reimburse us for our costs of collection of delinquent amounts.

Type of Fee	Amount ¹	Due Date ²	Remarks
Gift Cards	Variable based on purchases.	When ordered.	We do not currently use gift cards, but we have the right to begin using them at any time. If we do, you will have to purchase from a designated vendor, who may be us or our affiliate, as you need them the gift cards you are required to sell at your Store.
Records and Rights of Inspection (Audit) ⁶	Cost of audit (can range from \$3,000 ³ to \$7,500 ³) plus you must pay interest on any underpayment	Immediately upon demand for payment	You must reimburse us the cost of the audit only if you understated Gross Revenues for any month by 5% or more, or our auditors need an unreasonable amount of time (more than eight hours) to assemble your records for audit.
Interim Manager Payments	Daily charge which is currently \$750 ³ per day.	Weekly, on demand.	In addition to our daily charge for the manager, you or your successor must pay our manager's travel, lodging, and living expenses.
Reimbursement for Curing Franchisee Defaults	Cost incurred to cure your defaults (variable)	Immediately upon our demand.	If you default in the performance of any obligation under the Franchise Agreement, or related agreement involving third parties, we may cure the default for your account and on your behalf and you would then be obligated to reimburse us for all costs and expenses we incur to do so.
Attorneys' Fees and Costs	Actual cost, which is variable.	Immediately upon our demand.	Payable only if we use an attorney to collect money from you or otherwise enforce any provision of the Franchise Agreement or any other agreement with you.
Indemnification of Franchisor against Losses	All "Losses", as defined in section 16.2(d) of the Franchise Agreement (variable).	Immediately upon our demand.	The Franchise Agreement requires you to indemnify us against Losses we may incur as a result of (i) your deviation from our approved menu, (ii) unauthorized use of our proprietary information or trademarks, (iii) the breach by you, any Principal Equity Owner or your Manager of non-compete covenants, or (iv) your intentional tort or negligence relating to operation of the Outlet.
De-identification Enforcement Expense	Cost and expenses relating to de-identification (variable).	Immediately upon our demand.	If you fail to de-identify your Store and your business upon termination or non-renewal of the Franchise Agreement, we have the right 15 days after written notice to enter the Store and complete de-identification changes at your expense.

1. All fees are imposed and collected by and are payable to us. Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable. All fees are uniformly imposed.

2. If any payment is not paid when due, in addition to the late payment penalty, you must pay interest on the unpaid amount at an APR of 18% (unless interest rates in the state in which your Outlet is located are limited by law to a lower APR, in which case that lower APR will apply), and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due.

3. This fee is subject to adjustment based on upward changes since the effective date of the Franchise Agreement to the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

4. Within the first 60 days after the "Opening Date" of your Outlet, we recommend that you spend at least \$3,000 on the grand opening advertising and promotion of your Outlet, using the grand opening promotional program that we approve. Beginning 61 days after the Opening Date, we recommend that you spend at least 2% of your "Gross Revenues" (as defined in the Franchise Agreement) on the local marketing, advertising and promotion of your Outlet. Also, on a regional or system-wide basis, we may impose an additional assessment upon some or all franchisees for one-time advertising or promotional activities if 2/3 of all affected Realty ONE Group franchisees agree to such additional assessment by affirmative vote.

5. We will not accept the renewal fee until all other conditions for renewal have been met.

6. We have the right to continually inspect your Principal Real Estate Office, Branch Offices and any other site where you conduct the franchised business to ensure you are complying with brand standards and guidelines prescribed by us and specified in our confidential "ONE Resource Guide".

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ¹	\$15,000 to \$20,000	Lump sum; non-refundable	When you sign the Franchise Agreement.	Us
MLS Set-up Fee ¹	\$1,000 to \$2,500	Lump sum; non-refundable	When your MLS is updated.	Us
Grand Opening Advertising ²	\$3,000 to \$10,000	Lump sum; non-refundable	Within the first six months after the Opening Date.	Various suppliers
Initial training travel/living expenses ³	\$250 to \$3,000	As incurred	During training	Travel and lodging vendors
Office set-up and leasehold improvements ⁴	\$3,000 to \$60,000	As arranged	As arranged	Landlord and other vendors
Computer hardware and software, furniture and fixtures ⁵	\$5,000 to \$30,000	As arranged	As arranged	Designated and other vendors
Exterior office signs ⁶	\$500 to \$10,000	As arranged	As arranged	Designated and approved vendors
Insurance ⁷	\$500 to \$2,000	As incurred	As arranged	Insurance company
Miscellaneous opening costs ⁸	\$1,000 to \$10,000	As incurred	Before and during opening	Landlord, municipalities, suppliers, utilities, attorneys, accountants and other professionals
Additional funds – 3 months ⁹	\$15,000 to \$75,000	As incurred	After opening	Employees, landlord, other vendors
TOTAL¹⁰	\$44,250 to \$222,500			

1. This fee must be paid in full at the time indicated (however, some states may require payment of these fees to be deferred until you open for business, see Exhibit G of this disclosure document). To be eligible to sign the Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the franchise.
2. We will provide you a grand opening advertising and promotional program format for your Realty ONE Group real estate brokerage business, and we recommend that you spend at least \$3,000 on a grand opening promotion during the first six months after you open your initial Outlet (see Item 5).
3. Training typically is accomplished in four days in Orange County, California and in our discretion, may be followed by assistance of our "Opening Team" during the first 12 months after your Outlet opens. These expenses represent the wages, travel and living expenses for you and your staff during training.
4. You will need to rent or lease a suitable site for your Outlet and the rent or lease deposit amount will vary depending on the location. A security deposit equal to one month's rent is a standard requirement to execute an office lease, and landlords may ask for an additional security deposit equal to as much as rent for three months. The amounts listed in this type of expenditure are estimates that are based on basic build out of our Outlet design but do not include many variables related to the pre-existing condition of any one location. Architectural renderings and building permits may be required for the build-out of your Outlet or refurbishment to meet our standards, the cost for which has been included in these estimates.
5. You must use an acceptable business computer and approved software. The cost of operational and promotional materials ranges from \$1,500 to \$3,000.
6. The quantity, size, type and cost of signs will vary substantially per lease space and in accordance to stipulations of each landlord and local governmental regulations. These estimates include the average filing fees for obtaining the necessary sign permits. All signs must comply with the guidelines contained in the ONE Resource Guide.
7. As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your franchised business, and it is imperative you carry adequate insurance to protect yourself. You must obtain the insurance coverage required by the Franchise Agreement from a carrier with a rating of "A VII" or better by A. M. Best Company. The currently required minimum coverage and limits of insurance are (i) general liability insurance with limits of at least \$1,000,000 per occurrence and \$1,000,000 aggregate, (ii) automobile insurance for your employees and agents with per accident coverage of at least \$100,000 per person for bodily injury, \$300,000 for all persons injured and \$100,000 for property damage, (iii) errors and omissions insurance with limits of at least \$2,000,000 per claim and \$4,000,000 aggregate, and (iv) workers' compensation insurance to meet the statutory coverage of the state where your Outlet is located. We may modify the policy limits set forth above if we determine that a different policy limit is reasonably prudent for your type of business after taking into consideration the state where you operate. Any policies of insurance that you maintain in your name (excepting workers compensation insurance policies) must contain a separate endorsement naming us, ROG, any Regional Director active in your Territory, and any other of our affiliated entities which may hereafter exist as additional insureds. The costs of premiums will vary based on location of the Outlet and any prior claim history. The required coverage and limits are subject to change. You must supply us a copy of the applicable insurance policy providing the coverage specified above as soon as practicable after the effective date of your Franchise Agreement and then proof of continuing insurance on annual basis not later than each anniversary of the effective date of your Franchise Agreement.
8. This includes security deposits, utility deposits, business licenses and other prepaid expenses. There is no initial inventory you are required to stock to open for business.

9. Although we do not require minimum funds for you to start your business, there are some expenses you will incur when you begin your franchise operations, such as inventory, supplies and employees. It is always a good idea to have some cash reserves available to cover initial operating expenses. This estimates the additional funds you will need for your first three months of operation. These expenses include payroll costs. We relied on the related business experience of our Chief Executive Officer (since 2005) in determining these figures.

10. If you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise the payments listed in the table above are nonrefundable. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

We do not sell or lease any goods, services, supplies or equipment related to establishing operating the franchised business. You must join your local Board of Realtors and join and maintain a membership in each MLS applicable to the area in which your Outlet is located. You are solely responsible for paying any fees or costs associated with your integration into an MLS technology platform. You must provide us on a quarterly basis a report of your MLS activities.

You must obtain the insurance coverage required by the Franchise Agreement from a carrier with a rating of "A VII" or better by A. M. Best Company. The currently required minimum coverage and limits of insurance are (i) general liability insurance with limits of at least \$1,000,000 per occurrence and \$1,000,000 aggregate, (ii) automobile insurance for your employees and agents with per accident coverage of at least \$100,000 per person for bodily injury, \$300,000 for all persons injured and \$100,000 for property damage, (iii) errors and omissions insurance with limits of at least \$2,000,000 per claim and \$4,000,000 aggregate, and (iv) workers' compensation insurance to meet the statutory coverage of the state where your Outlet is located

Required and Approved Suppliers

You must purchase items bearing the Brand only from designated vendors or approved suppliers who comply with the "ROGA Branding Guidelines" in the ONE Resource Guide. You will receive a list of approved suppliers at initial training and later updates to this list.

You may be given an opportunity to purchase some ancillary real estate services (including escrow and title insurance) from ROG and other providers. Each provider of these ancillary real estate services must have all necessary permits and licenses to allow them to do so.

Franchisor or its Affiliates Acting as Approved Suppliers

Neither we nor any of our affiliates are currently approved suppliers of goods or services you will use in establishing or operating your Outlet. However, our affiliates may act in this capacity in the future.

Officers or persons affiliated with us do not own an interest in ROG. Otherwise, there are no suppliers in which any of our officers or persons affiliated with us owns an interest.

Approval of Alternative Suppliers

We may approve other suppliers of services or products that are used or sold at Realty ONE Group Outlets. We approve suppliers after careful review of the quality of the services or services and products they provide to us and our franchisees. We formulate standards and specifications for products from approved suppliers based on our executive officers' experiences in the residential real estate brokerage business. These standards and specifications are provided to potential suppliers when we begin the supplier review process and to franchisees. If you would like us to consider a new supplier, you must have the supplier provide us with detailed explanations regarding its services or samples of its products. If the supplier meets our specifications for quality control, we may approve it as an additional supplier by written notification of our approval to the supplier and you. A review of a proposed new supplier typically is completed within 30 days and no fees are payable to us for this review. We will not unreasonably withhold consent to a proposed new supplier. If an approved supplier no longer meets our standards, we may revoke its status as an approved supplier by written notification to the supplier and notification to the system.

Computer and Point of Sale System

You are required to use and maintain a business computer system (including our designated data management system) and all related hardware, as we specify in the ONE Resource Guide or otherwise in writing for use in connection with your operations (the "Computer System"). And you must obtain from our affiliated entity or designated vendors and use in your franchise operations our proprietary real estate management software zONE™ and Paperless Exchange™.

Revenue from Franchisee Purchases

In 2019, neither we nor any of our affiliates derived revenue, rebates or other material consideration from required purchases or leases by Realty ONE Group franchisees, although we may do so in the future.

Payments to us, our designees, and our approved suppliers, or under our specifications (i) in establishing your Outlet will range from 28% to 54% of your total initial investment and (ii) in operating your Outlet will range from 5% to 10% of your total monthly expenses.

Cooperatives

We are not presently involved in any purchasing or distribution cooperatives.

Negotiated Purchase Arrangements

We do negotiate purchase agreements with some suppliers (primarily involving marketing materials) for the benefit of Realty ONE Group franchisees.

Material Benefits Based on Franchisee Purchases

We do not provide any material benefits to you based on your purchase of specific products or services or use of specific suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in franchise agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1, 7.2	6,11
b.	Pre-opening purchases/leases	7.2, 7.3	8
c.	Site development and other pre-opening requirements	7.1, 7.2	6, 7, 11
d.	Initial and ongoing training	6.1-6.4	11
e.	Opening	3.3, 7.2, 7.3	11
f.	Fees	4.1-4.8, 5.2, 8.2, 12.2	5, 6
g.	Compliance with standards and policies/operating manual	8.1-8.3	11
h.	Trademarks and proprietary information	8.8, 9.1-9.5	13,14
i.	Restrictions on products/services offered	3.2, 3.4, 8.1, 8.3, 8.13	16
j.	Warranty and customer service requirements	6.1(c), 8.1, 16.4	11
k.	Territorial development and sales quotas	3.3, 8.1	12
l.	Ongoing product/service purchases	7.3	8
m.	Maintenance, appearance and remodeling requirements	5.2(g), 7.2, 8.5	11
n.	Insurance	8.10	7
o.	Advertising	4.3, 7.2, 7.3, 8.8, 8.14,10.1, 10.2	6,11
p.	Indemnification	16.2	6
q.	Owner's participation/management/staffing	6.1-6.3, 8.1(a), 12.6	11,15
r.	Records and reports	8.7, 8.11(a), 18.2(b)	6
s.	Inspections and audits	5.2(f), 8.7(e), 8.11	6,11
t.	Transfer	12.1-12.7	17
u.	Renewal	5.2 - 5.4	17
v.	Post-termination obligations	11.2, 15.1, 15.2	17
w.	Non-competition covenants	11.1-11.3	17
x.	Dispute resolution	14.1-14.5	17
y.	Compliance with anti-terrorism and other federal laws	16.12	Not applicable

ITEM 10: FINANCING

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

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

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

Pre-Opening Assistance

Before you open your business, we:

(1) Will provide you and your key employees with initial training and orientation in the Realty ONE Group system and how to operate the Outlet (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). You must successfully complete initial training to our satisfaction.

(2) Will provide you with guidelines regarding the trade dress, furnishing and equipping of your Outlet (see sections 7.2 and 7.3 of the Franchise Agreement).

(3) Will review and consent to the site you select for your Outlet (if you do not already have an operating real estate office) (see section 7.2(a) and Exhibit 1 of the Franchise Agreement). We do not typically pre-select the site for your Outlet or assist you in selecting this site. You and your landlord may be required to complete and sign a rider or addendum to the lease that requires the landlord to (i) notify us if you are in material default of the lease for the Outlet and (ii) fully cooperate with us in completing de-identification of the Outlet if the Franchise Agreement is terminated or expires without being renewed. The factors we consider in consenting to a site for the Outlet include general location and neighborhood, parking, size, physical characteristics of existing buildings and lease or rental terms. You have 60 days after signing the Franchise Agreement to locate an acceptable site for your Outlet. We will review and either consent to or decline the proposed site for your Outlet within 10 business days after you provide us with its address. If you are unable to locate an acceptable site within 180 days, we can cancel the Franchise Agreement (see section 7.2(a) of the Franchise Agreement). We do not typically own and lease to you the premises on which the Outlet will be located. Our review and consent to the location of the Outlet is no guarantee or assurance that you will be successful there or anywhere else. Once we consent to the location of your Outlet, you must countersign and return to us the letter consenting to your location in the method we prescribe.

(4) Will provide you with online access to the ONE Resource Guide (see section 8.2 of the Franchise Agreement).

(5) Will review and authorize the "Business Name" (a trade name containing a term unique to you and the Mark "Realty ONE Group Affiliates") you will use to operate your Outlet. You must always use this Business Name all advertising, promotions, yard signs, other signs and display materials, on your letterheads, business forms, and at the entrance to your Outlet and other authorized business sites, in all your business dealings related thereto and to the general public. You must add to your office entrance and all printed materials the statement "Each Office Independently Owned and Operated". (See section 9.2 of the Franchise Agreement.)

Length of Time to Open the Franchised Business

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise) and the opening of your Outlet (which usually takes place immediately after you complete Initial Training) will be 90 days. Factors that may affect this length of time include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, and delivery and installation of equipment and signs. Immediately upon your successful completion of Initial Training, you will be given access to our designated computer software to be used in the operation of the Franchised Business (see section 8.4 of the Franchise Agreement) and you must sign a letter in a form we provide acknowledging the Opening Date of your Franchised Business. If we consent to the site for your Outlet but you do not successfully complete Initial Training and begin operating your Franchised Business within 180 days after you sign the Franchise Agreement, we can terminate the Franchise Agreement (see section 7.2(a) of the Franchise Agreement) without any liability to us.

Post-Opening Assistance

During the operation of the franchised business, we:

- (1) Will be reasonably available by phone and e-mail for guidance in the operation and management of your Outlet. Other than providing you general guidelines for tax and federal employment compliance in our ONE Resource Guide, we do not provide you with assistance in contracting with real estate agents or hiring, supervising or discharging employees, nor do we provide any advice on employment law or regulations, except to strongly recommend you engage the services of an attorney competent to advise you on employment law matters in your state. (See section 6.2(c) of the Franchise Agreement.)
- (2) Will provide you with scheduled training and assistance programs and may visit you periodically at no cost to you to provide additional sales and administrative review and assistance, including assistance with establishing and using administrative, bookkeeping and accounting procedures. There is no separate fee for scheduled training and assistance. However, if you request unscheduled training or assistance and we agree to provide it, you must reimburse us for the cost of our representative's transportation and lodging. We may also, at our discretion, charge a fee for unscheduled training or assistance of up to \$750 per day. The nature, frequency and duration of this assistance by our representatives will be in our sole discretion. (See section 6.2(d) of the Franchise Agreement.)
- (3) In connection with your ongoing obligation to maintain the Outlet in accordance with our standards, will notify you if the general state of repair, appearance or cleanliness of your Outlet or its signs do not meet our standards, and specify the action you must take to correct the deficiency (see sections 8.5 and 8.11(b) of the Franchise Agreement).
- (4) Will conduct regional or system-wide meetings (including BaseCamp Leadership Summit meetings and the ONE Summit, a system-wide sales conference) in Southern California or other place in the United States. You must send at least one attendee to the BaseCamp Leadership Summit and at least two attendees to the ONE Summit. We may conduct other regional or system-wide meetings, and attendance of at least one Office Manager and at least one Principal Equity Owner at these other meetings is highly recommended. We may charge you a registration fee for each of your attendees of these meetings. You must pay the cost of travel, hotel and meal expenses for your attendees at these meetings. (See section 6.3 of the Franchise Agreement.)
- (5) Will provide you with access to, and integrate information about your Outlet into, the Realty ONE Group website in accordance with our specifications (see sections 6.2(a) and 8.13 of the Franchise Agreement).
- (6) May suggest retail prices for Realty ONE Group Services you sell at your Outlet (to enhance uniformity in the delivery of services to retail customers by our franchises and the strength of our Marks in inter-brand competition) and may restrict advertising of prices that are different from what we recommend. (See section 8.1(b) of the Franchise Agreement.)

Advertising Program for the Franchise System

Beginning with the first full calendar month after the Opening Date, you must pay us Marketing and Promotion Fees equal to 2% of your monthly Gross Revenues, excluding revenues generated from (i) fees charged to sales associates for business liability (errors and omissions)

insurance, transaction coordination, private office rents or initial agent sign-up fees and (ii) mortgage lending, escrow and title businesses (see section 4.5(a) of the Franchise Agreement). We collect Marketing and Promotion Fees from all Realty ONE Group franchisees at the same rate. We will spend collected Marketing and Promotion Fees for national, regional and local advertising, public relations, market research, and promotional campaigns designed to promote and enhance the value of the Brand and its general recognition and acceptance.

We recommend that you spend at least \$3,000 on the grand opening promotion of your initial Outlet within 60 days after you open as a Realty ONE Group franchise (see section 4.5(c) of the Franchise Agreement, and then at least 2% of your Outlet's Gross Revenues on the continuing local marketing, advertising and promotion of your Outlet (see section 4.5(d) of the Franchise Agreement).

On a national or regional basis, we may impose an additional assessment on all affected Realty ONE Group franchisees for special advertising or promotional activities if two-thirds of all affected franchised Outlets agree to this additional assessment in writing (see section 4.5(e) of the Franchise Agreement).

Marketing and Promotion Fees are deposited into a separate bank account specifically designated for Realty ONE Group marketing, advertising and promotional activities. This account is not audited and no interest on the amounts on deposit is imputed for your benefit or paid to you. We administer the national advertising program and receive an administration fee of 15% of the annual aggregate Marketing and Promotion Fees for doing so.

Marketing and Promotion Fees are primarily used to promote the Brand and Realty ONE Group residential real estate sales offices. We determine, in our sole discretion, the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns.

In 2019, ROGA collected \$424,704 in Marketing and Promotion Fees and ROGA spent \$379,133 on the advertising and promotion of the Brand, as follows: 100% for media placement.

We intend to use the Internet, social media and targeted print media in our marketing and advertising efforts. And in the future, we may use local radio and television advertising. We will be using in-house advertising personnel to do this, and we may hire advertising and public relations firms to assist us in these efforts. We are not required to spend any advertising fees in your territory or in or near your Outlet, although we may do so. Advertising Fees are spent to benefit all franchises, including you.

We will provide general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing (approval or disapproval will be given within five business days after you submit the advertising materials to us). You grant us the right to use the name, image and likeness of you, all Principal Equity Owners and any of your affected employees, for commercial purposes in connection with the marketing and promotion of the Marks, Realty ONE Group Services, any Realty ONE Group Outlet and the Realty ONE Group system (see section 9.1(d) of the Franchise Agreement).

We do not have an advertising council composed of Realty ONE Group franchisees.

We are not presently involved in any advertising cooperatives. However, we reserve the right to create advertising cooperatives in the future. If we do so, real estate offices owned by, or affiliated with, us will contribute to the cooperative on the same basis as Realty ONE Group franchisees. We have the right to require cooperatives we create to change, dissolve or merge.

If we do not expend all Marketing and Promotion Fees in the fiscal year in which they accrue, the amount remaining is retained for future advertising. If you request this in writing on or before March 31, we will provide you on or before the following May 31 with an unaudited statement describing the annual receipts and expenditures of Marketing and Promotion Fees during the calendar year that just ended.

None of the Marketing and Promotion Fees will be used primarily for the solicitation for new franchise sales.

Electronic Point of Sale System and Computer Requirements

You are not required to purchase or lease a POS system. However, you must use and maintain a Computer System which contains our integrated proprietary real estate management software zONE™ and Paperless Exchange™. We don't currently specify or recommend the brand or type of business computer you use, but if we do in the future, you will be notified. We estimate that the cost of obtaining the Computer System with integrated software will range from \$1,000 to \$5,000. Our proprietary real estate management software Paperless Exchange™ is used for management of your business and billing. Our proprietary real estate management software zONE™ is used to close out all your real estate transactions, and bill and close out all your real estate transactions in a timely manner as specified in the ONE Resource Guide or otherwise by us in writing. You must provide us with continuous access to the accounting software (such as QuickBooks) you use at your Outlet, in order that we will be able to accept data from you in an exportable CSV (comma separated values) file and you will also be able to accept data from our software. We will provide you with related information (such as a required chart of accounts); so that data you provide us will be categorized properly (see section 8.7(a) of the Franchise Agreement). We also require you to maintain an e-mail account and always connect the Computer System to a dedicated Internet line (or other communications medium we specify) capable of accessing the Internet via a third-party network we designate in the ONE Resource Guide (or otherwise in writing). You must allow us to access your Computer System on a daily or other basis at the times and manner determined by us or our designated affiliate, with or without notice, and to retrieve transaction information (including sales, sales mix, usage and other operations data) that we deem appropriate. You must give us access to your MLS listings and related Internet Data Exchange ("IDX") data through a subscriber service with a third-party vendor we designate. You must always have and maintain adequate anti-virus software in any computer you use to communicate with us directly or through our master website or intranet (see section 8.4(b) of the Franchise Agreement). We estimate that the annual cost of optional or required maintenance, updating, operating or support contracts regarding the Computer System will range from \$500 to \$1,000.

ONE Resource Guide (Operations Manual)

We will provide you with online access to our ONE Resource Guide (which, if printed would contain a total of 202 pages) and other applicable manuals (see section 8.2 of the Franchise Agreement). The ONE Resource Guide contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We will periodically modify the ONE Resource Guide and when we do so, you must comply with these changes when you have online access to them. This ONE Resource Guide is confidential and remains our property. You must not allow unauthorized access to or duplication of the ONE Resource Guide or any other confidential manuals or proprietary materials we provide you, and if you do so, in addition to all other remedies we have, you will be deemed to be in violation of the Franchise Agreement and all other agreements you have with us (see section 8.2(c) of the Franchise Agreement).

The following is the Table of Contents of the ONE Resource Guide as of the date of this disclosure document (with the number of applicable pages, if it were printed).

Topic	Number of Pages
Section 1 - Introduction	15
Section 2 - Pre-Opening	25
Section 3 - Front Offices/Operations	33
Section 4 - Back Office Policies and Operations	73
Section 5 - Trademarks/Logo Standards	10
Section 6 - Realty ONE Group Graphic Standards	12
Section 7 - Approved Suppliers	8
Section 8 - Affiliate Guidelines	26
Total Pages	202

Currently, we have no policy under which we will render services to you not required by your Franchise Agreement (or other agreements with us) or the ONE Resource Guide.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On The Job Training	Location
Day One: Realty ONE Group History Vision Value Proposition Opening Procedures Front Office Procedures	8	0	Southern California
Day Two: Trademarks/Identity Standards Back Office and Accounting Procedures Business Planning Recruiting	8	0	Southern California
Day Three: zONE™ and Paperless Exchange™	8	0	Southern California
Day Four: Realty ONE Group Operations Review of Training Questions and Answers	8	0	Southern California

The training program above is effective as of the date of this disclosure document. Initial training is typically provided within 30 days before your Outlet opens and is typically scheduled monthly. Unless there are extenuating circumstances that in our reasonable determination justify a delay, your required trainees must attend the next Initial Training that we offer. All classroom training takes place at our international headquarters in Southern California, or another training center that we designate.

The instructional material consists of appropriate handouts and information directly from the ONE Resource Guide. Currently, our designated instructor is Kathy Baker, who has been with us for 18 months, and who has more than 30 years of experience in the subject matters she teaches. The designated instructor is sometimes assisted by our operations staff and other employees.

We do not charge for this training or service for the designated Office Manager and Principal Equity Owners. You must pay all travel and living expenses of persons you send to training.

The successful completion of the next available initial training by your designated Office Manager and at least one Principal Equity Owner to our satisfaction is a condition to your opening of an Outlet to the public and must be done within 180 days after you sign the Franchise Agreement. Immediately upon your successful completion of Initial Training, you will be given access to our designated computer software to be used in the operation of the Franchised Business and you must sign a letter in a form we provide acknowledging the Opening Date of your Franchised Business. If a designated Office Manager or Principal Equity Owner fails to complete initial training satisfactorily, you will have the option of sending a replacement approved by us to initial training.

Upon reasonable notice, not more frequently than once every three months, we may require attendance of designated personnel of yours at training courses, seminars, conferences or other programs containing information that is relevant or appropriate to the operation of your Outlet (see section 6.2 of the Franchise Agreement). We may, at our discretion, charge a fee of up to \$750 per day for unscheduled Realty ONE Group training courses, seminars, conferences or other programs that you request us to provide to you. Currently, no refresher courses are required.

ITEM 12: TERRITORY

Each Franchise is granted only for one specific real estate office at a location which we consent to and which is listed in the Franchise Agreement. You will be granted a Primary Marketing Area. You will not receive an exclusive territory. You may face competition from other franchisees from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may relocate your Outlet with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

We do not grant you options or rights of first refusal to open additional franchised real estate offices under the Franchise Agreement.

We do not currently, nor do we have any plans in the future to, operate or franchise businesses under a different trademark that will sell goods or services like those you will offer. However, we reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We have the absolute right to develop residential real estate brokerage business concepts under other brand names even if the locations for the concept are adjacent to your Outlet, and market, distribute and sell, on a wholesale or retail basis, ancillary real estate services (such as mortgage, title insurance and escrow) under the Brand, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing method or other channels of distribution. We have no obligation to pay you for soliciting or accepting orders from inside your territory.

You are not restricted from soliciting or accepting orders outside of your Outlet, but you may not sell any of Realty ONE Group Services on a wholesale basis, at any location other than your Outlet, or through the Internet, catalog, mail order, telemarketing or any other non-retail method of sales or distribution.

We will publish or approve all website content containing our trademarks, and we will provide you with a presence on our master website. We will maintain the “Uniform Resource Locator” (or “URL”), but we will permit you to own an Internet domain name that contains our trademark and establish your own personal websites for the purpose of advertising your Outlet or our principal trademarks, but only in accordance with our guidelines and procedures contained in our ONE Resource Guide or otherwise given to you in writing.

We may establish company-owned retail outlets selling Realty ONE Group Services near but never adjacent to any of your Outlet. Although we have no current plans to do so, we reserve the right to offer and sell other types of franchises that are not directly competitive with the Realty ONE Group franchise.

At the second anniversary (“Anniversary Date”) of the opening date of your Outlet, and on each Anniversary Date after that, you must have at least 50 Real Estate Agents associated with your Outlet. If you fail to meet this requirement, we may terminate your Franchise Agreement for material breach. Otherwise, the continuation of your rights under the Franchise Agreement does not depend on you attaining a minimum level of sales, revenues or market penetration, or another contingency.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Outlet under the principal trademark “ONE RealtyONEGroup” and logotype displayed on the cover of this disclosure document, and other current or future trademarks. On February 28, 2019, ROG filed an application with the United States Patent and Trademark Office (“USPTO”) to register the principal trademark “ONE RealtyONEGroup” and logotype on the Principal Register of the USPTO, serial number 88320605, and this application is pending. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

On February 7, 2020, ROG filed an application with the USPTO to register the word mark “ONE LUXE”, serial number 88789920, and a stylized design containing the mark “ONE LUXE”, serial number 88789963, and these applications are pending.

On December 18, 2012, ROG registered the trademark “Realty ONE Group” on the Principal Register of the United States Patent and Trademark Office (“USPTO”), registration number 4261532, but ROG is in the process of canceling that trademark registration. On December 11, 2007, ROG registered the trademark “Realty ONE Group A Team of Professionals” on the Principal Register of the USPTO, registration number 3351334.

On August 18, 2017, Real Estate One, Inc., a Michigan corporation (“REOI”) operating as real estate broker in Michigan, filed with the Trademark Trial and Appeal Board (“TTAB”) of the USPTO a Cancellation Proceeding against ROGA’s registered trademark (Cancellation No. 92066734), and then REOI filed Opposition Proceedings (Nos. 91224981, 91224983 and 91224984) with the TTAB regarding additional trademarks ROGA proposed to register. The matter is now pending before the TTAB, which is considering a motion to consolidate the actions of REOI (collectively, the “Michigan Trademark Dispute”) and has set dates for discovery. ROGA and REOI are currently in negotiations to resolve the dispute.

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings (except for the Michigan Trademark Dispute described in the preceding paragraph) involving our trademarks and all required affidavits have been filed. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item in a manner material to the franchise. There is no pending material federal or state court litigation regarding our use or ownership rights in the trademarks.

All trademarks are owned by our affiliated company ROG. On July 23, 2012, we entered into a Royalty-Free License Agreement (“Trademark License”) with ROG, under which we were granted the right to operate under the principal trademark and related trademarks, service marks, trade names, logos and symbols related to Realty ONE Group (collectively the “Marks”) for the purpose of operating a franchise system, including the exclusive right to sublicense our franchisees to use the Marks in accordance with the terms of Franchise Agreements between us and our franchisees. The term of the Trademark License is 25 years, and this term may be renewed at our option for additional consecutive periods of 25 years so long as any Franchise Agreement granted by us remains in effect. Although the Trademark License contains no grounds for termination by ROG or by us, if it ever were to be terminated, Realty ONE Group franchisees would have the right to continue to use the Marks while operating their franchised Outlets under their Franchise Agreements for the existing term of their agreements. Except as described above, no agreements limit our rights to use or license the use of the Marks.

You must follow our rules when you use the Marks. You cannot use the principal Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of any unauthorized product or service, or in any manner that we have not authorized in writing.

We have the right to control any administrative proceedings or litigation involving a Mark we licensed you to use. You must notify us promptly when you learn about an alleged infringement, unfair competition, unauthorized third-party use of or challenge to your use of the Marks. We then will promptly take the action we think appropriate. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition or similar claims about the Marks. We have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks in violation of the Franchise Agreement.

If you learn that any third-party whom you believe is not authorized to use our Marks is using them or any variant of them, you must promptly notify us. We will determine whether to take any action against the third party.

At your cost and expense, you must modify or discontinue the use of a Mark if we modify or discontinue it. You have no rights to compensation or otherwise under the Franchise Agreement if we require you to modify or discontinue using a trademark. You may not directly or indirectly contest our rights to the Marks, trade secrets or business techniques that are part of our business.

The Franchise Agreement provides that if you or your employees, agents and subcontractors or any other party who you may contract with create any materials containing or associated with the Marks, including artwork, graphics, layouts, slogans, domain names, other names, titles, text or similar materials, these will become the sole property of the trademark owners, including trademark rights.

Except for the Michigan Trademark Dispute and the proprietary rights of ROG in the Marks, there are no infringing uses or superior previous rights known to us that would materially affect your use of the Marks in this state or any other state in which the franchised business is to be located.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own rights in, or licenses to, patents or registered copyrights that are material to the franchise and you do not receive the right to use any item covered by a patent or registered copyright. However, we assert a common law copyright on the contents of the ONE Resource Guide and only you or your authorized employees can have access to and use the proprietary information in the ONE Resource Guide.

You must immediately notify us if you become aware of any infringement or inappropriate use of the Manual. We will then take whatever action we deem appropriate, and will control any litigation, to protect our copyright in the Manual. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any claim, suit or demand relating to our copyrights and take steps to stop misuse at our cost and expense, using attorneys selected by us, and you agree to cooperate fully in such matters. If the infringement or inappropriate use results from your negligence or willful action, you must reimburse us all our expenses in protecting our copyright. Otherwise, we will indemnify you and hold you harmless from and against all judgments resulting from any claim, suit or demand arising from your authorized use of our copyrights in accordance with the terms of the Franchise Agreement.

The Franchise Agreement provides that if you or your employees, agents and subcontractors or any other party who you may contract with create any materials containing or associated with the Marks, including artwork, graphics, layouts, slogans, domain names, other names, titles, text or similar materials, these will become the sole property of the trademark owners, including copyrights.

We do not currently have any pending patent applications that are material to the franchise.

Our intellectual property, whether the subject of a patent, copyright or not, also is protected by common law principles which limit the use of our confidential proprietary information, except as we have licensed it. We will enforce those rights as we determine.

Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential proprietary information or trade secrets to another person or use it for another person or business. You may not copy any of our confidential proprietary information or disclose it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential proprietary information. We are not obligated to take any action but will respond to your notification of unauthorized use as we think appropriate.

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

We recommend but do not require principal owners of Realty ONE Group Affiliates franchises to actively participate in the direct management and operation of your Outlet. However, you must employ at each Outlet at least one designated Office Manager (if you are a sole proprietor, this could be you) who has successfully completed our initial training program. You must disclose the identity of the Office Manager to us and if he or she is for any reason no longer acting as Office Manager, you must notify us immediately and in writing. The Office Manager cannot have an interest or be employed or engaged as an independent contractor by any of our business competitors. The Office Manager must devote his or her full time during normal business hours to the management, operation and development of the Franchised Business. We do not require your Office Manager to have any ownership interest in your business, although he or she may do so. If the Office Manager is not a Principal Equity Owner (owning at least a 20% equity interest in your franchisee entity), he or she may be required to sign a confidentiality and non-competition agreement. Each Principal Equity Owner signs a Guarantee of Franchise Agreement (attached as Exhibit 4 of the Franchise Agreement) requiring them to ensure that all obligations of the franchisee under the Franchise Agreement (including provisions related to payments to franchisor, confidentiality and non-competition) are fulfilled. Spouses of Principal Equity Owners are not required to sign the Guarantee of Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell at the Outlet only those goods and services that we have approved (see Item 9 of this disclosure document).

You may only offer and sell at your franchised Outlet Realty ONE Group Services and other goods and services that we designate as required for all franchisees or have approved (see Item 8 of this disclosure document).

We have the right to change and add other authorized goods and services that you may be required to offer. And, we may require you to comply with other requirements, such as training, marketing or insurance, before we will allow you to offer additional goods or services. There are no limits on our right to do so.

Except for applicable laws restricting discrimination against customers based on public policy, there are no restrictions on the customers to whom you may sell Realty ONE Group Services and related products at your Outlet.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Length of the franchise term	5.1	The initial term of the Franchise Agreement is 10 years from the effective date of your Franchise Agreement.
b.	Renewal or extension of the term	5.2	You can add additional 10-year terms upon written notice delivered to us not less than 180 days before the end of the existing term, and with our approval. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you.
c.	Requirements for franchisee to renew or extend	5.2	Sign our then current Franchise Agreement modified for renewal ("Renewal Franchise Agreement"), remodel your Outlet (if necessary) and pay renewal fee. The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	13.1	If we are in material breach (beyond any applicable cure periods), you can terminate your Franchise Agreement.
e.	Termination by franchisor without cause	Not applicable	Not applicable.
f.	Termination by franchisor with cause	13.1 - 13.11	We can terminate the Franchise Agreement only if you are in material default of that agreement. (This provision is subject to state law.)
g.	"Cause" defined – curable defaults	13.1, 13.3, 13.4	You have 30 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your Outlet) under the Franchise Agreement that can be cured. (This provision is subject to state law.)
h.	"Cause" defined – non-curable defaults	13.2	Non-curable defaults under the Franchise Agreement: your bankruptcy or insolvency; your abandonment of the franchised business; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised or the Realty ONE Group system; you fail, for a period of 30 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Outlet is seized, taken over, or

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h.	"Cause" defined – non-curable defaults [continued]		foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety; or your financial condition is impaired to the point that it is reasonable to conclude that you will not be able to fully discharge your obligations under the Franchise Agreement and that impairment continues for at least 30 days. (This provision is subject to state law.)
i.	Franchisee's obligations on termination or non-renewal	8.9, 13.9, 15.1	Obligations include removal of our Brand and other trademarks, cancellation or assignment to us of any telephone numbers, Uniform Resource Locators ("URLs") and other social media accounts and references you have used to identify the Franchised Business, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information and anything relating to us or the Franchised Business from any of your computers and other media storage devices of yours and payment of amounts due us (also see r, below). If the Franchise Agreement is terminated because of material breach, based on the estimated time it takes for a replacement Realty ONE Group franchisee to achieve a similar revenue stream, we are entitled to recover liquidated damages equal to the aggregate amount of the "Monthly Fees" (section 4.3 of the Franchise Agreement) and "Other Fees" listed in section 4.4 of the Franchise Agreement paid by you during (i) the three years prior to the date the Franchise Agreement was terminated or (ii) if the Opening Date is less than three years before the termination date, the time since the Opening Date.
j.	Assignment of contract by franchisor	12.1	No restriction on our right to assign. (However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor is willing and financially able to assume our obligations as franchisor under the Franchise Agreement.)
k.	"Transfer" by franchisee – defined	12.2	Any partial or complete assignment, sale, transfer, or encumbrance or any interest in your Franchise Agreement, your Outlet or any of its assets, and certain changes in ownership of you if you are an entity. Includes any transfer to a corporation, partnership, limited liability company, or other entity; any conversion, dissolution, merger, consolidation, or other reorganization, or sale or other transfer of any shares or membership units to a person or entity that is not an existing shareholder or member, or any sale of assets or change in the chief executive, operating, or financial officer or any manager; any change in or withdrawal of any partner or conversion, merger, consolidation, or other reorganization or any dissolution of the partnership; and any transfer from one person to any other.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i.	Franchisor's approval of transfer by franchisee	12.2	We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a franchisee entity), but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	12.2	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, and current agreement signed by new franchisee (see r. below). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you This notice will be in writing and delivered to you by business courier.
n.	Franchisor's right of first refusal to acquire franchisee's business	12.3	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer (i) is between immediate family members, (ii) is to an entity formed to operate the Franchised Business and owned in the same proportionate amount of ownership as before the transfer, or (iii) involves a transfer from an individual franchisee or majority Principal Equity Owner to close family member.
o.	Franchisor's option to purchase franchisee's business	15.2(d)	We have no option to purchase your business. However, within 30 days after termination, expiration or non-renewal of this Agreement, we have the option, but not the obligation, to purchase all or any portion of your yard signs containing the Marks and other reusable inventory, equipment, parts, supplies, fixtures and furnishings owned and used by you in your franchised operation. (This provision is subject to state law.)
p.	Death or disability of franchisee	12.6	Franchise must be assigned by estate to approved buyer within 270 days. During any period of your incapacity or until the business is sold, we can place an interim manager in your Outlet, and you must pay us up to \$750 per day as compensation for the interim manager, plus the manager's transportation, lodging and related living expenses.
q.	Non-competition covenants during the term of the franchise	11.1, 11.3	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	You may not use for any purpose our trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the franchise system. (This provision is subject to state law.)
s.	Modification of the agreement	8.2, 16.14(c)	No modifications generally, but the ONE Resource Guide is subject to change. (This provision is subject to state law.)
t.	Integration/merger clause	16.14	Only the terms of the Franchise Agreement are binding (subject to state and federal law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document.

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u.	Dispute resolution by arbitration or mediation	14.1-14.5	Except for certain claims, the parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration by and before JAMS, Inc. in accordance with (i) its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or (ii) its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more). Or if the parties agree, the dispute may be submitted to arbitration by another mutually acceptable arbitrator.
v.	Choice of forum	14.1-14.3	Arbitration proceedings will take place in Orange County, California. Mediation proceedings may take place at any mutually agreed location. Any litigation proceedings will take place in an appropriate court in California.
w.	Choice of law	16.13	The Federal Arbitration Act (9 U.S.C. §1 <i>et seq.</i>) governs the arbitration of disputes under the Franchise Agreement. Otherwise, the laws of the state where the Outlet is located govern the Franchise Agreement and all related matters, documents and agreements.

ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to a public figure for the right to use his or her name to promote the sale of Realty ONE Group franchises.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representation 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 our President, Mr. Vinnie Tracey, Realty ONE Group Affiliates, Inc., 23811 Aliso Creek Road, Suite 168, Laguna Niguel, California 92677, 1-855-529-0101; 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 2017 TO 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	44	63	+19
	2018	63	104	+41
	2019	104	174	+70
Company-Owned	2017	23	23	0
	2018	23	18	-5
	2019	18	11	-7
Total Outlets	2017	67	86	+19
	2018	86	122	+36
	2019	122	185	+63

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR) FOR YEARS 2017 TO 2019

State	Year	Number of Transfers
Missouri	2017	0
	2018	1
	2019	0
Totals	2017	0
	2018	1
	2019	0

Table No. 3
STATUS OF FRANCHISE OUTLETS FOR YEARS 2017 TO 2019

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alaska	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Arizona	2017	5	1	0	0	0	0	6
	2018	6	2	0	0	0	0	8
	2019	8	1	0	0	0	0	9
California	2017	20	6	0	0	0	1	25
	2018	25	7	1	1	0	1	29
	2019	29	15	4	0	0	0	40

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Colorado	2017	1	0	0	0	0	0	1
	2018	1	3	0	0	0	0	4
	2019	4	1	0	0	0	0	5
Connecticut	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Florida	2017	1	1	0	0	0	0	2
	2018	2	5	0	0	0	0	7
	2019	7	3	0	0	0	0	10
Georgia	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	2	0	0	0	0	3
Idaho	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	3	1	0	0	0	2
Illinois	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Indiana	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	3	0	0	0	0	3
Iowa	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	6	0	0	0	0	6
Kansas	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	4	0	0	0	0	4
Maine	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Maryland	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Minnesota	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	2	0	0	0	0	3
Mississippi	2017	1	0	0	0	0	0	1
	2018	1	0	1	0	0	0	0
	2019	0	0	0	0	0	0	0
Missouri	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Montana	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Nebraska	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nevada	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
New Jersey	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	0	3
New York	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
North Carolina	2017	0	0	0	0	0	0	0
	2018	0	7	0	0	0	2	5
	2019	5	8	0	0	0	0	13
Ohio	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Oklahoma	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Oregon	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	2	0	0	0	0	4
Pennsylvania	2017	2	1	0	0	0	0	3
	2018	3	3	0	0	0	0	6
	2019	6	10	0	0	0	0	16
South Carolina	2017	0	4	0	0	0	0	4
	2018	4	3	0	0	0	0	7
	2019	7	2	0	0	0	0	9
Tennessee	2017	1	0	0	0	0	0	1
	2018	1	1	1	0	0	0	1
	2019	1	2	0	0	0	0	3
Texas	2017	4	2	0	0	0	0	6
	2018	6	4	1	1	0	0	8
	2019	8	1	0	0	0	0	9
Utah	2017	1	1	0	0	0	0	1
	2018	1	3	0	0	0	0	4
	2019	4	1	0	0	0	0	5
Virginia	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Washington	2017	5	1	0	0	0	0	6
	2018	6	3	0	0	0	0	9
	2019	9	8	0	5	0	0	12

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Wisconsin	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	0	1	0	0	0	1
Totals	2017	44	20	0	0	0	1	63
	2018	63	51	4	2	0	4	104
	2019	104	81	6	5	0	0	174

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2017 TO 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona	2017	7	0	0	0	0	7
	2018	7	0	0	0	0	7
	2019	7	0	0	0	0	7
California	2017	12	0	0	0	0	12
	2018	12	0	0	5	0	7
	2019	7	0	0	0	7	0
Nevada	2017	4	0	0	0	0	4
	2018	4	0	0	0	0	4
	2019	4	0	0	0	0	4
Totals	2017	23	0	0	0	0	23
	2018	23	0	0	5	0	18
	2019	18	0	0	0	7	11

Table No. 5
PROJECTED SYSTEM-WIDE OPENINGS AS OF DECEMBER 31, 2019

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	3	5	0
Colorado	1	2	0
Florida	2	4	0
Georgia	0	2	0
Idaho	1	2	0
Illinois	2	2	0
Iowa	0	1	0
Maine	1	1	0
Maryland	0	2	0
Minnesota	2	2	0
New Jersey	0	2	0
New York	2	2	0
North Carolina	2	2	0
Ohio	1	2	0
Oregon	1	1	0
Pennsylvania	4	5	0
South Carolina	2	3	0
South Dakota	1	2	0
Tennessee	0	1	0
Texas	0	4	0

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Utah	1	2	0
Virginia	2	2	0
Washington	3	5	0
Wisconsin	0	1	0
Totals	30	58	0

Exhibit C lists, as of June 30, 2020, all Realty ONE Group Affiliates unit franchise Outlets, all Realty ONE Group offices owned and operated by affiliated entities, and all unit franchisees who signed Franchise Agreements but have not yet opened their franchised Outlet.

Exhibit D lists, as of June 30, 2020, the contact information of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement in 2019 or between January 1, 2020 and June 30, 2020, or that has not communicated with us within the 10 weeks ending on the 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.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Realty ONE Group. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. However, during the last three fiscal years, we have not signed any agreements with current or former franchisees that included confidentiality clauses.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Realty ONE Group franchise system being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit B of the disclosure document contains our (i) audited financial statements for the fiscal years ended December 31, 2019, December 31, 2018 and December 31, 2017, (ii) our unaudited balance sheet as of June 30, 2020, and (iii) our unaudited income statement for the period from January 1, 2020 to June 30, 2020.

ITEM 22: CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document as listed below:

Exhibit A - Unit Franchise Agreement

ITEM 23: RECEIPTS

You will find copies of a detachable receipt in Exhibit I at the very end of this disclosure document.

REALTY ONE GROUP AFFILIATES

UNIT FRANCHISE AGREEMENT

EXHIBIT A

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UNIT FRANCHISE AGREEMENT

This Unit Franchise Agreement ("Agreement") is made and entered into as of _____, 20____ the "Effective Date", (as defined in Article I below), by and among Realty ONE Group Affiliates, Inc., a Nevada corporation, doing business as Realty ONE Group ("ROGA", "we" or "us"), and _____ ("you"), with reference to the following facts:

RECITALS

An entity affiliated with us (the "Owner of the Marks") owns the Realty ONE Group trademarks, service marks and other intellectual property and all rights in respect thereof and has authorized us to license them to Realty ONE Group Affiliates franchisees.

You desire to be franchised and licensed by us to use our "System" (as defined in Article I below), "Marks" (as defined in Article I below) and goodwill to conduct the "Franchised Business" (as defined in Article I below) from a specific "Real Estate Office" (as defined in Article I below and identified in Exhibit 1 attached).

We are willing to grant you a "Franchise" (as defined in Article I below), in accordance with the provisions of this Agreement and the "ONE Resource Guide" (as defined in Article I below).

I. DEFINITIONS

Abandoned. The term "Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive business days, without our prior written consent. A repeated pattern of inactivity at your Real Estate Office for periods of less than five consecutive business days may result in your Franchised Business being deemed Abandoned at that office if in our judgment such inactivity adversely impacts the Franchised Business. However, your Franchised Business will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond your control, provided that you give us notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and we acknowledge in writing that such inactivity is due to one of the foregoing causes, and provided further that you re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity or such longer period as we may permit.

Ancillary Services and Products. The term "Ancillary Services and Products" means ancillary real estate-related services, programs and products that ROGA authorizes you to offer, so use or furnish in this Agreement or in the ONE Resource Guide, including (i) title searches performed by Realty ONE Group affiliated or licensed companies, (ii) title insurance policies issued by Realty ONE Group affiliated or licensed companies, (iii) homeowners insurance, condominium insurance, renters protection insurance, automobile insurance and other types of insurance furnish through Realty ONE Group affiliated or licensed companies, (iv) relocation services provided by Realty ONE Group affiliated or licensed companies and home protection plan services provided by Realty ONE Group affiliated or licensed companies.

Anniversary Date. The term "Anniversary Date" means each 12-month anniversary of the "Opening Date" (as defined below in this Article I).

Control. The term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

Consumer Price Index or CPI. The term "Consumer Price Index" or "CPI" means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

Effective Date. The term "Effective Date" means the day we sign this Agreement and the legal relationship under this Agreement is in effect.

Franchise. The term "Franchise" means a license to participate in and use the System to conduct the Franchised Business.

Franchised Business. The term “Franchised Business” means the sale of “Realty ONE Group Services” (as defined in this Article I) and other real estate-related programs and services we authorize in the ONE Resource Guide, pursuant to the “System” (as defined in this Article I) from your Real Estate Office using the business methods and procedures set forth by us for the operation and marketing of the Real Estate Office.

Gross Revenues. The term “Gross Revenues” means all revenues, however generated or received, that are derived by you from operating the Franchised Business at or through your Real Estate Office.

Initial Training. The term “Initial Training” means training in the System provided by us, as described in and required by Section 6.1 hereof.

Low Density Marketing Area. The term “Low Density Marketing Area” means a “Primary Marketing Area” (as defined in this Article I) which contains 650 or fewer real estate agents, has a population of 50,000 or less and is not adjacent to a metropolitan area consisting of a densely populated urban core and less populated surrounding territories.

Marks. The term “Marks” means the proprietary marks that are associated with the Realty ONE Group Affiliates system and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which we now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business. We will list in the ONE Resource Guide a schedule of Marks you are authorized to use under this Agreement and update this schedule as necessary.

Office Manager. The term “Office Manager” means the individual (may be a Principal Equity Owner) that has been designated by you as the person responsible for the day-to-day operation of the Real Estate Office, and who has successfully completed “Initial Training” (as defined in this Article I).

ONE Resource Guide. The term “ONE Resource Guide” means the manual or manuals (regardless of title) containing guidelines for “Trade Dress” (as defined in this Article I) and use of the Marks, and other policies and procedures to be adhered to by you in performing under this Agreement, including all amendments and supplements thereto provided to you from time to time.

Opening Date. The term “Opening Date” means the day you officially activate ROGA's proprietary reporting software and you are eligible to begin operating the Franchised Business at your Real Estate Office under this Agreement. This date is indicated on Exhibit 1 of this Agreement.

Primary Marketing Area. The term “Primary Marketing Area” means the geographical area around your Real Estate Office in which you primarily conduct the Franchised Business.

Principal Equity Owner. The term “Principal Equity Owner” means each person who owns 20% or more of Franchisee.

Proprietary Information. The term “Proprietary Information” means all non-public information, knowledge, know-how and technologies that we designate as confidential, proprietary or trade secrets, including the ONE Resource Guide, customer lists, business formats, business systems, financial information, marketing strategies and programs, operational techniques, service concepts, artwork, e-mail, electronic media, graphics, layouts, slogans, names, titles, text, bulletins, instruction sheets, or supplements thereto, and any proprietary equipment, videotapes, videodiscs, forms, advertising matter, the Marks, devices, insignias and designs.

Real Estate Agent. The term “Real Estate Agent” means a person that owns, is employed by, or contractually engaged by, you and who is licensed or otherwise legally authorized under the laws of your state to (i) act as an intermediary between seller and buyers of real property and (i) find sellers that wish to sell, and buyers that wish buy, real property.

Real Estate Office. The term “Real Estate Office” means your real estate brokerage office that ROGA has consented to and which is dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Realty ONE Group Services. The term “Realty ONE Group Services” means a proprietary business system for opening and operating businesses that operate offices providing full-service residential and commercial real estate

brokerage services provided by you at your Real Estate Office in accordance with this Agreement and the ONE Resource Guide (as amended from time to time by us).

Regional Director. The term "Regional Director" means a Realty ONE Group Affiliates licensee that operates from an approved business office within a designated regional territory (i) offering and selling Realty ONE Group Affiliates unit franchises ("Unit Franchises"), (ii) providing ongoing (and in some cases initial) training and assistance to Unit Franchises in the regional territory, (iii) representing the interests of ROGA in communicating and assisting in implementing the Realty ONE Group Affiliates model, system, program and policies (including compliance visits) with Unit Franchises and (iv) building the value of the Marks, strictly in accordance with our methods and format, using our designated technology and techniques.

System. The term "System" means comprehensive marketing and operational systems prescribed by us to be used in the conduct of the Franchised Business, as set forth in this Agreement and the ONE Resource Guide. The System includes (i) the Marks, (ii) proprietary technology and know-how relating to Realty ONE Group Services, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (v) related materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that we make available to you. In our sole discretion, we may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the ONE Resource Guide) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Trade Dress. The term "Trade Dress" means the unique and distinctive layout, design and color schemes relating to the Real Estate Office, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to Realty ONE Group Services.

Transfer. The term "Transfer" means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

II. THE FRANCHISED BUSINESS

2.1 Our Business.

We are engaged in the administration, development, operation and licensing of businesses that operate real estate brokerage offices offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary technology and confidential information owned or authorized to be used by and identified with ROGA and our affiliated companies. Our activities in general and our system (including proprietary technology, products and services; logos; equipment and operations; designs and layouts for the Real Estate Office; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and our business reputation.

2.2 The Franchise System.

We have developed and supervise the franchise System under the Marks operated in accordance with the provisions of this Agreement and our ONE Resource Guide, as amended from time to time. The Owner of the Marks has authorized us to license the Marks to Realty ONE Group Affiliates franchisees.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By our respective signatures below, we hereby grant to you, and you hereby accept, a Franchise to operate at your Real Estate Office in strict accordance with this Agreement and the ONE Resource Guide, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term unless sooner terminated.

(b) Unless our ONE Resource Guide specifically states otherwise, you may, if you wish, also offer, sell, use or furnish Ancillary Services and Products from sources approved by us in the ONE Resource Guide. If we notify you of new Ancillary Services or Products which are optional, then you agree to promptly advise us whether you will offer and sell the new Ancillary Services or Products. Your decision to offer Ancillary Services or Products does not in any way preclude you from offering similar competitive services or products of other companies, so long as they are offered and sold on a non-exclusive basis as well as the Ancillary Services or Products. We may

advise you from time to time of any new Ancillary Services or Products which we will authorize you to offer, sell, use or furnish (as applicable). If we advise you that a new Ancillary Service or Product is available and you notify us that you wish to offer, sell, use or furnish it, then you agree, at your sole expense: (i) to obtain all necessary products, services, promotional materials and equipment (including, without limitation, computer software and/or hardware), which we advise you are necessary for offering, selling, using or furnishing (as applicable) the Ancillary Service or Product, and (ii) to begin offering, selling, using and/or furnishing the Ancillary Service or Product (as applicable) no later than 90 days after your receipt of our notice (or at such later time as our notice may direct).

(c) Each Principal Equity Owner must execute the Guarantee of Franchise Agreement attached as Exhibit 4 of this Agreement.

(d) You acknowledge that we may have granted and may in the future operate or grant other licenses and franchises for Realty ONE Group Affiliates locations anywhere. YOU MAY NOT USE OUR MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT YOUR REAL ESTATE OFFICE WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF OUR PRESIDENT OR OTHER EXECUTIVE OFFICER, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT THEM TO PAYMENT OF MONTHLY FEES.

3.2 Reserved Rights.

(a) Nothing contained herein accords you any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of ours or associated with the System, except such rights as may be granted hereunder. **THIS AGREEMENT GRANTS YOU ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT YOUR REAL ESTATE OFFICE AND NOWHERE ELSE UNLESS WE SPECIFICALLY ALLOW YOU TO OFFER REALTY ONE GROUP SERVICES ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO US.**

(b) We reserve the right to develop other systems involving similar or dissimilar services, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell Realty ONE Group Services at venues other than real estate offices and through other channels of distribution anywhere.

3.3 Promotion and Development of Your Franchised Business.

You must (i) diligently and effectively promote, market and engage in the Franchised Business at your Real Estate Office; (ii) develop, to the best of your ability, the potential for future Franchised Business being conducted at your Real Estate Office; and (iii) devote and focus a substantial portion of your professional attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) You understand and agree that you are licensed hereby only for the operation of your Franchised Business at and from your Real Estate Office (unless we specifically agree otherwise on a case by case basis).

(b) You may not sublicense, sublease, subcontract or enter any management agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

3.5 Electronic Execution and Copies.

(a) An executed counterpart of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this Section 3.5(a) and the following Section 3.5(b) as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) You acknowledge and agree that we may create an electronic record of any or all agreements, correspondence or other communication between us or involving third parties, and those we may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. Notwithstanding any statute, regulation or other rule of

law to the contrary, you agree that any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.6 Obligations of Entity Franchisee.

(a) If you are an entity, you must provide us at the Effective Date with a copy of your entity's organizational document and any by-laws, shareholders' agreement, operating agreement or other agreement among the equity owners.

(b) As a condition to executing this Agreement and engaging in the Franchised Business, if you are an entity, you must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _____, 20____, BETWEEN THIS ENTITY AND REALTY ONE GROUP AFFILIATES, INC. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

IV. PAYMENTS BY YOU

4.1 Initial Franchise Fee.

(a) The "Initial Franchise Fee" is Twenty Thousand Dollars (\$20,000), unless section 4.1(b) is applicable.

(b) If your Primary Marketing Area qualifies as a Low Density Marketing Area, initial here []. Instead of the Initial Franchise Fee payable in section 4.1(a) above, your Initial Franchise Fee will be Fifteen Thousand Dollars (\$15,000).

(c) The Initial Franchise Fee is due and payable by cashier's check or money order or wire transfer to our bank account in full when you sign this Agreement

(d) The Initial Franchise Fee is fully earned by ROGA when paid and is not refundable. If before your successful completion of initial training, we decide, in our sole discretion, that you should not operate a Realty ONE Group Affiliates business, we may cancel this Agreement without any liability to us. The Initial Franchise Fee is fully earned by ROGA when paid.

4.2 Percentage Royalty.

No percentage royalty is payable under this Agreement.

4.3 Monthly Agent Fee.

(a) Beginning with the first full month after the Effective Date, you will pay us a "Monthly Agent Fee" equal to the greater of (i) the product of Fifty Dollars (\$50) multiplied by the number of Real Estate Agents licensed by your state real estate regulatory agency operating under or associated with your real estate broker's license on the last business day of the month before your Monthly Agent Fee is due or (ii) One Thousand Two Hundred Twenty Five Dollars (\$1,225) unless your Primary Marketing Area qualifies as a Low Density Marketing Area, in which case the minimum Monthly Agent Fee will be Six Hundred Dollars (\$600). This minimum Monthly Agent Fee is subject to adjustment based on changes in the CPI since the Effective Date.

(b) Within seven days after the Opening Date, all your Real Estate Agents must be enrolled in ROGA's proprietary enrollment and tracking system, or other enrollment and tracking system we designate.

(c) Monthly Agent Fees are due and payable on the seventh calendar day of the next calendar month by electronic funds transfer ("EFT") (Section 4.7 below). You must also send us an enrollment report in the form prescribed by ROGA.

4.4 MLS Set-up Fees.

(a) To reimburse us for our costs to set up your Real Estate Office in each Multiple Listing Services ("MLS") applicable to the area in which your Outlet is located, and to integrate appropriate data feeds into the MLS, upon our demand when your Outlet data is integrated into the MLS, you must pay us a "MLS Set-up Fee" ranging from One Thousand Dollars (\$1,000) to Two Thousand Five Hundred Dollars (\$2,500) for each MLS.

(b) The MLS Set-up Fee is fully earned by ROGA when paid and is not refundable. If before your successful completion of initial training, we decide, in our sole discretion, that you should not operate a Realty ONE Group Affiliates business, we may cancel this Agreement without any liability to us. The MLS Set-up Fee is fully earned by ROGA when paid.

4.5 Transaction Fees.

(a) In addition to the Monthly Agent Fees, beginning on the Opening Date, you must pay us respecting any sale or lease of a property by Real Estate Agents (as listing or selling agent) operating at or from your Real Estate Office that results in a gross commission income of Two Thousand Dollars (\$2,000) or more, a "Transaction Fee" of (i) One Hundred Twenty Five Dollars (\$125) for the first Two Hundred Thousand Dollars (\$200,000) of the price of residential real properties and Fifty Dollars (\$50) for each additional Two Hundred Thousand Dollars (\$200,000) of the price of residential real properties, and (ii) One Hundred Twenty Five Dollars (\$125) for the first One Hundred Thousand Dollars (\$100,000) of the price of commercial real properties and Fifty Dollars (\$50) for each additional One Hundred Thousand Dollars (\$100,000) of the price of commercial real properties.

(b) All fees described in Section 4.5(a) above are due and payable on the seventh calendar day of the next calendar month and are to be accompanied by transaction reports in the form prescribed by ROGA.

4.6 Marketing, Advertising and Promotion.

(a) Beginning with the first full calendar month after the Opening Date, you will pay us a "Marketing and Promotion Fee" of 2% of the Monthly Agent Fees and Transaction Fees you receive during each monthly period (specifically excluding revenues generated from (i) fees charged to sales associates for business liability (errors and omissions) insurance, transaction coordination, private office rents or initial agent sign-up fees and (ii) mortgage lending, escrow and title businesses).

(b) Marketing and Promotion Fees are due and payable monthly on the seventh calendar day of the month following the monthly period in which applicable Monthly Agent Fees and Transaction Fees were received and are to be accompanied by a marketing report in the form prescribed by ROGA.

(c) Although you are not required to do so, within the first 60 days after the Opening Date, we recommend that you must spend in your Primary Marketing Area at least Three Thousand Dollars (\$3,000) on the grand opening/affiliation advertising and promotion of the Franchised Business, using the grand opening advertising and promotional program that we approve.

(d) Although you are not required to do so, beginning 61 days after the Opening Date, we recommend that you spend at least an additional 2% of your monthly Gross Revenues on the local marketing, advertising and promotion of your Real Estate Office, using marketing and promotional materials pre-approved or otherwise authorized in writing by us ("Local Advertising").

(e) On a regional or system-wide basis, we may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of applicable Realty ONE Group Affiliates franchised outlets agree to such additional assessment by affirmative vote.

(f) With respect to regional or system-wide advertising, including without limitation advertising using Marketing and Promotion Fee contributions, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

4.7 Electronic Funds Transfer.

We require payment of all fees payable under this Article IV by EFT through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism that ROGA may

designate) directly from your account into our operating account. You must execute or re-execute and deliver to us bank-required pre-authorized check forms and other instruments or drafts to enable us to draw directly from your bank account fees payable under the terms of this Agreement. You must also, in addition to those terms and conditions set forth in the ONE Resource Guide, maintain a single bank account for such payments (with overdraft protection from your operating account) and must maintain such minimum balance in such account as we may reasonably specify from time to time. You must not alter or close such account except upon our prior written approval. Any failure of yours to implement such EFT system in strict accordance with our instructions will constitute a material default of this Agreement.

4.8 Fees Fully Earned; No Setoff on Payments.

All payments made by you to us pursuant to this Article IV are fully earned and non-refundable when paid. All payments to be made by you to us will be made without setoff, deduction, defense, counterclaim or claim in recoupment.

4.9 Late Fee; Interest on Delinquent Payments.

(a) Any payment of a fee due under this Article IV and any other fee required under this Agreement that is not received by ROGA when due will be a material breach of this Agreement and will be subject to a late charge of Five Hundred Dollars (\$500) plus 10% of the amount past due. In connection therewith, you and we agree that the late charge is a reasonable and good faith estimate by you and us of such costs because (i) as a result of any such late payment, we will incur certain costs and expenses including, without limitation, administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount; and (ii) it would be impractical or extremely difficult to fix the exact amount of such costs in such event.

(b) In addition to late payment penalties, all delinquent amounts will bear interest from the date payment was due at an annual percentage rate ("APR") of 18% (unless interest rates on delinquent payments in the state in which your Real Estate Office is located are limited by law to a lower APR, in which case that lower APR will apply), and you must reimburse ROGA immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

4.10 No Accord or Satisfaction.

If you pay, or we otherwise receive, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due us. We may accept any check or payment in any amount without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

V. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.

The initial term of this Agreement commences on the Effective Date and expires on the 10th anniversary of the Effective Date (10-year term), unless sooner terminated pursuant to the provisions of this Agreement.

5.2 Renewal Terms.

(a) Upon written notice delivered to us not less than 180 days before the end of the existing term hereof, you may renew your Franchise for successor 10-year terms, commencing on the expiration date of the previous term, subject to the provisions of Sections 5.2(b) through 5.2(h) below.

(b) At the time of renewal, you must (i) then be solvent (which means that you are able to pay your debts as and when promised by you and that you have assets that are greater than your debts), (ii) have not abandoned the Franchise, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the Realty ONE Group brand or reputation, and (iv) not have knowingly submitted false or misleading reports to us during the initial term.

(c) Notwithstanding Section 5.2(a) above, we are not obligated to renew your rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) You give us written notice of your intention not to renew this Agreement at least 180 days before the expiration of the initial term or any successor term.

(ii) During the 180 days prior to expiration of the Franchise, we permit you to sell your Franchised Business to a purchaser meeting our then current requirements for granting new Franchises or (if we are not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

(iii) Termination of this Agreement would be permitted pursuant to Sections 13.1 or 13.2 hereof.

(iv) You and we agree not to renew the Franchise.

(v) We withdraw from distributing our products or services through Franchises in the geographic market served by you, provided that:

(A) Upon expiration of the Franchise, we agree not to seek to enforce any covenant of the non-renewed franchisee not to compete with us or our franchisees; and

(B) The failure to renew is not to convert the business conducted by you under this Agreement to operation by our employees or agents for our own account.

(vi) At the time of renewal, you or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our reasonable judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System.

(vii) We and you fail to agree to changes or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which we are then customarily granting renewal franchises, or if we are not then granting a significant number of renewal Franchises, the terms and conditions on which we are then customarily granting original franchise agreements. We may give you written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by you. Such notice, when given not less than 180 days before the end of the Franchise term, may state that in the event of failure of such acceptance by you, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

(d) At the time of renewal, neither you, nor any of your principal officers or partners (if you are a corporation, limited liability company or partnership), must have been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our sole and absolute judgment, to have an adverse effect on the Marks, the System, or the goodwill associated with the Marks or System.

(e) As a condition to renewing your Franchise rights, not later than 90 days before the end of the term that is expiring, you must sign our then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement"), which will grant you an additional 10 year term, as applicable. **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE THEN-CURRENT RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT.** The then-current Renewal Franchise Agreement, when executed, will supersede this Agreement.

(f) At the time of renewal, you must have satisfied all monetary obligations owed by you to us and to our affiliates and all other material obligations under this Agreement, and we may examine your books and records to verify compliance with this requirement anytime during normal business hours within 60 days of your renewal date.

(g) Before or not later than 90 days after your execution of a Renewal Franchise Agreement for an additional term, you must make such physical modifications to your Real Estate Office as are reasonably necessary so that they are substantially consistent with the then current Realty ONE Group Affiliates system requirements, and so that they can accommodate new Realty ONE Group Services, if any. You must also bring your Real Estate Office, and equipment, materials and supplies into compliance with the standards then applicable to new Realty ONE Group Affiliates franchises.

(h) When you sign the Renewal Franchise Agreement, you must pay ROGA a "Renewal Fee" of Five Thousand Dollars (\$5,000). This Renewal Fee is subject to upward adjustment in our discretion based on corresponding changes in the CPI since the Effective Date.

5.3 Month to Month Extension; Longer Notice of Expiration Required by Law.

(a) At our option, to be exercised in our sole discretion, if the renewal procedures described in Section 5.2 above have not been completed, or in lieu of formal renewal of the Franchise, we may extend this Agreement on a month-to-month basis by notifying you we are doing so. Said month-to-month extension will continue until we give you at least a 30-day notice that the Franchise rights must be formally renewed in accordance with Section 5.2 or the Agreement will expire and be terminated.

(b) If applicable law requires us to give a longer period of notice to you than herein provided prior to the expiration of the initial term or any successor term, we will give such additional required notice. If we do not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until you have received such required additional notice.

VI. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is of paramount importance that (i) you, your Office Manager, the Principal Equity Owners, and your other key employees and representatives understand the Franchised Business and the System and (ii) your Office Manager and at least one Principal Equity Owner have been trained how to operate the Franchised Business. Accordingly, we will provide to your Office Manager and at least one Principal Equity Owner initial training and orientation in the System and how to operate the Franchised Business (collectively, "Initial Training"). Unless there are extenuating circumstances that in our reasonable determination justify a delay, your required trainees must attend the next Initial Training that we offer. Your required trainees must complete Initial Training within 180 days after you sign this Agreement and you may not open and operate your Franchised Business until your Office Manager and at least one Principal Equity Owner have satisfactorily completed Initial Training. You acknowledge and agree that ROGA will solely determine whether your Office Manager and Principal Equity Owner have satisfactorily completed Initial Training.

(b) Immediately upon your successful completion of Initial Training, you will be given access to our designated computer software to be used in the operation of the Franchised Business (see Section 8.4 of this Agreement) and you must sign a letter in a form we provide acknowledging the Opening Date of your Franchised Business.

(c) The failure of your designated Office Manager to complete Initial Training to our satisfaction will be grounds for termination of this Agreement; that before this Agreement is so terminated, your Office Manager who fails to successfully complete Initial Training will be offered the opportunity to either retake Initial Training or you may send one replacement Office Manager, approved by us, to the next available Initial Training program.

(d) We will determine the contents and manner of conducting the Initial Training program in our discretion, however, the training course will be structured to provide practical training in the implementation and operation of the Franchised Business and will include such topics as Realty ONE Group Affiliates procedures, standards, marketing, customer service techniques, reports and equipment maintenance.

(e) There is no separate fee payable to us for the Initial Training program provided to your initial Office Manager and at least one Principal Equity Owner. However, we may charge other attendees of the Initial Training program a separate fee of up to Seven Hundred Fifty Dollars (\$750) per day.

(f) All costs and expenses (including travel, hotel and meal) of your attendees of Initial Training will be your sole responsibility. All persons attending Initial Training on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business.

6.2 Training and Assistance after Opening.

(a) After you open and begin your Franchised Business, we will provide you with access to, list your Real Estate Office on, and integrate information about your Franchise into, the Realty ONE Group Affiliates website.

(b) After you open your Franchised Business, we will provide you with telephone and e-mail assistance at your request or otherwise as we deem necessary to instruct in all phases of the operation of the Franchised Business. Our field representatives may visit your Real Estate Office from time to time, but the frequency and duration of any such visits by our representatives is in our sole discretion. In addition, we will be available on an ongoing basis at our national headquarters for consultation and guidance with respect to the operation and management of the Franchised Business. Other than providing you general guidelines for tax and federal employment compliance in our ONE Resource Guide, we do not provide you with assistance in contracting with agents or hiring employees.

(c) After you open your Franchised Business, upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs other than Initial Training, BaseCamp Leadership Summits, annual ONE Summit, or system-wide or regional meetings (described in Section 6.3 below) that are deemed by us to be relevant or appropriate to the operation of your Franchised Business. You specifically agree that only persons trained by us or under our supervision will have overall responsibility for the operation of the Real Estate Office and Franchised Business, and that you will send your Office Manager to us for additional training if we request this. There is no additional training fee for Realty ONE Group Affiliates training courses, seminars, conferences or other programs that we require you or your representatives to attend. Other than providing you general guidelines for tax and federal employment compliance in our ONE Resource Guide, we do not provide you with assistance in contracting with agents or hiring employees.

(d) We may but are not required to provide you with optional staff training courses, coaching and business mentoring programs, seminars, conferences, or other programs, in a suitable location selected by us. At any time after the Opening Date, we may, at our discretion charge you a separate fee of up to Seven Hundred Fifty Dollars (\$750) per day for this optional training.

(e) In addition to updates to the ONE Resource Guide, we may provide you with additional materials relating to the Franchised Business. We may also from time to time make available to you for purchase other materials relevant to the System and the Franchised Business.

(f) All costs and expenses (including travel, hotel and meal) of your attendees at any post-opening training, conferences or meetings will be your sole responsibility. All persons attending post-opening training, conferences or meetings on your behalf must have a demonstrable relationship to the management and operation of the Franchise.

(g) In the event of a Transfer of the Franchise (which must be done in full compliance with Section 12.2 of this Agreement), the transferee must be trained by us as a condition of our consent to such Transfer. The transferred Franchise may not be opened or re-opened by the transferee until we accept the transferee in writing as being qualified to operate the Franchise and we have otherwise consented to the Transfer in accordance with this Agreement.

6.3 Regional/System-Wide Meetings.

We will conduct system-wide or regional meetings to discuss Realty ONE Group Affiliates business activities or other matters relating to the Franchised Business (including broker-manager meetings and a system-wide sales conference). We require you to send one attendee to our BaseCamp Leadership Summits and two attendees to our annual ONE Summit, and attendance of the Office Manager and at least one Principal Equity Owner at these and other meetings is highly recommended. We may limit the number of your attendees at these meetings and we may charge you a registration fee for each of your attendees of these meetings. You must pay the cost of travel, hotel and meal expenses for your attendees at these meetings.

6.4 Proprietary Materials.

At Initial Training and other training programs and conferences, we may provide you with confidential and proprietary information ("Proprietary Information"), as well as training materials, training curricula and related materials for your use in the training of your staff. All these items are and will remain our property. You must not yourself nor allow your employees or others, to copy, reproduce, disseminate or otherwise reveal to third parties any of the foregoing Proprietary Information and related materials without our express prior written consent.

VII. OPENING OF REAL ESTATE OFFICES

7.1 Your Real Estate Office.

The Franchised Business may only be operated from your Real Estate Office. If your Real Estate Office has not been identified when you sign this Agreement, but the general location is identified, the exact location of your Real

Estate Office will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined.

7.2 Opening Your Real Estate Office.

(a) If they did not already exist at the time this Agreement is signed, premises acceptable to ROGA from which your Real Estate Office will be operated must be located and secured by you (through ownership or lease) and reviewed and consented to by ROGA within 60 days after the Effective Date. ROGA will not unreasonably withhold consent to this location. When ROGA consents to your business location, you must countersign and return to ROGA our location consent letter in the form prescribed by ROGA. If you have not located a site for your Real Estate Office that is acceptable to ROGA within 60 days after the Effective Date, ROGA may cancel your Franchise Agreement because you failed to find an acceptable site; and if ROGA does so, we will not refund your Initial Franchise Fee. If you have not commenced operation of the Franchised Business within 180 days after the Effective Date, ROGA may terminate this Agreement effective on written notice, and if ROGA does so, you will not be entitled to receive any refund of your Initial Franchise Fee. Our final review and consent to your Real Estate Office is not a guarantee that a Realty One Group Affiliates business can be successfully operated there or anywhere else.

(b) If you are not converting an existing real estate office to the Realty ONE Group Affiliates system, ROGA may assist you in the site selection process and we reserve the sole right of final review and consent to any location of the Real Estate Office. ROGA uses available demographic information to help you evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant circumstances.

(c) ROGA will provide you with guidelines regarding Trade Dress, furnishings and office equipment relating to your Real Estate Office. However, all construction, refurbishment, equipping and furnishing your Real Estate Office is and will remain your sole responsibility. You are responsible, at your expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by governmental authorities.

(d) ROGA must have access to your Real Estate Office while any construction or refurbishment work is in progress. Before opening of the Real Estate Office under this Agreement, ROGA will review the Trade Dress and signage, and issue a written consent for you to begin operating under this Agreement. Any deficiencies noted by ROGA from this inspection must be corrected by you within 30 days or this Agreement may be terminated without any liability to ROGA.

(e) Although ROGA may assist you with site selection, you have the sole responsibility for locating and obtaining suitable premises for your Real Estate Office. You and your landlord may be required to execute a rider to your lease, or other agreement or written understanding that (i) grants ROGA an option to assume your position as lessee under the lease for the Real Estate Office premises if you are in material default of either the lease for the Real Estate Office premises (including an obligation of the landlord to notify ROGA if you are in such default) or this Agreement, and (ii) requires the landlord to fully cooperate with ROGA in completing de-identification of the Real Estate Office in the event this Agreement is terminated or expires without being renewed.

(f) ROGA has the right to continually inspect your Real Estate Office and any other site where you conduct the Franchised Business to ensure you are complying with the Trade Dress and other System standards prescribed by ROGA and specified in the ONE Resource Guide.

7.3 Initial Inventory of Marketing and Promotional Materials.

Within the timeframes that we specify before the Opening Date, you must order from (and if necessary pre-pay to) designated or approved suppliers the marketing and promotional materials and other items specified in the ONE Resource Guide, with delivery scheduled for not later than two business days before the Opening Date. You must buy interior and exterior signs, other materials containing the Marks, and apparel containing the Marks only from suppliers who comply with the "ROGA Branding Guidelines" in the ONE Resource Guide.

7.4 Marketing and Advertising Boundaries.

You may not directly promote, advertise or otherwise market your Real Estate Office outside the United States of America without our express written consent.

VIII. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times you must be, or employ, an Office Manager who will devote his or her entire time during normal business hours, as defined in the ONE Resource Guide, to the management, operation and development of the Franchised Business. The Office Manager must ensure that you fulfill your obligations to your customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours.

(b) You must only operate the Franchised Business at your Real Estate Office, in strict accordance with the procedures set forth in the ONE Resource Guide or otherwise provided to you by us in writing. Except for applicable laws restricting discrimination against customers based on public policy, there are no restrictions on the customers to whom you may sell Realty ONE Group Services and related products at your Real Estate Office. You may not engage in the sale or delivery of Realty ONE Group Services outside of your Real Estate Office except as we may authorize in the ONE Resource Guide or otherwise in writing. You must use the standard signs and formats that we prescribe in operating the Real Estate Office and conducting the Franchised Business. To protect and maintain the integrity, reputation and goodwill of the System and the Marks, we require that you comply with the methodology we prescribe in providing Realty ONE Group Services to customers. We may (i) recommend prices for Realty ONE Group Services and (ii) restrict your advertising of prices that are inconsistent with these recommended prices.

(c) Your Franchised Business must be open on a full-time basis in accordance with the hours of operation as designated in the ONE Resource Guide. The obligation to remain open will not apply in the event of natural or man-made disasters or public emergencies.

(d) You must join your local Board of Realtors and participate in each MLS applicable to the area in which your Real Estate Office is located. You must give ROGA access to your MLS listings and related Internet Data Exchange ("IDX") data through a subscriber service with a third-party vendor we designate and provide ROGA on a quarterly basis a report of your MLS activities.

(e) At the second Anniversary Date, and each Anniversary Date after that, you must have at least 50 real estate sales agents associated with your Real Estate Office. If you fail to meet this requirement, ROGA may terminate this Agreement for material breach.

(f) You must promptly satisfy as and when due any *bona fide* indebtedness that you incur in operating your Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to the Franchised Business must be paid in accordance with the terms of their agreements with you.

(g) You must notify us in writing within 10 days after you receive actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect your operations in the Real Estate Office, or your ability to meet your obligations hereunder.

(h) Upon the occurrence of any event that occurs at the Real Estate Office that caused or may cause harm or injury to customers or employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or us or our affiliates, you must immediately inform our designated contact person as instructed in the ONE Resource Guide by telephone, e-mail, text or other electronic messaging medium authorized by us for this purpose. You must cooperate fully with us with respect to our response to an incident described in this Section 8.1(h).

(i) If there is any *bona fide* dispute as to any liability for taxes assessed or other indebtedness, you may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Real Estate Office.

(j) You and each Principal Equity Owner jointly and severally covenant that you will refrain from making any derogatory and/or disparaging statements to any other person or third parties or regulatory authorities, or through any publication (including Internet sites and social media), to malign the Realty ONE Group Affiliates franchise system, ROGA, or any of ROGA's officers, Directors, managers or employees. You and each Principal Equity Owner further jointly and severally agree that you will not issue any public statement or otherwise cause to be disclosed any

information that is designed, intended or might reasonably be anticipated to have a negative effect on the Realty ONE Group Affiliates franchise system, ROGA, or any of ROGA's officers, Directors, managers or employees. Any violation of this Section 8.1(j) by you or any Principal Equity Owner will be a material breach of this Agreement.

(k) You may not engage in any co-branding at your Real Estate Office or in connection with the Franchised Business except with our prior written consent. We are not required to approve any co-branding chain or arrangement except in our discretion, and only if we recognize that co-branding chain as an approved co-brand for operation within the System. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within or adjacent to your Real Estate Office and operated in a manner that is likely to cause the public to perceive it to be related to the Real Estate Office licensed and franchised to you hereunder.

8.2 ONE Resource Guide.

(a) We will provide you with online access to our ONE Resource Guide, and you must operate the Franchised Business in accordance with the ONE Resource Guide. ONE Resource Guide You may also be provided with a hard copy of all or portions of the ONE Resource Guide at Initial Training or afterwards. We have the right to modify the ONE Resource Guide at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after the digital copy maintained on our website is changed.

(b) All additions, deletions or modifications to the ONE Resource Guide are equally applicable to all similarly situated Realty ONE Group Affiliates franchisees. As modified by us from time to time, the ONE Resource Guide will be deemed to be an integral part of this Agreement and references to the ONE Resource Guide made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the ONE Resource Guide. However, the ONE Resource Guide, as modified or amended by us from time to time, will not alter your fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the ONE Resource Guide that you may have printed and maintain, the master copy of the ONE Resource Guide that we maintain at our headquarters (and which you will have online access to through our website) will be the controlling version and will supersede all prior versions.

(c) Upon the expiration or termination of this Agreement for any reason whatsoever, you must immediately return to us any printed portions of the ONE Resource Guide then in your possession. Except as specifically permitted by us, at no time may you, or your employees or agents, (i) make, or cause to be made, any copies or reproductions of all or any portion of the ONE Resource Guide, (ii) give online access to the ONE Resource Guide to unauthorized persons, or (iii) disclose any part of the ONE Resource Guide to any other person except your authorized employees and agents when required in the operation of the Franchised Business. You must also permanently erase anything relating to our trade secrets (or other Proprietary Information) or the Franchised Business from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

8.3 Standards of Operation.

You agree that we, you and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at your Real Estate Office. Therefore, you agree to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement and the ONE Resource Guide as it may be revised from time to time, and as we may otherwise direct in writing. In order that we may establish and maintain an effective network of franchisees, you specifically agree that you must not display the Marks except in the manner we authorize.

8.4 Computer System and Proprietary Technology.

(a) You must use and maintain a personal computer system (including all related hardware and software) as specified in the ONE Resource Guide or otherwise by ROGA in writing for use in connection with the Franchised Business (the "Computer System"). ROGA requires you to maintain an e-mail account and always connect the Computer System to a dedicated, state of the art Internet or other high-speed communications medium specified or approved by ROGA capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by ROGA in the ONE Resource Guide or otherwise by ROGA in writing. You must obtain all software and hardware, including digital still and video cameras, as ROGA may specify to enable you to provide ample security against viruses and computer malware, send and receive e-mail, contact and track customers, perform accounting functions, perform marketing and access and transmit digital photos and streaming

video or other multimedia signals and information to and from the Real Estate Office, and you must, from time to time, upon our request transmit digital photos and real time video and audio signals of the Real Estate Office to ROGA, and in the form and manner prescribed by us. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as we may from time to time require by 30 days written notice; provided however that you will not be required to update or replace the Computer System any more frequently than once every three years. We may access the Computer System on a daily or other basis at such times and in such manner as determined by ROGA, with or without notice, to retrieve files and data stored therein relating to the Real Estate Office and the Franchised Business.

(b) ROGA may designate that certain computer software must be used in the operation of the Computer System ("Designated Software") including without limitation billing and closing out all your real estate transactions in a timely manner as specified in the ONE Resource Guide or otherwise by us in writing. And if so, you must then license or sublicense such Designated Software from our designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. From time to time, you may also be required to purchase any upgrades, enhancements or replacements to the Designated Software. You must incorporate any required modifications or additions within 30 days after receiving written notice from ROGA unless a longer time is stated in the notice.

(c) You may not install, and must prohibit others from installing, unauthorized software on the Computer System. You must take all commercially reasonable measures to prevent any virus, Trojan horse, malicious code or other unauthorized code or software to infect or otherwise be installed on, or transmitted by, the Computer System. You must from time to time communicate to ROGA all passwords, access keys and other security devices or systems necessary to permit ROGA to access the Computer System and obtain the data we are permitted to obtain under this Agreement.

8.5 Maintenance, Upgrades and Refurbishments to the Real Estate Office.

(a) ROGA requires that you maintain, and from time to time refurbish, the Real Estate Office to conform to the then-current building design, Trade Dress, and color schemes then applicable for a Realty ONE Group Affiliates real estate office. Such maintenance and refurbishment may require that you upgrade or refurbish to conform to the then-current building design, Trade Dress, and color schemes then applicable for. Such refurbishment may require expenditures by you on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Realty ONE Group Affiliates real estate offices or to accommodate new Realty ONE Group Services.

(b) ROGA will only require the types of modifications and expenditures described herein where there is good cause. In this context, "good cause" means that ROGA must make a good faith determination that your Real Estate Office are substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the Real Estate Office, or the type, quality or condition of the equipment needed to adequately promote and sell Realty ONE Group Services) and that, as a result of its appearance or condition, your Real Estate Office is either (i) not adequately positioned to promote and sell Realty ONE Group Services as then required or (ii) damaging the integrity of the Realty ONE Group Affiliates image, brand and/or Marks. Such updates will be contained in the ONE Resource Guide or otherwise provided to you in writing. Such updates may require you to install new color schemes, logos, signage or other visual elements. We anticipate that such Trade Dress updates will be required no more frequently than once every five years.

8.6 Relocation of Your Real Estate Office.

(a) If you desire to relocate your Real Estate Office, you may do so provided not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), you make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving your request, ROGA will either approve or disapprove in writing such closure or relocation in our reasonable discretion. In the event of disapproval of a proposed relocation, you may request an alternative proposed new location pursuant to the provisions of this Section 8.6.

(c) You and the landlord may be required to execute a rider to your lease for the new location for the Outlet, or other agreement or written understanding (i) granting ROGA an option to assume your position as lessee under

the lease for the relocated Outlet premises if you are in material default of either (A) the lease for the relocated Outlet premises (including an obligation of the landlord to notify ROGA if you are in such default) or (B) this Agreement, and (ii) requiring the landlord to fully cooperate with ROGA in completing de-identification of the relocated Outlet if this Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the relocated Outlet premises.

8.7 Record Keeping and Reporting Requirements.

(a) You must provide us with continuous access to the accounting software (such as QuickBooks) you use at your Outlet, in order that we will be able to accept data from you in an exportable CSV (comma separated values) file and you will also be able to accept data from our software. We will provide you with related information (such as a required chart of accounts), so that data you provide us will be categorized properly. Also, not later than 10 business days after we request them, you must submit to us financial or statistical reports, records, statements or information as required in the ONE Resource Guide or otherwise by us in writing.

(b) Within 90 days after the end of each of your fiscal years (or any permitted extension for filing same), you must submit to us a copy of the Schedule C or equivalent portion of your federal tax return relating to the Real Estate Office and your operation of the Franchised Business. We agree to maintain the contents of these portions of your tax returns in strict confidence and not to disclose them to any third party without your express written consent. On the Effective Date (and any time thereafter that this date changes), you must notify us of your fiscal year end date.

(c) All financial or statistical information you provide to us must be accurate and correct in all material respects.

(d) We have the right to use any financial or statistical information that you provide us, as we deem appropriate. We will not identify you, your Real Estate Office as the source of the information, and we will not disclose any of this information except (i) with your written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

(e) We have the right, at all reasonable times, to examine, copy and audit the books and records (including applicable Schedules C or equivalent portions of your tax returns) relating to the Real Estate Office and your operation of the Franchised Business. We agree to maintain the contents of the Schedules C (or equivalent portion) of your tax returns in strict confidence and will not disclose them to any third party without your express written consent. If an examination or audit discloses any underpayment of any fee, you must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% (unless interest rates on delinquent payments in the state in which your Real Estate Office is located are limited by law to a lower APR, in which case that lower APR will apply). If an examination or audit discloses an underpayment or understatement of any amount due us by 5% or more, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner, or it takes our auditors an unreasonable amount of time (more than eight hours) to assemble your records for audit, you must reimburse us for the cost of having your books examined or audited (this remedy will be in addition to any other rights or remedies we have under this Agreement or otherwise, including our right to terminate this Agreement).

(f) You must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

8.8 Signs and Display Materials.

(a) All signs, display materials, and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the "ROGA Branding Guidelines" in the ONE Resource Guide. We will designate or approve the suppliers of signs and display materials containing the Marks in accordance with ONE Resource Guide guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, you agree to post and maintain, at the Real Estate Office, entirely at your expense, any minimum signage recommended by us. Any signage containing the Marks will be designed by a vendor designated by ROGA and manufactured by a vendor designated or approved by ROGA.

8.9 Telephone Numbers.

At your sole expense, you must list the telephone number for your Real Estate Office in accordance with procedures prescribed by the ONE Resource Guide. At the time of termination or expiration of this Agreement, for any reason, you must immediately take actions necessary to disassociate the telephone numbers for your Real Estate Office from the Marks.

8.10 Insurance.

(a) You must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, errors and omissions insurance, automobile insurance, and other insurance that is legally required for you to operate your business (*i.e.*, workers' compensation insurance) or that is reasonably prudent for your type of business taking into consideration the state where you operate. Policy coverage limitations and other terms relating to insurance will be set forth in the ONE Resource Guide. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII which are authorized to do business in the state where your Real Estate Office is located, unless otherwise approved in writing by us. Any policies of insurance that you maintain must contain a separate endorsement naming us and the Owner of the Marks (and our other affiliated companies identified by us in writing) as additional insureds to the full extent of coverage provided under the insurance policies. Your insurance coverage will be primary as respects you Franchisor, the Owner of the Marks (and our other affiliated companies identified by us in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self-insurance maintained by us, the Owner of the Marks (and our other affiliated companies identified by us in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of your insurance and will not contribute with it. You must provide us a copy of the policy and endorsement upon issuance and upon every renewal.

(b) You must promptly notify us of any and all claims against you or us under said policies of insurance and deliver to us certificates evidencing that such insurance are in full force and effect within 30 days after signing this Agreement and each year thereafter. Such insurance certificate must contain a statement that the certificate cannot be canceled without 30 days prior written notice to you and to us. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by payment of any loss under such insurance. This provision applies regardless of whether Franchisor has received a waiver of subrogation endorsement from the insurer. Your obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by us, nor will our procurement of required insurance relieve you of liability under the indemnity provisions set forth in section 16.2 of this Agreement. Your insurance procurement obligations under this section 8.11 are separate and independent of your indemnity obligations under section 16.2 of this Agreement.

(c) Your failure, for any reason, to procure and maintain the insurance coverage required under this Agreement will be deemed a material breach of this Agreement.

8.11 Review and Inspection.

(a) ROGA has the right to send representatives at reasonable intervals at any time during normal business hours, to your Real Estate Office and other places where you conduct business to review and inspect your operations, business methods, service, management and administration relating to the Franchised Business or its equivalent, to determine the quality thereof and the faithfulness of your compliance with the provisions of this Agreement and the ONE Resource Guide and to ensure you are in compliance with System standards prescribed by ROGA and specified in the ONE Resource Guide.

(b) You must permit our representatives to access your Real Estate Office and any other facility from which you sell Realty ONE Group Services at any time during normal business hours to conduct reviews and inspections. You must cooperate with such reviews and inspections by rendering such assistance as our representatives may reasonably request and upon notice from us or our representatives, immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. Within 10 business days after any such inspection, our representatives may re-inspect your Real Estate Office and any other facility from which you sell Realty ONE Group Services to ensure noted deficiencies have been corrected. If the deficiencies have not been corrected by the time of the initial re-inspection, our representatives may make additional re-inspections every five business days thereafter until noted deficiencies have been corrected and you must reimburse us the travel and lodging expenses of our representatives who conduct the additional re-inspection.

8.12 Compliance with Laws.

You must (i) at all times maintain in good standing a real estate broker's license issued by the appropriate state agency, (ii) operate the Franchised Business in compliance with all other applicable laws, rules and regulations of all governmental authorities, (iii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iv) prepare and file all necessary tax returns and (v) pay promptly all taxes imposed upon you or upon your business or property. You represent and warrant that you will obtain and always maintain in effect all permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Real Estate Office is situated. You must immediately notify us of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving you, or any entity affiliated with you, or any agent, employee, owner, director or partner of yours, which notification must include all relevant details in respect thereof, according to the procedures set forth in the ONE Resource Guide.

8.13 Web Site and Internet Marketing.

During the term of this Agreement, but only in the manner specifically authorized by us in Section 6.2(a) of this Agreement, the ONE Resource Guide or otherwise in writing, you may (i) engage in Franchised Business directly or indirectly through the Internet, (ii) establish your own website or social media site (such as Facebook, Linked In, Twitter, etc.), or register an Internet domain or social media name using any of the Marks (we must specifically review and approve any uniform resource locator ("URL") or other Internet domain or social media name), and (iii) otherwise advertise on the Internet or anywhere else, the mark "Realty ONE Group", or any other Mark, or any mark similar to "Realty ONE Group", or any combination or derivations thereof.

8.14 Intranet.

(a) We may establish and maintain an "Intranet" through which Realty ONE Group Affiliates franchisees may communicate with each other, and through which we and you may communicate with each other and through which we may disseminate the ONE Resource Guide, updates thereto and other confidential information. We will have discretion and control over all aspects of this Intranet, including its content and functionality.

(b) You may use the Intranet, but only if you are in strict compliance with the standards and specifications, protocols and restrictions that we may establish from time to time regarding such use. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that disparage ROGA or endorse or encourage default of any Realty ONE Group Affiliates franchise agreement, or other agreement with us or our affiliates, (iii) confidential treatment of materials that we transmit via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees that may be granted access to the Intranet, (v) grounds and procedures for our suspending or revoking a franchisee's access to the Intranet, and (vi) a privacy policy governing our access to and use of electronic communications that franchisees post to the Intranet. You acknowledge that, as administrator of the Intranet, we can technically access and view any communication that any person posts on the Intranet. You further acknowledge that the Intranet facility and all communications that are posted to it will become our property, free of any claims of privacy or privilege that you or any other person may assert.

(c) So long as the Intranet is operating, you must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the ONE Resource Guide) with the Intranet that allows us to send messages to and receive messages from you, subject to the standards and specifications.

8.15 Franchise Advisory Council.

We may, at our option, establish a franchise advisory council (the "FAC"), which will be composed of Realty ONE Group Affiliates franchisees. The FAC will, among other functions requested by us, serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and us. If appointed or elected to do so, you (or your designee) must, at your own expense, participate as a member of the FAC. We reserve the right to set reasonable standards for appointment or election to the FAC and you acknowledge that if we establish the FAC, you may be required to pay a fee or otherwise contribute to the FAC as the FAC leadership may require. You acknowledge that the role of the FAC is advisory only, and we are not obligated to implement the FAC's recommendations. Neither you nor your designee will have the right to be appointed, elected, and if appointed or elected, to continue to serve on the FAC if you are in material default of this Agreement, or are not current in your financial obligations to us, and your landlord (if any), suppliers and vendors.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) We hereby grant you the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the ONE Resource Guide, solely in connection with your operation of the Franchised Business. Neither you nor any Principal Equity Owner may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than the Marks and other trademarks and service marks approved for use by us in connection with the Franchised Business. And neither you nor any Principal Equity Owner may use or display the Marks in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. **You may only use the Marks on the Internet or other electronic media in the manner and as specifically authorized by us in the ONE Resource Guide or otherwise in writing.** You agree to be responsible for and supervise all your real estate agents, employees, contractors and other agents in order to insure the proper use of the Marks in compliance with this Agreement. At the end of the term of this Agreement, all information contained in ROGA's proprietary real estate agent tracking and enrollment system will be delivered to you within 10 business days after your written request.

(b) You acknowledge that the Marks have been licensed to us by the Owner of the Marks to use in the franchised System. You acknowledge and agree your use of the Marks is a temporary authorized use under this Agreement and that the Owner of the Marks retains all ownership interests in the Marks and that the Owner of the Marks, ROGA and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. You acknowledge that the use of the Marks outside the scope of the terms of this Agreement without our written consent is an infringement of the Owner of the Marks' and our exclusive rights, titles and interest in and to the Marks. You agree that as between you and us, all rights to use the Marks within the franchised System are our exclusive property. You now assert no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of your franchised use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, ONE Resource Guide and our other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between you and us, remain vested solely in us, and the use thereof is only co-extensive with the term of this Agreement.

(c) You agree that during the term of the Franchise, and after the repurchase, expiration or termination of the Franchise, you will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks.

(d) You hereby grant us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Realty ONE Group Services, any Realty ONE Group Affiliates real estate office, and the System, without compensation. You also agree (i) to have any affected employee of yours who is not a Principal Equity Owner sign a release in the form contained in the ONE Resource Guide authorizing us to also use the employee's name, image and likeness for the purposes described in this Section 9.1(d), without compensation, and (ii) to provide us with a copy of such signed release. The terms of this Section 9.1(d) survive termination or expiration of this Agreement.

[Your Initials: _____]

(e) You acknowledge that we prescribe uniform standards respecting the nature and quality of Realty ONE Group Services provided by you in connection with which the Marks are used. Nothing herein gives you any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and you agree that your use of the Marks under this Agreement inures solely to our benefit and the benefit of the Owner of the Marks.

(f) You agree that all materials associated with ROGA, Realty ONE Group Services or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by you, your employees, agents and subcontractors and any other party with whom you may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, you hereby and irrevocably assign to us all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, you agree on behalf of yourself, your employees, your agents, your subcontractors and any other party with whom you may contract to have such materials produced, to promptly

execute all appropriate documents in this regard.

(g) If necessary, you agree to join with us and share the expenses in any application to enter you as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, we may immediately apply to cancel your status as a registered or permitted user and you hereby consent to the cancellation and agree to join in any cancellation petition. You will bear the expense of any cancellation petition.

9.2 Your Business Name.

(a) In connection with your operation of the Franchised Business, you agree that at all times and in all advertising, promotions, yard signs, other signs and display materials, on your letterheads, business forms, and at the entrance to your Real Estate Office and other authorized business sites, in all of your business dealings related thereto and to the general public, you will identify the Franchised Business solely under a trade name containing the Mark "Realty ONE Group" and authorized by us ("Business Name"), together with the words "INDEPENDENTLY OWNED AND OPERATED" on your letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as we may direct. You must add to your office entrance and all printed materials the statement "Independently Owned and Operated Franchisee of Realty ONE Group Affiliates".

(b) You must file and keep current a fictitious business name statement, assumed name certificate or similar document with respect to your Business Name in the county or other designated jurisdiction in which your Real Estate Office is located and at such other places as may be required by law. Before you commence engaging in the Franchised Business under the Marks, you must supply evidence satisfactory to us that you have complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, we may, if you do not do so, execute in your name and on your behalf any and all documents necessary, in our judgment, to end and cause a discontinuance of the use by you of the Marks and Business Name registrations and we are hereby irrevocably appointed and designated as your attorney-in-fact to do so.

(d) You further agree that you will not identify yourself as (i) us, (ii) a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of ours or the Owner of the Marks or (iii) any of our other franchisees.

(e) If you are an entity and not an individual proprietor, you cannot use any of the Marks in your legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, we are licensing you access to our Proprietary Information and other confidential data and information. You acknowledge that the material and information now and hereafter provided or revealed to you pursuant to this Agreement (including in particular, but without limitation, the proprietary real estate management software technology and the contents of the ONE Resource Guide) are confidential trade secrets of ROGA and are revealed in confidence, and you expressly agree to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. We expressly reserve all rights with respect to the Marks, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to you hereby or in the ONE Resource Guide. We will disclose to you certain trade secrets as reasonably needed for the operation by you of your Franchised Business by loaning to you, for the term of this Agreement, the ONE Resource Guide and other written materials containing the trade secrets, through training and assistance provided to you hereunder, and by and through the performance of our other obligations under this Agreement.

(b) You acknowledge that we are the sole owner of all Proprietary Information and our trade secrets; that such information is being imparted to you only by reason of your special status as a franchisee of the System; and that our trade secrets are not generally known to our industry or the public at large and are not known to you except by reason of such disclosure. You further acknowledge that you will acquire no interest in the Proprietary Information and trade secrets disclosed to you, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement. In addition, you acknowledge that the use or duplication of our trade secrets except as expressly permitted by this Agreement constitutes an unfair method of competition and that we will suffer irreparable injury thereby.

(c) You agree that you will not do or permit any act or thing to be done in derogation of any of our rights in connection with the Marks, either during the term of this Agreement or thereafter, and that you will use these only

for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, you and your employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

9.4 Modification of Marks and Trade Dress.

We may add to, substitute or modify the Marks or Trade Dress from time to time, by directive in the ONE Resource Guide. You must accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use your best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If you receive notice or otherwise become aware of any claim, suit or demand against you by any party other than us, the Owner of the Marks or any of our affiliates on account of any alleged infringement, unfair competition or similar matter arising from your use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, you must promptly notify us of any such claim, suit, demand or misuse. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any such claim, suit or demand and take steps to stop misuse at our cost and expense, using attorneys selected by us or the Owner of the Marks, and you agree to cooperate fully in such matters.

(b) We will indemnify you and hold you harmless from and against all judgments resulting from any claim, suit or demand arising from your authorized and proper use of the Marks in accordance with the terms of this Agreement. We have the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly like the Marks being used by you or constitutes a misuse of the Marks, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

X. MARKETING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) ROGA will expend, for the purposes of national, regional or local marketing, advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees stated in Section 4.3 hereof and collected from all of its franchisees less a 15% administrative fee. None of the Marketing and Promotion Fees will be deemed to be held subject to any type of trust arrangement. No interest on unexpended Marketing and Promotion Fees will be imputed for your benefit or payable to you. If requested by you in writing not later than March 31 of any calendar year, we will provide you not later than May 31 of that year with a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by an officer of ROGA.

(b) In our sole discretion and as we deem appropriate, ROGA is obligated to spend the Marketing and Promotion Fees collected from you and all other Realty ONE Group Affiliates franchisees (less our 15% administrative fee) on regional, local or national media or other marketing techniques or programs designated to promote the retail sale of Realty ONE Group Services, the Marks and other aspects of the Realty ONE Group Affiliates brand, creative and production costs, and for other purposes deemed appropriate by us to enhance and promote the general recognition of Realty ONE Group Affiliates franchises.

(c) ROGA may also spend Marketing and Promotion Fees collected from you and all other Realty ONE Group Affiliates franchisees for ROGA-approved initiatives, which may include branding and marketing studies, initiatives and research; test marketing new products or concepts; franchisee compliance with System standards and practices through a "mystery buyer" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of our principals and employees to travel to such conferences); and occasional selective regional and local advertising.

10.2 Advertising Content and Costs.

With respect to local, regional or system-wide advertising, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

XI. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) You acknowledge that you will receive valuable specialized training and access to our trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of such valuable information, you agree that you will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing real estate brokerage business or other business selling or offering services equivalent to Realty ONE Group Services or the Franchised Business, without our express prior written consent.

(b) It is the intention of both you and ROGA that you maximize the Franchised Business within your Real Estate Office, and any action of yours that diverts business to another entity or diminishes the Franchised Business being conducted at or through your Real Estate Office will be a material breach of this Agreement. Accordingly, on or before the Effective Date, you will provide ROGA with a list of all real estate related activities you and your Principal Equity Owners are involved with. You and your Principal Equity Owners hereby acknowledge and agree that none of you may, either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2 Post Term Confidentiality Covenant.

You agree that after termination, expiration or cancellation of this Agreement for any reason you must refrain from any use, direct or indirect, for any purpose, of any of our trade secrets or proprietary information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. Following termination or expiration of this Agreement, you must always refrain from any use, direct or indirect, of any of our proprietary information.

11.3 General Provisions regarding Non-Competition Covenants.

(a) You acknowledge that the restrictions contained in this Article XI are reasonable and necessary in order to protect our legitimate interests, and in the event of violation of any of these restrictions, we are entitled to recover damages including, without limitation, Monthly Agent Fees, Transaction Fees, Technology Fees, Marketing and Promotion Fees and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which we are entitled at law or in equity.

(b) This Article XI applies to your Office Manager and other Principal Equity Owners, and each of your other managers, directors, officers, general partners and affiliates.

(c) Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, you agree to be bound by (i) the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and (ii) all other provisions of this Article XI.

XII. ASSIGNMENT

12.1 Assignment by Us.

We have the right to Transfer (as defined above) this Agreement, and all of our rights and privileges hereunder to any other person or entity ("Our Assignee"); provided that, in respect to any Transfer ("Assignment by Us") resulting in the subsequent performance by our Assignee of the functions of franchisor hereunder: (i) at the time of Assignment by Us, Our Assignee will be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Our Assignee will expressly assume and agree to perform such obligations. If there is an Assignment by Us in compliance with the terms set forth in the preceding sentence, we will be relieved of all obligations or liabilities after the effective date of the assignment.

12.2 Assignment by You.

(a) This Agreement is being executed by us in reliance upon and in consideration of the singular personal skills and qualifications of you and your Principal Equity Owners and the trust and confidence we repose in you and them. Therefore, neither your interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the Franchised Business, nor a controlling interest in the Franchised Business, may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by You"), without our prior written consent and, except for any transfer of a non-controlling interest, subject to the applicable terms of this Section 12.2 and our right of first refusal provided for in Section 12.3 hereof. Our consent to a specific Assignment by You is not cumulative and will not apply to any subsequent assignments, in respect of each of which you must comply with this Section 12.2.

(b) Prior to any Assignment by You, you must notify us of your intent to sell, transfer or assign the Franchise, all (or substantially all) the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business. The notice must be in writing, be delivered to us in accordance with Section 16.1 hereof and include the following:

(i) The proposed transferee's name and address;

(ii) A copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and

(iii) The proposed transferee's application for approval to become the successor franchisee. The application must include all forms, financial disclosures and related information generally used by us when interviewing prospective new franchisees (and we will provide these forms to you as needed). If we did not previously provide these forms to you, you must request that we deliver the forms to you by business courier in accordance with Section 16.1 hereof within 15 calendar days. As soon as practicable after the receipt of the proposed transferee's application, we will notify, in writing, you and the proposed transferee of any additional information or documentation necessary to complete the transfer application. If our then-existing standards for the approval of new or renewing franchisees are not readily available to you when you notify us of your intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the Franchised Business, or the controlling or non-controlling interest in the Franchised Business, we will communicate the standards to you within 15 calendar days.

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to Section 12.2(b) above, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed Assignment by You. The notice will be in writing and delivered to you by business courier in accordance with Section 16.1 hereof. Should we elect not to exercise our right of first refusal, or should such right of first refusal be inapplicable, as herein provided, the proposed Assignment by You will be deemed approved, unless disapproved by us in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, we will include in the notice of disapproval a statement setting forth the reasons for the disapproval. We may impose, among other things, the following conditions precedent to our consent to any such Assignment by You (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) The assignee of yours ("Your Assignee") must complete our application for a franchise, and in connection therewith, you and Your Assignee must fully disclose in writing all terms and conditions of the Assignment by You;

(ii) Your Assignee and the principal equity owners of Your Assignee demonstrate they have the skills, qualifications and economic resources necessary, in our sole judgment, to conduct the business contemplated by this Agreement;

(iii) Your Assignee and each principal equity owner of Your Assignee expressly assume in writing for our benefit all your obligations under this Agreement;

(iv) Your Assignee executes the then current form of Franchise Agreement being used by us for the remainder of the term of this Agreement or, in our sole discretion, for the initial term of the then current form of Franchise Agreement (unless we have a reasonable basis not to allow this, you may elect to have Your Assignee assume this Agreement for the remainder of its term);

(v) You must have complied fully as of the date of any such Assignment by You with all of your material obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;

(vi) Your Assignee agrees that our Initial Training program described in Section 6.1 hereof and any other training or orientation programs then required by us will be satisfactorily completed by necessary personnel within 30 days after the execution by Your Assignee of a Franchise Agreement, provided, however, that Your Assignee must agree to pay for all of their expenses incurred in connection therewith, including any fee we charge for training (at the rate in effect at the time of transfer), travel, hotel and meal expenses; and

(vii) Not later than 10 days before the transfer, you must pay us a non-refundable "Transfer Fee" of Two Thousand Five Hundred Dollars (\$2,500). The Transfer Fee is subject to upward adjustment in our discretion based on corresponding changes in the CPI since the Effective Date

(d) You do not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with our consent, which will not be unreasonably withheld, you may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of your rights hereunder without our express prior written consent, which may be withheld for any reason in our sole discretion.

(e) Any attempt by you to assign or any purported Assignment by You in violation of this Section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in our sole discretion any or all other agreements between you and us, or between you and our affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon our consent to any Assignment by You, you must bring all accounts with us current and execute a release.

12.3 Right of First Refusal.

(a) Except for a transfer (i) to your heirs, personal representatives or conservators in the case of death or legal incapacity as provided in Section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan, your right to Transfer your entire interest in the Franchise granted by this Agreement under Section 12.2 hereof is subject to our right of first refusal, which will be exercised in accordance with the terms of this Section 12.3.

(b) You must deliver to us a written notice setting forth (i) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by You, and (ii) all available information concerning your Assignee including an application for franchise on ROGA's authorized form provided by your proposed assignee, detailed summary of how the proposed assignee meets our qualifications for a new Realty ONE Group Affiliates franchisee, and any other related information requested by us. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with our right of first refusal.

(c) Within 15 days after our receipt of such notice (or if we request additional information, within 10 days after receipt of such additional information), we may either (i) consent or withhold our consent to such Assignment by You, in accordance with Section 12.2 hereof, or (ii) at our option, accept the Assignment by You ourselves or on behalf of our nominee upon the terms and conditions specified in the notice.

(d) If we elect not to exercise our right of first refusal and consent to the Assignment by You, you will for a period of 60 days, and subject to the provisions of Section 12.2 hereof, are free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by us), or if said 60-day period expires, we will again have such right of first refusal with respect thereto and you will again be required to comply with Section 12.3(b) above. Detailed terms of assignment must be delivered to us no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers to Certain Family Members.

You or a Principal Equity Owner, if a natural person, may with our consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in your franchised entity to such person's immediate family member (defined as a spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant) provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to us, the performance of the transferee's obligations under this Agreement. No transfer under this Section 12.4 will be subject to our right of first refusal set forth in Section 12.3 hereof. However, you must comply with Section 12.2(c)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

12.5 Transfers to Affiliated Entities.

You or a Principal Equity Owner may without our consent, upon 30 days prior written notice to us, Transfer the Franchised Business or an equity interest in your franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business. No Transfer under this Section 12.5 will be subject to our right of first refusal set forth in Section 12.3 hereof or the Transfer Fee set forth in Section 12.2(c)(vii) hereof. However, you must comply with Section 12.2(c)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction. Also, you acknowledge and agree that any Transfer to an affiliate will not relieve you from your obligations under this Agreement, unless we specifically release you in writing from such obligations.

12.6 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.

(a) In the event of your death or legal incapacity, if you are an individual, or the death or legal incapacity of an equity owner of yours who holds a majority equity interest ("Majority Equity Owner") if you are a corporation, limited liability company or partnership, the transfer of your or the deceased Majority Equity Owner's interest in this Agreement to his or her spouse, parent or adult children, will not be deemed Assignment by You, provided that a responsible management employee or agent of yours that has been satisfactorily trained by us will be responsible for the Franchised Business. However, you must comply with Section 12.2(c)(i) through (vi) above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

(b) If after a death or legal incapacity described in Section 12.6(a) above, we determine there is no heir or other Principal Equity Owner of yours capable of operating the Franchise, we may (but are not obligated to) immediately commence operating the Franchised Business on your behalf for a period of up to 90 days, renewable as necessary for up to one year and we will periodically discuss the status with the heirs of the decedent. For such management assistance, you or the successor in interest must pay a *per diem* management fee/charge to ROGA for serving as the interim manager.

12.7 Consent to Franchisor Transfers

Except as otherwise provided in this Agreement and subject to our right of first refusal provided in Section 12.3 hereof, you or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or any equity interest in your franchised entity, not permitted by the preceding Sections 12.4, 12.5 and 12.6, only after written notice to us and only with our written consent, which will not be unreasonably withheld. We will exercise our good faith business judgment in determining whether to give or withhold our consent to a Transfer under this Section 12.7. Such exercise of good faith business judgment may include our consideration of certain skills and qualifications of the prospective transferee which are of business concern to us, including without limitation, the following: experience in businesses similar to the Franchised Business, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferee; the ability of such prospective transferee to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferee will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or us or any of our affiliates.

XIII. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated only for good cause, which means the failure of a party to substantially comply with the lawful requirements imposed upon it by this Agreement after being given notice at least 30 days in advance of the termination and a reasonable opportunity, which in no event will be less than 30 days from the date of the notice of noncompliance, to cure the failure (provided that this Section 13.1(a) does not apply when there are grounds for immediate termination without notice pursuant to Section 13.2 below).

(b) If we are in material breach of this Agreement, you may terminate this Agreement by giving us prior written notice setting forth the asserted breach of this Agreement and giving us 30 days in which to cure the default. A material breach of this Agreement by us means any unauthorized action or omission seriously impairing or adversely affecting you or the relationship between you and us created by this Agreement. However, if we become insolvent or declare bankruptcy, you will continue to have the right to operate under this Agreement unless a court order provides otherwise. If because of the nature of the breach, it would be unreasonable for us to be able to cure the default within 30 days, we will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that we must, upon receipt of such notice from you, immediately commence to cure such breach and continue to use best efforts to do so.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we also have the option, to be exercised in our sole discretion, to choose alternative remedies to our right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we also have the right to exercise all remedies available to us at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) We have the right to terminate this Agreement immediately upon notice to you without an opportunity to cure:

(i) You or the business to which the Franchise relates has been the subject of an order for relief in bankruptcy, judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or you admit your inability to pay your debts as they come due;

(ii) If after you have located and secured suitable premises (that we consent to) for your Real Estate Office, you have not commenced operation of the Franchised Business there within 210 days after the Effective Date;

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

(iv) We and you agree in writing to terminate the Franchise;

(v) You make any material misrepresentations relating to the acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(vi) You fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise;

(vii) After curing any failure in accordance with Section 13.3 below, you engage in the same noncompliance whether such noncompliance is corrected after notice or not;

(viii) You repeatedly fail to comply with one or more requirements of the Franchise, whether corrected after notice or not;

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

(x) You are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise;

(xi) We make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety; or

(xii) You fail to restore the minimum number of Real Estate Agents associated with your Real Estate Office to 50 after being given a 60-day notice to do so in conjunction with the performance improvement program protocol described in section 8.1(e) above.

(b) The parties recognize that some breaches may involve conduct that undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required. However, the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

(c) If your rights under this Agreement are terminated by us because of an event described in Section 13.2(a) above, Section 14.1 below is not applicable, and we may immediately commence an action under Section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce our rights.

13.3 Termination After Notice.

(a) Except as provided in Section 13.2 hereof, we may terminate this Agreement only after giving you prior written notice setting forth the asserted breach of this Agreement and giving you 30 days in which to cure the default. Upon receipt of a notice of default, you must immediately commence diligently to cure said breach, and if you cure said breach within 30 days, our right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for you to be able to cure the default within 30 days, you will be given additional time (up to 15 additional days) as is reasonably necessary in our determination to cure said breach, upon condition that you must, upon receipt of such notice from us, immediately commence to cure such breach and continue to use your best efforts to do so.

(b) If your rights under this Agreement are terminated by us for material breach, we may, at our option, declare you in default of all franchise agreements or other agreements you have with us, and terminate your rights under those other agreements as well.

(c) If your rights under this Agreement are terminated by us for failure to make any payment due under this Agreement, Section 14.1 below is not applicable, and we may immediately commence an action under Section 14.2 below to collect damages or otherwise enforce our rights.

(d) The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

(e) If you and we agree to mutually terminate this Agreement, you must return a signed counterpart of any document we prepare to effect the termination not later than 10 days after you receive it, or the mutual agreement to terminate will be voidable by us, and we may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to us at the date of termination.

13.4 Description of Default.

The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.

Notwithstanding anything to the contrary in this Article XIII, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits our rights of termination hereunder or requires longer notice periods than those set forth herein, and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

13.6 Extended Cure Period.

In those circumstances under which we have the right to terminate this Agreement, we also have the right, to be exercised in our sole discretion, to grant to you in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to our right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. You acknowledge that our election to grant an extended cure period to you will not operate as a waiver of any of our rights hereunder.

13.7 Our Right to Cure Your Defaults.

In addition to all other remedies herein granted, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement involving third parties, we may, at our election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to you, cure the default for your account and on your behalf, and all costs or expenses including attorney's fees incurred by us on account thereof are due and payable by you to us on demand.

13.8 Waiver and Delay.

No waiver by us of any breach or series of breaches or defaults in performance by you and no failure, refusal or neglect of ours either to exercise any right, power or option given to us hereunder or to insist upon strict compliance with or performance of your obligations under this Agreement or the ONE Resource Guide, constitutes a waiver of the provisions of this Agreement or the ONE Resource Guide with respect to any subsequent breach thereof or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Recovery of Lost Revenue.

If this Agreement is terminated because of your material breach, based on the estimated time it takes for a replacement Realty ONE Group Affiliates franchisee to achieve a similar revenue stream, we are entitled to recover damages equal to the aggregate amount of the Monthly Agent Fees (under Section 4.3 above) and the Other Fees (under Section 4.5 above) actually paid by you, or what you were obligated to pay, whichever is greater, (i) during the three years prior to the date this Agreement was terminated or (ii) if the Opening Date is less than three years before the termination date, during the time since the Opening Date.

13.10 Collection Costs.

We are entitled to reimbursement from you upon our demand of all costs we have incurred (including reasonable attorney's fees and investigator's fees) to enforce our rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.11 Continuance of Business Relations.

Any continuance of business relations between you and us after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

XIV. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) We and you have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the System, as contemplated by this Agreement. To that end, you and we acknowledge that you and we need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between you and us are an important aspect of that obligation.

The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having our executive officers and your Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at our principal executive office (without our respective legal counsel) and conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. We may proceed to terminate this Agreement without a Settlement Conference or mediation proceeding in either of the following two situations: (i) if there is any breach of this Agreement by you that may result in an immediate termination of this Agreement pursuant to Section 13.2 above, or (ii) if you fail to pay any sums due us under this Agreement which may result in termination of this Agreement pursuant to Section 13.3 above. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this Section 14.1, the other party may immediately commence an arbitration proceeding pursuant to Section 14.2 below.

(b) If the parties are unable to settle the Dispute at the settlement conference described in Section 14.1 above, within 10 business days after the date this conference took place (or should have taken place), you and we may submit the dispute to mediation at a location in Orange County, California (or another location mutually agreeable to both parties) conducted by a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If the Dispute is not referred to mediation within 10 business days after the settlement conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to Section 14.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

14.2 Arbitration.

(a) Any Dispute between us (or our affiliated entities) and you (or your Principal Equity Owners or affiliated entities) that is not settled through the procedures described in Section 14.1 above will be resolved through binding arbitration by and before JAMS, Inc. in accordance with (i) its Streamlined Arbitration Rules and Procedures if the amount in controversy is less than Two Hundred Fifty Thousand Dollars (\$250,000), or (ii) its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is Two Hundred Fifty Thousand Dollars (\$250,000) or more, or if the parties in dispute agree, through binding arbitration by any other mutually acceptable arbitrator. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this Section 14.2.

(b) All hearings and other proceedings will take place in Orange County, California, or other county where our headquarters office is then located, or if we so elect, in the county where your or an applicable Principal Equity Owner's principal place of business is then located.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR

ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, YOU EXPRESSLY AGREE TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this Section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this Section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Our Initials: _____ Your Initials: _____]

14.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with Sections 14.1 and 14.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of One Thousand Dollars (\$1,000) will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to Section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. Otherwise, the existence of a proceeding commenced under Section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this Section 14.3. You acknowledge that failure on your part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to us or other affiliated persons or entities and we or our affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This Section 14.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

14.5 Survival.

The terms of this Article XIV survive termination, expiration or cancellation of this Agreement.

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Your Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of your breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, you must forthwith discontinue the use or display of the Marks in any manner whatsoever, and you may not thereafter operate or do business under the Marks or any other Realty ONE Group brand or any other name or in any manner that might tend to give the general public the impression that you are in any way associated or affiliated with us, or any of the businesses conducted by us or the owner of the Marks, including without limitation repainting the business

premises in a distinctively different color and removing or rearranging distinctive elements of the Realty ONE Group Affiliates trade dress. You must contact your Multiple Listing Service, local Board of Realtors, other online review sites and other online directories and websites which have made reference to your Realty ONE Group Affiliates outlet during the 18 months prior to the date this Agreement terminates, is cancelled or expires, and request the removal of all use of the trademarks in connection with the former Realty ONE Group Affiliates franchised outlet (and the physical address of the former Realty ONE Group Affiliates outlet) and all use of former reviews from the period you were a Realty ONE Group Affiliates franchisee. And, you also must comply with Section 15.2 respecting the return to us of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of our trade secrets, procedures, techniques, or materials acquired by you by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in Section 15.1(a) above, you must comply with Section 11.2 of this Agreement respecting post-termination competition and promptly:

(i) Remove at your expense all signs erected or used by you and bearing the Marks, or any word or mark indicating that you are associated or affiliated with ROGA;

(ii) Erase or obliterate from yard signs, letterheads, stationery, printed matter, social media accounts, advertising, or other forms used by you, the Marks and all words indicating that you are associated or affiliated with ROGA;

(iii) Permanently discontinue all advertising of yours that states or implies you are associated or affiliated with ROGA or the System;

(iv) If you engage in any business thereafter, you must use trade names, service marks or trademarks that are significantly different from those under which you had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that your present and former employees, agents, officers, shareholders and partners observe the foregoing obligations; and

(v) Assign all interest and right to use all telephone numbers, social media accounts (including applicable Uniform Resource Locators, or URLs), and all listings applicable to the Real Estate Office in use at the time of such termination to us and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If you fail or omit to make or cause to be made any removal or change described in Section 15.1(b)(i) through 15.1(b)(vi) above, then we will have the right within 15 days after written notice to enter your Real Estate Office or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at your expense, which expenses you agree to pay to us promptly upon demand; and you hereby irrevocably appoint us as your lawful attorney upon termination of this Agreement with authority to file any document in the name of and on our behalf for the purpose of terminating any and all of your rights in any trade name you have used that contains any of the Marks.

15.2 Our Rights as Franchisor.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any rights of us against you and such termination, cancellation, expiration or assignment will not relieve you of any of your obligations to us existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of ours which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) We may direct that all applicable suppliers immediately cease providing you with equipment, marketing materials, email access, website access, accessories and other items comprising or to be used to provide Realty ONE Group Affiliates Services.

(c) You are obligated to return, at no expense to us, all printed copies you or Principal Equity Owners may have made of the ONE Resource Guide and all other Realty ONE Group Affiliates proprietary materials and any other items that were supplied by us for your use without additional charge in connection with the operation of the

Franchised Business. You must also permanently erase anything relating to us or the Franchised Business from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

(d) Within 30 days after termination, expiration or non-renewal of this Agreement, we will have the option, but not the obligation, to purchase all or any portion of your yard signs containing the Marks and other reusable inventory, equipment, parts, supplies, fixtures and furnishings owned and used by you in your franchised operation. We will be permitted to deduct and withdraw from the purchase price to be paid to you all sums then due and owing to us. The purchase price for your inventory of yard signs and apparel containing the Marks will be at your cost for said items. The purchase price for the remaining inventory, equipment, parts, fixtures and furnishings owned by you and used in your business will be the fair market value thereof. In determining the fair market value of such items, you and we agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to you will be paid in cash at the closing of any purchase that will occur no less than 30 days from the date we exercise our option unless you and we are unable to agree on the fair market value of the assets to be purchased. If you and we are unable to reach agreement within a reasonable time as to the fair market value of the items we have agreed to purchase, we will designate an independent appraiser, and the appraiser's determination will be binding. You and we must each pay 50% of the fee charged by the independent appraiser.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement will be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to us:

REALTY ONE GROUP AFFILIATES, INC.
23811 ALISO CREEK BLVD STE 168
LAGUNA NIGUEL CA 92677-3923
Phone: 1-855-529-0101

(ii) If to you:

Phone: _____

(b) Notices between you and us will be deemed given the earlier of (i) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day or (ii) when delivered in person by an agent of the sending party.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier or delivered in person.

(d) Any notices sent to you which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

16.2 Indemnity.

(a) You hereby agree to protect, defend and indemnify ROGA, and all of our past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against all "Losses" (as defined in section 16.2(d) below) and "Expenses" (as defined in section 16.2(e) below), arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning your intentional tort or negligence, or the intentional tort or negligence of your agents, servants or representatives, relating to your development, maintenance or operation of the Real Estate Office and the Franchised Business, except if caused by our intentional misfeasance, gross negligence or material default of our obligations under this Agreement.

(b) We hereby agree to protect, defend and indemnify you, your Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses and/or Expenses any of them may incur, as a result of third party Proceeding arising out of our intentional misfeasance, gross negligence or

material breach of our obligations under this Agreement, except if caused by the intentional misfeasance, gross negligence or material breach by you (or any of your equity owners, affiliates, officers, directors, employees or attorneys) of obligations under this Agreement.

(c) For the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle in its reasonable discretion (but only if the settlement includes a full release of all claims against the Indemnified Party), and provided further, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(d) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party from insurance coverage in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

(g) The indemnification provided in this section 16.2 is a continuing right and will survive the expiration or termination of this Agreement. The parties hereto further acknowledge and agree that they intend the indemnification provided in this section 16.2 to be interpreted and enforced in a manner providing the fullest extent of indemnification to the Indemnified Party now or hereafter permitted by law.

16.3 Your Relationship to Us as Franchisee.

(a) It is expressly agreed that the parties intend by this Agreement to establish between you and us the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor we are the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. You agree that neither you nor any Principal Equity Owner will hold yourself out as our agent, employee, partner or co-venturer or the Owner of the Marks.

(b) All employees or agents hired or engaged by or working for you will be only the employees or agents of yours and will not for any purpose be deemed employees or agents of ours or the Owner of the Marks, nor subject to our control; and in particular, we will have no authority to exercise control over the hiring or termination of these

employees, independent contractors, or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. You agree to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by you in a diligent and professional manner and agree to cooperate with representatives of ours or the Owner of the Marks in any investigation undertaken by us of complaints respecting your activities. You and we agree to file our own tax, regulatory and payroll reports with respect to our respective employees or agents and operations.

16.4 Customer Reviews.

You agree to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by you, your employees and agents, in a diligent and professional manner and you agree to cooperate with our representatives or the Owner of the Marks in any investigation undertaken by us of complaints respecting your activities.

16.5 No Third-Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom we may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights under so-called "third party beneficiary rights" or otherwise.

16.6 Survival of Covenants.

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

16.7 Successors and Assigns.

This Agreement is binding upon us and you and inures to the benefit of their successors and assigns, subject to the restrictions on Assignment by You contained herein.

16.8 Joint and Several Liabilities.

If you consist of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

16.9 Titles for Convenience Only.

Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

16.10 Gender.

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any Section may require.

16.11 Severability; Partial Invalidity.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the ONE Resource Guide and (ii) any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the ONE Resource Guide thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, Article, Section, sentence or clause of this Agreement or the ONE Resource Guide is held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.12 Counterparts.

This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and both of which together will be deemed to be one and the same instrument.

16.13 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) You certify that none of you, the Principal Equity Owners, your employees, or anyone else associated with you is listed in the Annex to Executive Order 13224 (this document is available for your review at <http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). You covenant not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, the Principal Equity Owners, employees or anyone associated with you being listed in the Annex

to Executive Order 13224. You and each of the Principal Equity Owners will comply with and assist us as much as possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you and each of the Principal Equity Owners certify, represent and warrant that none of your respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that you and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification responsibilities as provided in this Agreement pertain to your obligations under this Section 16.13. Any misrepresentation by you under this Section 16.13 or any violation of the Anti-Terrorism Laws by you, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement you executed with us or one of our Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), 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 United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither you nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither you nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. You acknowledge that you are not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor do you or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. You agree that you will notify us in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this Section 16.13 incorrect.

[Your Initials: _____]

16.14 Governing Law.

The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of the state where the Real Estate Office is located govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.15 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the ONE Resource Guide. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, the signatories each agree and promise each other that this Agreement, the ONE Resource Guide, and the representations made by us in the Realty ONE Group Affiliates franchise disclosure document ("FDD") provided to you, supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements, understandings or any other term), by any of the parties or by anyone acting on their behalf, with respect to the rights and obligations of the parties to this Agreement or the relationship between them. Each signatory to this Agreement agrees and promises the other that they have placed, and will place, no reliance on any such discussions or writings.

(b) In accordance with the foregoing Section 16.15(a), the parties to this Agreement agree that this Agreement, and the ONE Resource Guide, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this

Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to you.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon the execution thereof by you and by us and only after you were provided an FDD. HOWEVER, THIS AGREEMENT IS NOT BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY ROGA.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) You hereby represent and warrant that the following statements in this Section 18.1 are true and accurate.

(b) You do not seek to obtain the Franchise for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) You understand and acknowledge the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the ONE Resource Guide and the necessity of operating the Franchised Business under the standards set forth in the ONE Resource Guide. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our standards.

(d) If you are an entity, you are duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Real Estate Office is located.

(e) Your execution of this Agreement will not constitute or violate any other agreement or commitment to which you are a party.

(f) Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of yours and all of your Principal Equity Owners.

(g) You and your Principal Equity Owners (i) have carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof, (ii) have conducted an independent investigation of the business contemplated by this Agreement, (iii) have obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply herewith and be bound hereby. You also recognize that the Franchise involves significant risks, making the success of the Franchised Business at your Real Estate Office largely dependent on your abilities and attention. We expressly disclaim the making of, and you agree that you have not received or relied on, any representation or warranty from us regarding the likelihood of your success at your Real Estate Office or in your operating the Franchised Business.

(h) In entering into this Agreement, you have not relied on any representation by us, or any of our officers, managers, partners, shareholders, employees or agents concerning the Franchised Business that is contrary to the terms of this Agreement, the documents incorporated into this Agreement or attached to it, or the FDD that was provided to you.

(i) You agree that complete and detailed uniformity among our franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that we, in our sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. You further agree that we will have no obligation to disclose or offer the same or similar variances to you. You are aware that other Realty ONE Group Affiliates franchisees may operate under different agreements and, consequently, that our obligations and rights as to those franchisees may differ materially in certain circumstances.

(j) You received an FDD and a copy of this Agreement at least 14 calendar days before you signed this Agreement.

(k) You made no payment to us before you signed this Agreement.

(l) You acknowledge that in operating the System, we must consider the needs of the System as a whole, and the need to protect the Marks, even if our actions are contrary to your individual interests as a franchisee.

18.2 Additional Information Respecting You and Your Principal Equity Owners.

(a) Attached as Exhibit 3 is a schedule containing complete information respecting your Principal Equity Owners.

(b) The address (written notice of any change in this information after the Effective Date must be delivered to us pursuant to Section 16.1(a) hereof) where your financial and other records are maintained is

☐ the same address as provided in Section 16.1 hereof or

☐ the following address:

_____.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date:

YOU:

ROGA:

REALTY ONE GROUP AFFILIATES, INC.

By: _____

By: _____

Vinnie Tracey, President

[PRINTED NAME AND TITLE]

List of Exhibits to Franchise Agreement:

Exhibit 1 – Location of Real Estate Office; Primary Marketing Area

Exhibit 2 – Name and Address of Regional Director

Exhibit 3 – Names and Addresses of Principal Equity Owners

Exhibit 4 – Guarantee of Franchise Agreement

Exhibit 5 - Addendum for Satellite Office

EXHIBIT 1 - LOCATION OF REAL ESTATE OFFICE; PRIMARY MARKETING AREA

The Real Estate Office is located at:

(If the address of the Real Estate Office is unknown when this Agreement is signed, as soon as the address is determined, it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

The Primary Marketing Area is indicated in a map attached to this Exhibit 1, or otherwise described as follows:

EXHIBIT 2 - NAME AND ADDRESS OF REGIONAL DIRECTOR

The name and address of the Regional Director (who may have responsibility for servicing your Real Estate Office) is set forth below.

Name of Regional Director:

Address:

EXHIBIT 3 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If an entity is signing this Agreement as franchisee, list below the names, residential addresses and respective percentage equity ownership interests in the franchisee entity of each Principal Equity Owner:

1.	_____	2.	_____
	_____		_____
	_____		_____
	_____ %		_____ %
3.	_____	4.	_____
	_____		_____
	_____		_____
	_____ %		_____ %
5.	_____		

	_____ %		

EXHIBIT 4 - GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated _____, 20__ between Realty ONE Group Affiliates ("Franchisor") and _____ ("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Owners" (as defined in the Franchise Agreement), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee of Franchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (iii) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, related to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. To the extent applicable, the laws of the state where the Store is located govern all issues involving modification of this Guarantee while it is in effect. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of California. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the Superior Court of the State of California, County of Los Angeles or the United States District Court for the Central District of California. Guarantors hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*). Guarantors further hereby waive and covenant never to assert or claim that such courts lack personal jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

PRINCIPAL EQUITY OWNERS

X _____

Printed Name of Principal Equity Owner

X _____

Printed Name of Principal Equity Owner

X _____

Printed Name of Principal Equity Owner

X _____

Printed Name of Principal Equity Owner

X _____

Printed Name of Principal Equity Owner

EXHIBIT 5 - ADDENDUM FOR SATELLITE OFFICE

This Addendum for Satellite Office (the "Addendum") is made as of _____ (the "Effective Date"), by and between Realty ONE Group Affiliates, Inc., a Nevada corporation, doing business as Realty ONE Group ("Franchisor"), and _____ ("Franchisee").

WHEREAS, Franchisor and Franchisee entered into a Franchise Agreement (the "Franchise Agreement") whereby Franchisor granted a franchise to Franchisee to operate a franchised real estate brokerage office (the "Principal Real Estate Office") using the Franchisor's System at the location ("Satellite Office") indicated in Section 1(b) below; and

WHEREAS, Franchisee desires the right to provide real estate brokerage services at the Satellite Office, pursuant to the terms and conditions set forth in this Addendum and the Franchise Agreement.

NOW, THEREFORE, in consideration of the matters recited above, Franchisor and Franchisee agree as follows:

1. Grant.

(a) Franchisor grants to Franchisee the limited, nonexclusive right to provide real estate brokerage services at the Satellite Office, pursuant to the terms and conditions set forth in this Addendum and the Franchise Agreement. Franchisee will report and pay to Franchisor all recurring fees (such as Monthly Fees and Transaction Fees), transfer fees (if any), renewal fees (if any) and other fees applicable to the Satellite Office under the Franchise Agreement for the Principal Real Estate Office.

(b) The Satellite Office is located at _____.

2. **Satellite Office Fee.** For the rights granted under this Addendum, Franchisee will pay Franchisor a one-time non-refundable Satellite Office Fee of Five Thousand Dollars (\$5,000). The Satellite Office Fee is due and payable upon the Effective Date of this Addendum.

3. Term and Renewal.

(a) The term of this Addendum will begin on the Effective Date and terminate upon the termination or expiration of the Franchise Agreement, or termination of this Addendum due to actions at the Satellite Office that are in material violation of the Franchise Agreement, or earlier as otherwise set forth herein. Franchisee may terminate this Addendum upon 60 days' notice to Franchisor. Termination of this Addendum will not by itself require the termination of the Franchise Agreement, unless the grounds which Franchisor has relied upon to terminate this Addendum also constitute grounds for terminating the Agreement. Upon termination of this Addendum and the Satellite Office, Franchisee will comply with all obligations set forth in Article XV of the Franchise Agreement as they relate to the Satellite Office.

(b) If the Franchise Agreement is renewed, and this Addendum is still in effect, this Addendum will also be concurrently renewed upon execution of a newly dated Addendum and payment of a non-refundable Satellite Office Renewal Fee of One Thousand Dollars (\$1,000).

4. General.

(a) Franchisee will obtain any additional insurance for the Satellite Office as may be required by Franchisor, as set forth in the Franchise Agreement.

(b) This Addendum may be executed in any number of counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same agreement.

(c) A party's signature to this Addendum transmitted by facsimile or electronic mail will have the same legal force and effect as the original.

(d) Each of the undersigned represents and warrants that it is duly authorized by the contracting party to sign this Addendum on behalf of said party.

(e) All terms, conditions, covenants and provisions of the Franchise Agreement will remain in full force and effect insofar as they are not inconsistent with this Addendum.

IN WITNESS WHEREOF, the parties hereto executed this Addendum on the date first above written.

Franchisee:

Franchisor:
REALTY ONE GROUP AFFILIATES, INC.

By: _____

[PRINTED NAME AND TITLE]

By: _____

REALTY ONE GROUP

FINANCIAL STATEMENTS

EXHIBIT B

**REALTY ONE GROUP AFFILIATES, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

REALTY ONE GROUP AFFILIATES, INC.

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WEINBERG & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
Realty ONE Group Affiliates, Inc.
Irvine, California

We have audited the accompanying financial statements of Realty ONE Group Affiliates, Inc., (the "Company") which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Realty ONE Group Affiliates, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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March 27, 2020

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REALTY GROUP ONE AFFILIATES, INC.
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash	\$ 196,360	\$ 225,915
Accounts receivable, net of allowance of \$23,850 and \$291,686, respectively	863,840	351,484
Prepaid expenses	79,100	-
Deferred franchise commissions	36,202	-
Notes receivable	33,649	35,252
Total current assets	1,209,151	612,651
Fixed assets, net	107,267	-
Deferred franchise commissions, long-term	592,456	-
Notes receivables, long-term, net	52,489	130,678
Due from related party	-	701,573
Total assets	\$ 1,961,363	\$ 1,444,902

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts payable and accrued expenses	\$ 307,209	\$ 52,290
Accrued salaries and related	114,978	113,713
Deferred franchise revenue	102,633	-
Total current liabilities	524,820	166,003
Deferred franchise revenue, long-term	934,088	-
Total liabilities	1,458,908	166,003
Commitments and contingencies		
Stockholders' equity		
Common stock, no par value; 1,500 shares authorized, issued and outstanding	100,000	100,000
Additional paid in capital	978,575	4,200,000
Accumulated deficit	(576,120)	(3,021,101)
Total stockholders' equity	502,455	1,278,899
Total liabilities and stockholders' equity	\$ 1,961,363	\$ 1,444,902

See accompanying notes

REALTY ONE GROUP AFFILIATES, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Revenue		
Monthly franchise fees	\$ 3,607,903	\$ 1,725,463
Initial franchise fees	75,111	1,318,754
Transaction, technology, and other fees	<u>2,890,660</u>	<u>1,354,039</u>
Total revenue	<u>6,573,674</u>	<u>4,398,256</u>
Operating expenses		
Salaries and payroll taxes	1,453,936	1,386,794
Allocated expenses-related party	1,824,683	781,473
Commissions	53,813	580,816
Provision for bad debts	160,311	199,404
Depreciation	13,628	-
Other operating expenses	<u>650,887</u>	<u>496,990</u>
Total operating expenses	<u>4,157,258</u>	<u>3,445,477</u>
Income from operations	2,416,416	952,779
Other income	17,554	4,721
Interest income	<u>11,011</u>	<u>21,447</u>
	<u>28,565</u>	<u>26,168</u>
Net income	\$ <u>2,444,981</u>	\$ <u>978,947</u>

See accompanying notes

REALTY ONE GROUP AFFILIATES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Paid</u>	<u>Deficit</u>	<u>Total</u>
			<u>In Capital</u>		
Balance, January 1, 2018	1,500	\$ 100,000	\$ 4,050,000	\$ (4,000,048)	149,952
Extinguishment of due to related party recorded as capital contribution	-	-	150,000	-	150,000
Net Income	-	-	-	978,947	978,947
Balance, December 31, 2018	1,500	100,000	4,200,000	(3,021,101)	1,278,899
Shareholder distribution			(3,221,425)		(3,221,425)
Net Income	-	-	-	2,444,981	2,444,981
Balance, December 31, 2019	1,500	\$ 100,000	\$ 978,575	\$ (576,120)	\$ 502,455

See accompanying notes

REALTY ONE GROUP AFFILIATES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Net income	\$ 2,444,981	\$ 978,947
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation of fixed assets	13,628	-
Provision for bad debts	160,311	199,404
Initial franchise fee recorded as note receivable	-	(143,500)
Changes in operating assets and liabilities:		
Accounts receivable	(652,667)	(333,396)
Prepaid expenses	(79,100)	-
Deferred franchise commissions	(628,658)	-
Accounts payable and accrued expenses	254,919	35,998
Accrued salaries and related	1,265	(46,919)
Deferred franchise revenue	1,036,721	(10,000)
Net cash provided by operating activities	<u>2,551,400</u>	<u>680,534</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(120,895)	-
Payments received on notes receivable	59,792	72,621
Net cash provided by (used in) investing activities	<u>(61,103)</u>	<u>72,621</u>
Cash Flows from Financing Activities		
Increase in due to related party	2,527,402	2,642,741
Increase in due from related party	(1,825,829)	(3,205,000)
Distributions to Shareholder	(3,221,425)	-
Net cash used in financing activities	<u>(2,519,852)</u>	<u>(562,259)</u>
Net increase (decrease) in cash	<u>(29,555)</u>	<u>190,896</u>
Cash, beginning of year	<u>225,915</u>	<u>35,019</u>
Cash, end of year	<u>\$ 196,360</u>	<u>\$ 225,915</u>
Non-cash investing and financing disclosure		
Write off of fully reserved accounts receivable	\$ 489,723	\$ -
Extinguishment of due to related party recorded as capital contribution	<u>-</u>	<u>150,000</u>

See accompanying notes

REALTY ONE GROUP AFFILIATES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Realty ONE Group Affiliates, Inc. (the "Company"), a Nevada corporation, was formed on July 20, 2012 and began selling Realty ONE Group franchises in August 2012.

As a franchisor, the Company enters into agreements with franchisees in various states. Under the terms of the franchise agreements, each franchisee receives training, an operations manual, and a non-exclusive territory in which to operate a Realty ONE Group franchise. In return, the franchisees pay an initial franchise fee to the Company and once operations commence, pay a monthly fee, transaction and technology fees, and marketing and promotion fees per the franchise agreement.

Realty ONE Group franchisees provide full-service residential and commercial real estate brokerage services and related services to retail customers, using the Company's designated technology and techniques.

The Company's operations are subject to certain risks and uncertainties including, among others, the uncertainty of future profitability. At December 31, 2019, the Company has an accumulated deficit of \$434,120. The Company actively markets franchise agreements. In the event that the Company does not enter into sufficient franchise agreements as needed to fund operations, management believes it is probable that the Company will have adequate capital resources through its related party, Realty ONE Group, Inc. and its stockholders. Realty ONE Group, Inc. is a related party through common ownership (see Note 4).

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates. Significant estimates include estimates for reserves for uncollectible accounts receivable, and accruals for potential liabilities.

Accounts Receivable

The Company's accounts receivable represents monthly fees and transaction and technology fees due from franchisees. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded, which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. At December 31, 2019, the allowance for doubtful accounts was \$23,850 and \$291,686 at December 31, 2018. For the years ended December 31, 2019 and 2018, the Company recorded bad debt expense of \$140,311 and \$199,404, respectively.

Revenue Recognition

Initial Franchise Fees – Effective January 1, 2019, the Company adopted the guidance of Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*. The adoption of ASC 606 impacted the Company's accounting for initial fees charged to franchisees. Prior to January 1, 2019, the Company recognized initial franchise fees when all material services or conditions relating to the sale of the franchise had been substantially performed or satisfied by the Company, which was generally when a new franchise opened. In accordance with the adoption of ASC 606, the Company has determined that the initial franchise services are not distinct from the continuing rights or services offered during the term of the franchise agreement and should be treated as a single performance obligation. Therefore, initial fees received from franchisees will be recognized as revenue over the term of each respective franchise agreement, which is typically 10 years.

Monthly Fees - Franchisees are charged a monthly fee based on the number of licensed real estate brokers, salespersons or agents associated with the franchisee's real estate broker's license as of the last business day of the month. In general, the monthly fee is the greater of either \$50 multiplied by the number of licensed real estate brokers, salespersons or agents operating under or associated with the franchisee's real estate broker's license, or \$1,225.

Transaction and Technology Fees - Franchisees are charged transaction and technology fees on the sales or leases of property that result in gross commission income to the franchisee of \$2,000 or more. Revenue from transaction and technology fees are recognized upon the closing of sales or leases of property.

During the year ended December 31, 2019, Regional Director payments of \$1,486,812 were deducted from transaction and technology fees. During the year ended December 31, 2018, Regional Director payments, discounts and allowances of \$1,144,586, were deducted from transaction and technology fees.

Deferred franchise commissions

Sales commissions earned upon execution of a franchise agreement are capitalized as an incremental cost of obtaining a contract with a customer. Capitalized franchise commissions are amortized on a straight-line basis over the estimated life of the related franchise agreement, unless the franchise agreement is terminated whereby any remaining capitalized amounts will be expensed. At December 31, 2019, deferred franchise commissions totaled \$628,658, and are presented on the accompanying balance sheet as current and non-current deferred franchise commissions.

Deferred franchise revenue

Contract liabilities relate to advance consideration received, such as initial franchise fees paid when a franchise agreement is executed. At December 31, 2019, deferred franchise fee revenue totaled \$1,036,721, and are presented on the accompanying balance sheet as current and non-current deferred franchise fee revenue.

Significant changes in the contract liabilities balances during 2019 are as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Deferred revenue, beginning of period	\$ -	\$ -
New contract liabilities	1,091,332	844,750
Performance obligations satisfied	(54,611)	(844,750)
Deferred revenue, end of period	<u>\$ 1,036,721</u>	<u>\$ -</u>

Fixed Assets, net

Fixed assets are stated at cost less accumulated depreciation and are being depreciated using the straight-line method over the estimated life of the asset as follows:

Furniture and equipment	5 years
Signs	3 to 5 years
Computer and Electronics	3 years
Trade Show Booth	3 years

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, stockholders are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision for federal income taxes has been recorded.

Concentrations

Occasionally, the Company's bank balances exceed FDIC-insured limits. The Company has not experienced and does not anticipate any losses related to these balances.

Fair Value Measurements

The Company uses various inputs in determining the fair value of its investments and measures these assets on a recurring basis. Financial assets recorded at fair value in the balance sheets are categorized by the level of objectivity associated with the inputs used to measure their fair value. Authoritative guidance provided by Financial Accounting Standards Board ("FASB") defines the following levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these financial assets:

Level 1- Quoted prices in active markets for identical assets or liabilities.

Level 2- Inputs, other than the quoted prices in active markets, that is observable either directly or indirectly.

Level 3- Unobservable inputs based on the Company's assumptions.

As of December 31, 2019, and 2018, the carrying value of cash, accounts receivable, and accounts payable and accrued liabilities approximates their fair value because of the short maturity of these instruments.

NOTE 2 FRANCHISE AGREEMENTS

The following is a summary of franchise agreements held by the Company at December 31, 2019 and 2018 for terms of up to 10 years:

	Franchise Agreements
Franchise agreements at January 1, 2018	77
New franchise agreements	82
Terminated franchise agreements	(8)
Franchise agreements at December 31, 2018	151
New franchise agreements	92
Terminated franchise agreements	(10)
Franchise agreements at December 31, 2019	233

NOTE 3 REGIONAL DIRECTOR AGREEMENTS AND NOTES RECEIVABLE

At December 31, 2019, the Company had 12 regional director agreements which assign a specified regional territory to outside investors. The investors received access to specialized training and the Company's proprietary marks. Aside from the initial franchise fees, the investors owe the Company a regional director monthly fee representing 50% of all fees collected from franchise units in the regional territory.

In connection with the regional director agreements, the Company accepted unsecured notes from the investors for the regional director franchise fees. The notes are unsecured, bear interest at 5% to 6% per annum, and are due through March 2020. At December 31, 2018, the Company had two notes receivable that totaled \$165,930. During the year ended December 31, 2019, no notes were issued and principal payments of \$59,792 were received. At December 31, 2019, the Company had two notes receivable aggregating \$106,138. One note for \$100,103 is due February 1, 2020. As of the date of these financial statements, the note has not been fully collected. However, the Company is receiving monthly payments of approximately \$2,325, and the Company is in negotiations with the borrower to cure this default. Nonetheless, at December 31, 2019, the Company cannot make assurances regarding the ultimate collection of the total note receivable and has recorded an allowance for uncollectible notes receivable of \$20,000. The balance of the note receivable of \$80,103 is presented on the accompanying balance sheet as \$27,904 current note receivable and the balance of \$52,489 as long-term note receivable.

NOTE 4 RELATED PARTY TRANSACTIONS

Realty ONE Group, Inc. is a related party through common ownership. The amount due to Realty ONE Group is unsecured, non-interest bearing, and due on demand.

During the year ended December 31, 2019, the Company received advances of \$2,527,402, paid \$1,825,829 to Realty ONE Group and made Shareholder distributions of \$3,221,425.

During the year ended December 31, 2018, the Company received advances of \$2,642,741, and paid \$3,205,000 to Realty ONE Group. On December 31, 2018, a balance of \$150,000 was forgiven by Realty ONE Group. In 2018, the extinguishment of the liabilities due to Realty ONE Group were recorded as a capital contribution to the Company due to the related party nature of the transactions.

Allocation of expenses

For the years ended December 31, 2019 and 2018, operating expenses include \$1,824,683 and \$781,473, respectively, of costs allocated to the Company from Realty ONE Group, Inc. These costs include the Company's allocable amount of labor costs, information technology, human resources, insurance, and marketing.

Trademark license

The Company has an agreement with Realty ONE Group, Inc. which grants the Company a trademark license and the right to use the principal trademark and related trademarks, service marks, trade names, logos and symbols (collectively the "Marks") related to Realty ONE Group and to grant licenses to use the Marks to Realty ONE Group franchisees.

Marketing and Promotion fees collected on behalf of Realty ONE Group, Inc.

In accordance with its franchise agreements, the Company collects a marketing and promotion fee of 2% of gross sales on behalf of Realty ONE Group, Inc. These amounts are deposited into accounts owned by Realty ONE Group, Inc. and are not included in the Company's financial statements.

NOTE 5 CONTINGENCIES

As of December 31, 2019, there are no claims or litigation against the Company.

NOTE 6 SUBSEQUENT EVENTS

The Company performed an evaluation of subsequent events through March 27, 2020, the date the financial statements were available to be issued, noting no other items requiring disclosure in the financial statements.

REALTY ONE GROUP AFFILIATES, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

REALTY ONE GROUP AFFILIATES, INC.

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WEINBERG & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
Realty ONE Group Affiliates, Inc.
Irvine, California

We have audited the accompanying financial statements of Realty ONE Group Affiliates, Inc., (the "Company") which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Realty ONE Group Affiliates, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Weinberg & Company

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March 27, 2019

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REALTY GROUP ONE AFFILIATES, INC.
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	<u>Assets</u>	
	<u>2018</u>	<u>2017</u>
Current Assets		
Cash	\$ 225,915	\$ 35,019
Accounts receivable, net of allowance of \$291,686 and \$92,282	351,484	217,492
Notes receivable-current portion	<u>35,252</u>	<u>33,528</u>
Total current assets	612,651	286,039
Due from related party	701,573	-
Notes receivables, net of current portion	<u>130,678</u>	<u>61,523</u>
Total assets	\$ <u>1,444,902</u>	\$ <u>347,562</u>

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts payable and accrued expenses	\$ 115,931	\$ 79,933
Accrued salaries and related	50,072	96,991
Deferred revenue	<u>-</u>	<u>10,000</u>
Total current liabilities	166,003	186,924
Due to related party	<u>-</u>	<u>10,686</u>
Total liabilities	<u>166,003</u>	<u>197,610</u>
Commitments and contingencies		
Stockholders' equity		
Common stock, no par value; 1,500 shares authorized, issued and outstanding	100,000	100,000
Additional paid in capital	4,200,000	4,050,000
Accumulated deficit	<u>(3,021,101)</u>	<u>(4,000,048)</u>
Total stockholders' equity	<u>1,278,899</u>	<u>149,952</u>
Total liabilities and stockholders' equity	\$ <u>1,444,902</u>	\$ <u>347,562</u>

See accompanying notes

REALTY ONE GROUP AFFILIATES, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenue		
Monthly fees	\$ 1,725,463	\$ 962,825
Initial franchise fees	1,318,754	392,045
Transaction and technology fees	<u>1,358,760</u>	<u>609,373</u>
Total revenue	<u>4,402,977</u>	<u>1,964,243</u>
Operating expenses		
Salaries and payroll taxes	1,386,794	1,185,535
Allocated expenses-related party	781,473	829,745
Commissions	580,816	568,200
Provision for bad debts	199,404	109,856
Other operating expenses	<u>496,990</u>	<u>381,251</u>
Total operating expenses	<u>3,445,477</u>	<u>3,074,587</u>
Income (loss) from operations	957,500	(1,110,344)
Other income		
Interest income	<u>21,447</u>	<u>2,678</u>
Net income (loss)	<u><u>\$ 978,947</u></u>	<u><u>\$ (1,107,666)</u></u>

See accompanying notes

REALTY ONE GROUP AFFILIATES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>In Capital</u>	<u>Deficit</u>	<u>Total</u>
Balance, December 31, 2017	1,500	100,000	3,039,747	(2,892,382)	247,365
Extinguishment of due to related party recorded as capital contribution	-	-	1,010,253	-	1,010,253
Net loss	-	-	-	(1,107,666)	(1,107,666)
Balance, December 31, 2017	1,500	100,000	4,050,000	(4,000,048)	149,952
Extinguishment of due to related party recorded as capital contribution	-	-	150,000	-	150,000
Net Income	-	-	-	978,947	978,947
Balance, December 31, 2018	1,500	\$ 100,000	\$ 4,200,000	\$ (3,021,101)	\$ 1,278,899

See accompanying notes

REALTY ONE GROUP AFFILIATES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Net income (loss)	\$ 978,947	\$ (1,107,666)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Initial franchise fee revenue recorded as note receivable	(143,500)	(77,040)
Provision for bad debts	199,404	109,856
Changes in operating assets and liabilities:		
Accounts receivable	(333,396)	(135,274)
Prepaid expenses	-	800
Accounts payable and accrued expenses	35,998	55,625
Accrued salaries and related	(46,919)	63,009
Deferred revenue	(10,000)	(15,000)
Net cash provided by (used in) operating activities	<u>680,534</u>	<u>(1,105,690)</u>
Cash Flows from Investing Activities		
Payments received on notes receivable	<u>72,621</u>	<u>56,477</u>
Cash Flows from Financing Activities		
Increase in due to related party	2,642,741	2,725,939
Payment of due to related party	<u>(3,205,000)</u>	<u>(1,705,000)</u>
Net cash provided by (used in) financing activities	<u>(562,259)</u>	<u>1,020,939</u>
Net increase (decrease) in cash	190,896	(28,274)
Cash, beginning of year	<u>35,019</u>	<u>63,293</u>
Cash, end of year	\$ <u>225,915</u>	\$ <u>35,019</u>
Non-cash investing and financing disclosure		
Write off of fully reserved accounts receivable	\$ <u>-</u>	\$ <u>17,574</u>
Extinguishment of due to related party recorded as capital contribution	<u>150,000</u>	<u>1,010,253</u>

See accompanying notes

REALTY ONE GROUP AFFILIATES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Realty ONE Group Affiliates, Inc. (the "Company"), a Nevada corporation, was formed on July 20, 2012 and began selling Realty ONE Group franchises in August 2012.

As a franchisor, the Company enters into agreements with franchisees in various states. Under the terms of the franchise agreements, each franchisee receives training, an operations manual, and a non-exclusive territory in which to operate a Realty ONE Group franchise. In return, the franchisees pay an initial franchise fee to the Company and once operations commence, pay a monthly fee, transaction and technology fees, and marketing and promotion fees per the franchise agreement.

Realty ONE Group franchisees provide full-service residential and commercial real estate brokerage services and related services to retail customers, using the Company's designated technology and techniques.

The Company's operations are subject to certain risks and uncertainties including, among others, the uncertainty of future profitability. At December 31, 2018, the Company has an accumulated deficit of \$3,021,101. The Company actively markets franchise agreements. In the event that the Company does not enter into sufficient franchise agreements as needed to fund operations, management believes it is probable that the Company will have adequate capital resources through its related party, Realty ONE Group, Inc. and its stockholders. Realty ONE Group, Inc. is a related party through common ownership (see Note 4).

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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Accounts Receivable

The Company's accounts receivable represent monthly fees and transaction and technology fees due from franchisees. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded, which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. At December 31, 2018, the allowance for doubtful accounts was \$291,686 and \$92,282 at December 31, 2017. For the year ended December 31, 2018, the Company recorded bad debt expense of \$199,404 and \$109,856 for the year ended December 31, 2017.

Revenue Recognition

Initial Franchise Fees - Revenue from sales of individual franchises is recognized when the Company has fulfilled its obligations per the franchise agreement and the franchisee is open for business.

Monthly Fees - Franchisees are charged a monthly fee based on the number of licensed real estate brokers, salespersons or agents associated with the franchisee's real estate broker's license as of the last business day of the month. In general, the monthly fee is the greater of either: \$50 multiplied by the number of licensed real estate brokers, salespersons or agents operating under or associated with the franchisee's real estate broker's license, or \$1,225.

Transaction and Technology Fees - Franchisees are charged transaction and technology fees on the sales or leases of property that result in gross commission income to the franchisee of \$2,000 or more. Revenue from transaction and technology fees are recognized upon the closing of sales or leases of property.

- During the years ended December 31, 2018 and 2017, discounts and allowances of \$1,144,586 and \$553,647, respectively, were deducted from transaction and technology fees. The increase in discounts and allowances in 2018 is a result of the Company working with franchisees to expand operations.

Commissions

During 2018, the Company expanded or instituted several commission plans as incentives for expanding the Company's franchise operations. Under the Company's policy, sales commissions are expensed as incurred.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, stockholders are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision for federal income taxes has been recorded.

Concentrations

Occasionally, the Company's bank balances exceed FDIC-insured limits. The Company has not experienced and does not anticipate any losses related to these balances.

Fair Value Measurements

The Company uses various inputs in determining the fair value of its investments and measures these assets on a recurring basis. Financial assets recorded at fair value in the balance sheets are categorized by the level of objectivity associated with the inputs used to measure their fair value. Authoritative guidance provided by Financial Accounting Standards Board ("FASB") defines the following levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these financial assets:

Level 1- Quoted prices in active markets for identical assets or liabilities.

Level 2- Inputs, other than the quoted prices in active markets, that is observable either directly or indirectly.

Level 3- Unobservable inputs based on the Company's assumptions.

As of December 31, 2018, and 2017, the carrying value of cash, accounts receivable, and accounts payable and accrued liabilities approximates their fair value because of the short maturity of these instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

NOTE 2 FRANCHISE AGREEMENTS

The following is a summary of franchise agreements held by the Company at December 31, 2018 and 2017 in California and several other states for terms of up to 10 years:

	<u>Franchise Agreements</u>
Franchise agreements at January 1, 2017	36
New franchise agreements	42
Terminated franchise agreements	<u>(1)</u>
Franchise agreements at December 31, 2017	77
New franchise agreements	82
Terminated franchise agreements	<u>(8)</u>
Franchise agreements at December 31, 2018	<u><u>151</u></u>

NOTE 3 REGIONAL DIRECTOR AGREEMENTS AND NOTES RECEIVABLE

At December 31, 2018, the Company has seven regional director agreements which assign a specified regional territory to outside investors. The investors received access to specialized training and the Company's proprietary marks. Aside from the initial franchise fees, the investors owe the Company a regional director monthly fee representing 50% of all fees collected from franchise units in the regional territory.

In connection with the regional director agreements, the Company accepted unsecured notes from the investors for the regional director franchise fees. The notes are unsecured, bear interest at 5% to 6% per annum, and are due through March 2020. At December 31, 2017, the Company had two notes receivable that totaled \$95,051. During the year ended December 31, 2018, a note was issued for \$143,500, and principal payments of \$72,621 were received. At December 31, 2018, the Company had two notes receivable and the remaining balance due under the notes totaled \$165,930, of which \$35,252 is due in the next 12 months, and \$130,678 is due after 12 months.

NOTE 4 RELATED PARTY TRANSACTIONS

Realty ONE Group, Inc. is a related party through common ownership. The amount due to Realty ONE Group is unsecured, non-interest bearing, and due on demand.

During the year ended December 31, 2017, the Company received advances of \$2,725,939, and paid \$1,705,000 to Realty ONE Group. On December 31, 2017, a balance of \$1,010,253 was forgiven by Realty ONE Group. During the year ended December 31, 2018, the Company received advances of \$2,642,741, and paid \$3,205,000 to Realty ONE Group. On December 31, 2018, a balance of \$150,000 was forgiven by Realty ONE Group, and at December 31, 2018, the balance due from Realty ONE Group was \$701,573.

The extinguishment of the liabilities due to Realty ONE Group were recorded as a capital contribution to the Company due to the related party nature of the transactions.

Allocation of expenses

For the years ended December 31, 2018 and 2017, operating expenses include \$781,473 and \$829,745, respectively, of costs allocated to the Company from Realty ONE Group, Inc. These costs include the Company's allocable amount of labor costs, information technology, human resources, insurance, and marketing.

Trademark license

The Company has an agreement with Realty ONE Group, Inc. which grants the Company a trademark license and the right to use the principal trademark and related trademarks, service marks, trade names, logos and symbols (collectively the "Marks") related to Realty ONE Group and to grant licenses to use the Marks to Realty ONE Group franchisees.

Marketing and Promotion fees collected on behalf of Realty ONE Group, Inc.

In accordance with its franchise agreements, the Company collects a marketing and promotion fee of 2% of gross sales on behalf of Realty ONE Group, Inc. These amounts are deposited into accounts owned by Realty ONE Group, Inc. and are not included in the Company's financial statements.

NOTE 5 CONTINGENCIES

As of December 31, 2018, there are no claims or litigation against the Company.

NOTE 6 SUBSEQUENT EVENTS

The Company performed an evaluation of subsequent events through March 27, 2019, the date the financial statements were available to be issued, noting no other items requiring disclosure in the financial statements.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Realty One Group Affiliates

Balance Sheet

As of June 30, 2020

(Unaudited)

Assets	<u>June 30, 2020</u>
Cash Accounts	1,487,518
Accounts Receivable, Net of Allowance	1,169,334
Prepaid Expenses	1,575,967
Intercompany Receivable	2,760,511
Fixed Assets, Net	<u>113,427</u>
Total Assets	<u><u>7,106,757</u></u>

Liabilities and Equity	
Accounts Payable & Accrued Expenses	196,669
Accrued Payroll	147,071
Trust Liabilities	59,368
Deferred Revenue - Current	1,794,912
Note Payable - Long Term	<u>209,945</u>
Total Liabilities	<u>2,407,965</u>
Stockholders Equity	
Capital Stock	100,000
Additional Paid In Capital	4,200,000
Retained Earnings	<u>398,792</u>
Total Stockholders Equity	<u>4,698,792</u>
Total Liabilities and Equity	<u><u>7,106,757</u></u>

Realty One Group Affiliates**Profit and Loss**

YTD June 30, 2020

(Unaudited)

	Year To Date
	06/30/2020
Revenue	
Monthly Dues	\$ 2,421,645
Transaction Revenue	2,650,129
Other Revenue	145,962
Total Revenue	<u>5,217,736</u>
Operating Expenses	
Sales & Marketing Expense	483,777
Labor/Benefit Expense	779,650
Affiliate Expense	793,136
Allocations	1,199,838
Equipment Expense	679,397
Other Expenses	261,408
Depreciation and Amortization Expense	24,372
Total Operating Expenses	<u>4,221,578</u>
Other Income (Expense)	<u>(20,641)</u>
Net Income (Loss)	<u>\$ 975,517</u>

REALTY ONE GROUP

LIST OF FRANCHISE OUTLETS

LIST OF FRANCHISE OUTLETS

The following Realty ONE Group Unit Franchise Outlets were open and operating on June 30, 2020:

STATE	CONTACT NAME	ADDRESS	PHONE NO.
ALABAMA	Clint Newton	15380 Greenfield Dr., Athens, AL 35613	256-233-2800
ALASKA	Yolonda Logan	2213 E. Tudor Rd., Anchorage, AK 99507	907-312-7663
ARIZONA	Jeff & Daniel Collins	901 S. Highway 89, Chino Valley, AZ 86323	928-440-2522
	Jeff & Daniel Collins	544 S. 6th St., Ste. 102, Cottonwood, AZ 86326	928-486-6437
	Daniel & Jeff Collins	2050 W. Woodlands Village Blvd., Ste. 1, Flagstaff, AZ 86001	928-774-3392
	Jeff & Daniel Collins	2635 Kingman Ave., Unit B, Kingman, AZ 86041	928-362-0568
	Jeff & Daniel Collins	20 N. Acoma Blvd., Ste. 102, Lake Havasu City, AZ 86403	928-680-7350
	Jeff & Daniel Collins	100 E. Sheldon, Ste. 200, Prescott, AZ 86301	928-862-4035
	Daniel Collins	2485 N. Great Western Dr., Prescott Valley, AZ 86314	928-862-4035
	Shelley Ostrowski	745 Archibald, San Luis, AZ 85349	928-580-3279
	Jeff & Daniel Collins	2855 W. State Route 89A, Ste. 2, Sedona, AZ 86336	928-862-4035
	Daniel Collins	7445 N. Oracle Rd., Ste. 201, Tucson, AZ 85704	928-862-4035
	Shelley Ostrowski	128 W. 32nd St., Yuma AZ	928-850-3279
CALIFORNIA	Randy Rector	2300 E. Katella, Ste. 100, Anaheim, CA 92806	714-602-2600
	Freddie Ortega	3105 Latte Ln., Bakersfield, CA 93312	661-663-3600
	Freddie Ortega	5145 Ming Ave., Bakersfield, CA 93312	661-663-3600
	Mona Phillips	2510 Sand Creek Rd., Brentwood, CA 94513	925-978-1100
	Wendell Jones	910 E. Hamilton Ave., Ste. 100, Campbell, CA 95008	408-377-2700
	Laura C. Pinsak, Michael A. Szakos	2185 Ventura Blvd., Camarillo, CA 93010	805-389-1919
	Navid Ali	3300 E. Castro Valley Blvd., Castro Valley, CA 94552	925-487-4740
	Randy Rector	1260 Corona Pointe, Ste. 102, Corona, CA 92879	951-547-8400
	Jenny & KT Yuan	19540 Stevens Creek Blvd., Ste. 200, Cupertino, CA 95014	408-255-3978
	Mavera Mir	9001 Firestone Blvd., 2nd Fl., Downey, CA 90241	562-228-4900
	Greg McClure	950 Iron Point Rd., Ste. 170, Folsom CA 95630	916-616-7850
	Ranbir Atwal, Ruby Waraich	42820 Albrae St., Fremont, CA 94538	510-344-2311
	Wendell Jones	7675 N. Ingram Ave., Ste. 101, Fresno, CA 93711	408-377-2700
	Jaime Genie	1345 S. Grand Ave., Glendora, CA 91740	626-650-0370
	Mavera Mir	243 Pacific Coast Hwy., Hermosa Beach, CA 90254	310-375-0713
	Randy Rector	2124 Main St., Stes. 220/110, Huntington Beach, CA 92646	714-274-2720
	Randy Rector	4010 Barranca Pkwy., Ste. 120, Irvine, CA 92604	949-783-2400
	Randy Rector	23811 Aliso Creek Rd., Ste. 181, Laguna Niguel, CA 92677	949-297-2020

STATE	CONTACT NAME	ADDRESS	PHONE NO.
CALIFORNIA	Luis Vega	3748 Bayer Ave., Long Beach, CA 90815	562-444-8940
	Luis Vega	2135 N. Bellflower Blvd., Long Beach, CA 90815	562-473-9747
	Heather Chong	3700 Wilshire Blvd., Ste. 1008, Los Angeles, CA 90010	213-297-5669
	Aaron Lewis	313 Banner Ct., Ste. A, Modesto, CA 95356	209-664-9200
	Randy Rector	27401 Los Altos, Ste. 100, Mission Viejo, CA 92691	949-783-2500
	Janet Cisneros	13330 Ranchero St., Ste. 12, Oak Hills, CA 92344	760-407-6444
	Parm Rahi	3608 Grand Ave., Oakland, CA 94610	510-421-1455
	William Doerlich	608 Main St., Pleasanton, CA 94566	925-701-8900
	Randy Rector	10681 Foothill Blvd., Ste. 140, Rancho Cucamonga, CA 91730	909-694-0160
	Greg McClure	1150 Sunset Blvd., Ste. 100, Rocklin, CA 95765	916-435-0404
	Greg McClure	2335 American River Dr., Sacramento, CA 95825	909-891-0858
	Solomon Niazi, Pamela Kourtakis	352 W. Hospitality Ln., Ste. 100, San Bernardino, CA 92408	909-891-0858
	Navid Ali	2355 San Ramon Valley Blvd., Ste. 100, San Ramon, CA 94583	925-230-0700
	Josh Anderson and Treasure Molina	3461 Brookside Rd., Stockton, CA 95219	209-600-3035
	Barbara Baker, Clarke Van Deventer	41463 Margarita Rd., Ste. 100, Temecula, CA 92591	951-216-2000
	Mavera Mir	22939 Hawthorne Blvd., Torrance, CA 90505	310-948-0404
	Patrick Raach	25350 Magic Mountain Pkwy., Ste. 300, Valencia, CA 91355	661-481-2118
	Ed Rapisarda	11 Town Square Pl., Ste. C, Vacaville, CA 95688	707-448-6119
	Michael Szakos, Laura C. Pinsak	940 E. Santa Clara St., Ste. 100, Ventura, CA 93001	805-978-5764
	Janet Cisneros	13261 Spring Valley Pkwy., Ste. 101, Victorville, CA 92395	760-932-4008
	Angel Hernandez	11027 1st Ave., Whittier, CA 90603	562-696-6515
COLORADO	Gary Carlson, Bob Bronswick	509 Wilcox St., Ste. 100, Castle Rock, CO 80104	303-475-2011
	Al Galperin	480 S. Holly St., Denver, CO 80246	303-377-8100
	Duff Knott, Ron Worley	5601 19th St., Greeley, CO 80124	970-396-0589
	Gary Carlson, Bob Bronswick	8600 Park Meadows Dr., Ste. 300, Lone Tree, CO 80124	303-798-4300
	Susan Krodell	18951 E. Main St., Parker, CO 80134	303-359-8181
CONNECTICUT	Chris Bacoulis, John McBride	2 Trap Falls Rd., Ste. 314, Shelton, CT 06484	203-767-1857
FLORIDA	Nydia Centeio	14590 S. Military Trail, Delray Beach, FL 33484	561-501-0055
	Jacqui Luberto	321 Harbor Blvd., Destin, FL 32541	850-830-5955
	Juan Navia	2787 NW 79th Ave., Doral, FL 33122	786-477-4715
	Lori Bennett	888 E. Las Olas Blvd., 1st Flr., Fort Lauderdale, FL 33310	416-357-1485
	Debra Parker	9531 NW Federal Hwy., Jensen Beach, FL 34957	772-260-3090
	Juan Navia	12039 SW 132nd Ct., Unit 26, Kendall, FL 33186	786-477-4715

STATE	CONTACT NAME	ADDRESS	PHONE NO.
FLORIDA	Dara Khoyi	24514 State Road 54, Lutz, FL 33559	813-354-2659
	Ray Veloso	6965 Piazza Grande, Ste. 406, Orlando, FL 32835	321- 206-5262
	Nydia Centeio	7751 N. Military Trail, Ste. 3, Palm Beach Gardens, FL 33410	954-804-4971
	Troy Funk	1680 Fruitville Rd., Ste. 302, Sarasota, FL 34236	941-587-8328
	Brett Vickers	6740 Crosswinds Dr., Saint Petersburg, FL 33710	727-325-5843
	Dara Khoyi	4020 Park St. N., Ste. 200, Saint Petersburg, FL 33709	813-909-0909
GEORGIA	Greg Sanders	3140 Main St., Duluth, GA 30096	678-953-2688
	Janet Howard	7025 Hodgson Memorial Dr., Savannah, GA 31406	912-210-0511
	Greg Sanders	625 Molly Ln., Ste. 140, Woodstock, GA 30189	678-953-2688
IDAHO	Joel Hess	106 N. 6th St., Unit M4, Boise, ID 83702	208-794-2220
	Julie Hess	2058 E. Franklin Rd., Ste. 100., Meridian ID 83642	208-794-2220
ILLINOIS	Paul & Tina Kempa	610 N. Commons Dr., Ste. 107, Aurora, IL 60504	630-816-7045
INDIANA	Justin Perry	7900 E. US 36, Avon, IN 46123	317-286-6588
	John Wischmeier	436 Washington, Columbus, IN 47201	812-344-3480
	John Wischmeier	1102 E. Stop 11 Rd., Indianapolis, IN 46277	812-344-3480
IOWA	Robb Spearman, Adam Grubb	104 N Main St., Baxter, IA 50028	515-202-2974
	Richard McClintock	4726 N. Brady St., Davenport, IA 52806	563-424-3499
	Robb Spearman	136 S. Dubuque St., Iowa City, IA 52240	515-202-2974
	Robb Spearman	6165 NW 86 th St., Johnston, IA 50131	515-202-2974
	Kathie Pffaffe	4301 Sergeant Rd., Sioux City, IA 51106	512-538-4999
	Cara & DJ Naatjes	1718 Hill Ave., Spirit Lake, IA 51360	712-336-0029
	Robb Spearman, Adam Grubb	900 56th St., West Des Moines, IA 50266	515-202-2974
	Robb Spearman, Adam Grubb	3900 Westown Pkwy., West Des Moines, IA 50266	515-202-2974
KANSAS	Daniel Pettit	426 Cherokee St., Leavenworth, KS 66048	913-208-2783
	Daniel Pettit	1520 Clay St., North Kansas City, KS 64116	913-208-2783
	Daniel Pettit	6635 W. 135th, Overland Park, KS 66233	913-208-2783
	Shawn Phelps	205 S. Main St., Smith Center, KS 66967	785-282-4024
MAINE	Steven Brackett	513 Sabattus Lewiston, ME 04240	207-312-9182
MARYLAND	Monica Gordon-Truesdale	1421 Clarkview Blvd., Baltimore, MD 21209	410-419-2849
	David Pridgen	1829 Reistertown Rd., Pikesville, MD 21208	443-641-9999
	Charnise Calhoun Carter	1101 Mercantile Ln., Upper Marlboro, MD 20774	240-583-1183
MINNESOTA	Paul & Janelle Ekstrom	1893 Station Pkwy. NW, Andover, MN 553304	612-749-8404
	Robert Ankeny	4600 W. 77th St., Edina, MN 55435	651-755-5232
	Paul & Janelle Ekstrom	807 Broadway St. NE, Minneapolis, MN 55413	612-749-8404

STATE	CONTACT NAME	ADDRESS	PHONE NO.
MISSOURI	Steve Snarzyk	219 Main St., Saint Peters, MO 63376	636-614-4888
NEBRASKA	John Massih, Kevin Story	1620 Central Ave., Ste. 202, Omaha, NE 82001	402-968-1244
NEVADA	Ryan Borden	5325 Reno Corporate Dr., Reno, NV 89511	775-683-3360
NEW JERSEY	Youssef Genid	600 Getty Ave., Clifton, NJ 07011	973-686-7777
	Purmina Talwar	17 Broad St., Freehold, NJ 07726	908-770-5999
	Youssef Genid	36 Preakness Shopping Ctr., Wayne, NJ 07470	973-686-7777
NEW YORK	Gil Corber	135 E. 57th St., New York, NY 10022	917-453-4202
NORTH CAROLINA	Hania Habbal	6865 Fairview Rd., Ste. C, Charlotte, NC 28210	704-366-4144
	Hania Habbal	2215 Park Ave., Charlotte, NC 28203	704-366-4144
	Dawn & Barry Aldridge	249 Williamson Rd., Mooresville, NC 28117	704-437-9113
	Hollie Vires	2936 Breezewood Ave., Ste. 100, Fayetteville, NC 28303	910-920-2327
	Monica Rousseau	319 King St., Hendersonville, NC 28792	828-676-7264
	Robyn St. Clair	108 1st St SW, Hickory, NC 28601	828-759-4044
	Thomas Watson	1019 Whippoorwill Ln., Indian Trail, NC 28079	704-575-2736
	Chasity DeBarber	1703 Country Club, Jacksonville, NC 28546	910-376-9399
	Chasity DeBarber	1106 Gum Branch, Jacksonville, NC 28540	910-376-9399
	Teresa Tedder-Overcash	19 E. Ash St., West Jefferson, NC 28694	
	Brion & Alicia Oxendine	4828 Fayetteville Rd., Lumberton, NC 28358	910-737-3731
	Jack Cook	2224 S. Croatan Hwy., Nags Head, NC 27959	252-256-2557
	Nicole Lowery	2921 Wakefield Crossing, Ste. 200, Raleigh, NC 27614	919-780-9342
	Hollie Vires	251 Commerce Ave., Southern Pines, NC 28387	910-920-2327
	Teresa Tedder-Overcash	187 Berry Mountain Dr., Wilkesboro, NC 28697	336-262-3111
	Teresa Tedder-Overcash	150 Charlois Blvd., Winston-Salem, NC 27103	336-262-3111
OHIO	Blake Daniels	3800 Red Bank Rd., Ste. C, Cincinnati, OH 45227	513-635-9897
OKLAHOMA	Millie Eubanks	3008 S. Sunny Ln., Moore, OK 73160	405-476-3466
OREGON	Marcus Brown	15220 NW Greenbrier Pkwy., Beaverton, OR 97006	503-957-1179
	Marcus Brown	3348 Highway 101 N., Gearhart, OR 97138	503-957-1179
	Ty Hildebrand, Greg Eide	3607 S. Coast Hwy, Newport, OR 97366	503-881-2313
	Marcus Brown	1500 NW 18th Ave., Ste. 102, Portland OR 97209	503-957-1179
	Ty Hildebrand, Greg Eide	2668 Cascadia Industrial St. SE, Ste. 150, Salem OR 97302	503-881-2313
PENNSYLVANIA	Jim Dietrich	4295 Tilghman St., Allentown, PA 18104	484-531-7300
	Michael Howell, Louis Muscella	902 Skippack Pike, Blue Bell, PA 19422	484-614-1674

STATE	CONTACT NAME	ADDRESS	PHONE NO.
PENNSYLVANIA	Michael Howell, Louis Muscella	1610 W. Main St., Ste. 404, Collegeville, PA 19426	484-614-1674
	Michael Howell, Louis Muscella	20 E. Second Ave., 2nd Flr., Conshohocken, PA 19428	484-902-8880
	John Meulstee	601 New Britain Rd., Bldg. 100., Doylestown, PA 18901	215-234-7645
	Greg Bardell	240 N. 7th St., Ephrata Township, PA 17522	717-569-1700
	Brent Harris	1885 Swamp Pike, Ste. 109, Gilbertsville, PA 19525	484-436-1051
	Greg Bardell	415 N. Prince St., Lancaster, PA 17603	717-569-1700
	Cameron Yockey	3851 Old William Penn Hwy., Murrysville, PA 15668	724-875-5956
	John Muelstee	127 S. State St. Newtown, PA 18940	717-569-1700
	John Muelstee	1214 N. Front St., Philadelphia, PA. 19122	717-569-1700
	Sherri Flaherty	427 Cochran Rd., Pittsburgh, PA 15228	241-328-0006
	Michael Hanlon, Dionne Malush	6425 Living Place, Pittsburgh, PA 15206	724-963-6134
	Jim Dietrich	515 S. West End Blvd. Quakertown PA. 18951	267-767-0605
	Michael Hanlon, Dionne Malush	75 Valley Brook Rd., McMurray, PA 15317	724-963-6134
	Julie Combs, Joseph Ippolito, Daniel Sweeney	239 E. Market St., Ste. 103, West Chester, PA 19382	610-331-5560
	Michael Hanlon, Dionne Malush	11171 Perry Hwy., Wexford, PA 15090	724-963-6134
RHODE ISLAND	Rebecca Correia	458 Putnam Pike, Greenville, RI 02828	401-300-2534
SOUTH CAROLINA	Glen David and Jim Adams	21 Promeade St., Bluffton, SC 29910	843-290-0911
	Tammy Lyles	1001 Pinnacle Point Dr., Columbia, SC 29223	803-500-9177
	Diana Johnson	654 Coleman Blvd., Ste. 102, Mount Pleasant, SC 29464	843-345-6485
	Mike & Tammi Cole	11947 Grandhaven Dr., Ste. J, Murrells Inlet, SC 29576	843-907-7607
	Mike & Tammi Cole	4209 Mayfair St., Ste. A, Myrtle Beach, SC 29577	843-907-7607
	Mike & Tammi Cole	2120 Sea Mountain Hwy., Ste. 2102, North Myrtle Beach, SC 29582	843-907-7607
	Michael Schnezler	355 Woodruff Rd., Greenville, SC 95688	864-313-9481
	Diana Johnson	1510 Old Trolley Rd., Summerville, SC 29485	843-345-6485
TENNESSEE	Monte & Connie Mohr	600 A Frazier Dr., Ste 123, Franklin, TN 37067	615-636-8244
	Eric Abel	1945 Southpointe Way, Murfreesboro, TN 37013	615-428-9721
	Chad Chaudhury	2920 Berry Hill Dr., Nashville, TN 37204	615-948-3719
	Chad Chaudhury	1536 Rock Springs Rd., Smyrna, TN 37167	615-268-9444
TEXAS	Shane Hanes	7845 Canyon Dr., Amarillo, TX 79110	806-340-0043
	Karlyn Ellis, Chad Hardin	4021 Capital of Texas Hwy., Ste. C, Austin, TX 78704	512-658-6476
	Karlyn Ellis, Chad Hardin	305 Railroad St., Ste. A, Buda, TX 78610	512-658-6476

STATE	CONTACT NAME	ADDRESS	PHONE NO.
TEXAS	Abbie Holland, Jill Daniels	2400 FM 1488, Ste. 150, Conroe, TX 77384	936-851-7011
	Scottie Smith	2717 Commerce St., Dallas, TX 75226	214-971-3915
	Gabriel Mendez	5925 Silver Springs, El Paso, TX 79912	915-892-8770
	Brian Phelt, Patrick Wilbanks	105 Galleria Fair, San Antonio, TX 78232	210-286-7761
	Angela Clegg	23901 Gosling Rd., Spring, TX 77389	281-703-5535
UTAH	Ravath & Joan Pok	13894 S. Bangerter Pkwy., Ste. 150, Draper, UT 84020	801-633-1990
	Spring Bengtzen	262 N. University Ave., Farmington, UT 84025	801-641-1431
	Ravath & Joan Pok	7650 Union Park Ave., Midvale, UT 84047	801-201-2713
	Matthew Casey Jones, Mykal Bush	321 N. Mall Dr., Saint George, UT 84780	801-520-5800
	RP & Joan Pok	1060 W. Market Dr., Ste. 3, Vernal, UT 84078	801-201-2713
VIRGINIA	Cameron Nikkah	7925 Jones Branch Dr., McLean, VA 2210	703-587-5870
	Jeff & Ramona Dente	580 Lynnhaven Pkwy., Ste. 103/104, Virginia Beach, VA 23462	757-803-3359
WASHINGTON	John Dirgo Deweese	2214 Summer Ave., Aberdeen, WA 98520	360-869-6907
	Kevin Zellmer	22522 29th Dr., Bothell, WA 98021	425-213-7880
	Brad Whittaker	511 Pacific Ave. S., Long Beach, WA 98631	380-777-1001
	Brad & Maryann Whittaker	1322 Commerce Ave., Longview, WA 98632	360-560-2402
	Todd Fahlman	1347 State Ave., Marysville, WA 98270	425-239-0072
	John Dirgo Deweese and David Deweese Dirgo	795 Point Brown Ave. NW, Ocean Shores, WA 98569	360-869-6907 360-986-5999
	Elizabeth Roe	2903 Pacific Ave., Ste. 104, Olympia WA 98501	360-918-8263
	Pamela Dorgan	2150 N. 107th St., Seattle, WA 98133	425-318-9630
	Jessica & Matt Side	1414 W. Garland Ave., Spokane, WA 99205	509-220-3961
	Tasha Branch	7104 265th St. NW, Stanwood, WA 98292	425-346-1543
	Craig Tuttle	1302 N. I St., Ste. A, Tacoma, WA 95403	253-244-5500
	Kess & Jonathan Romano	4400 NE 77th Ave., Vancouver, WA 98662	360-719-9141
WISCONSIN	Joseph Cardenas, Raul Gonzalez	3172 S. 27th St., Milwaukee, WI 53215	414-294-9700

As of June 30, 2020, the following franchisees had signed a franchise agreement but not yet opened their outlet.

STATE	CONTACT NAME	CITY	PHONE NO.
CALIFORNIA	Janet Cisneros	Hesperia	760-407-6444
	Jaime Genie	La Verne	626-650-0370
	Navid Ali	Walnut Creek	925-487-4740
COLORADO	Gary Calson, Bob Bronswick, Derek Kilner	Castle Rock	916-337-3824

STATE	CONTACT NAME	CITY	PHONE NO.
FLORIDA	Ray Veloso	Lake Nona	321-206-5262
ILLINOIS	Richard McClintock	Moline	309-314-3853
MAINE	Steven Brackett	Portland	207-312-9182
MINNESOTA	Robert Ankeny	Bloomington	507-525-3531
	Anthony Giglio	Minnetonka	612-513-0755
NEW YORK	George Tian Yan Chen	Bayside	917-560-7199
	Gil Corber, Brian Rabinowitz	Manhattan	310-367-7611
NORTH CAROLINA	Brion & Alicia Oxendine	Chapel Hill	910-740-6690
OHIO	Blake Daniels	Cincinnati	513-635-9897
PENNSYLVANIA	Michael Howell, Louis Muscella	Blue Bell	
	John Maulstee	Fishtown	215-234-7645
	Julie Combs, Joseph Ippolito, Daniel Sweeney	Jennersville	610-331-5560
	John Meulstee	Newtown	215-234-7645
SOUTH CAROLINA	Thomas Lee Watson	Fort Mill	704-575-2736
SOUTH DAKOTA	Cara Naatjes	Sioux Falls	712-336-0029
UTAH	Bush Jones	Cedar City	801-671-6171
VIRGINIA	Jeff & Ramona Dente	Chesapeake	757-803-3359
	Jeff Dente	Newport News	757-803-3359
WASHINGTON	John Dirgo Deweese	Ocean Shores	360-869-6907
	Kess & Jonathon Romano	Vancouver (Northeast)	360-891-0100
	Kess & Jonathon Romano	Vancouver (West)	360-891-0100

The following Realty ONE Group Outlets owned by related entities were open and operating on June 30, 2020:

STATE	ADDRESS	PHONE NO.
ARIZONA	3530 S. Val Vista Dr., Ste. 114, Gilbert, AZ 85297	480-321-8100
	17235 N. 75th Ave., Ste. C-190, Glendale, AZ 85308	623-236-1414
	2950 N. Litchfield Rd., Goodyear, AZ 85395	623-552-3773
	11211 N. Tatum Blvd., Ste. 200, Phoenix, AZ 85028	602-953-4000
	7975 N. Hayden Rd., Ste. A-101, Scottsdale, AZ 85258	480-315-1240
	17550 N. Perimeter Dr., Ste. 160, Scottsdale, AZ 85255	480-285-0000
	2141 E. Broadway Rd., Ste. 101, Tempe, AZ 85282	480-777-4500
NEVADA	2831 Saint Rose Pkwy., Ste. 100, Henderson, NV 89052	702-898-7575

STATE	ADDRESS	PHONE NO.
NEVADA	5550 Painted Mirage Rd., Ste. 140, Las Vegas, NV 89135	702-898-0101
	10750 W. Charleston Blvd., Ste. 180, Las Vegas, NV 89135	702-898-1221
	8395 W. Sunset Rd., Ste. 190, Las Vegas, NV 89113	702-898-1010

REALTY ONE GROUP

LIST OF TERMINATED FRANCHISES

EXHIBIT D

LIST OF TERMINATED FRANCHISES

The following Realty ONE Group Unit Franchisee had an outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its Unit Franchise Agreement in 2019:

STATE	NAME	CITY	LAST KNOWN PHONE NUMBER	REASON FOR TERMINATION
CALIFORNIA	Burke Smith	Carlsbad	760-607-3230	Terminated
	Burke Smith	Mission Valley	760-607-3230	Terminated
	RK Khalfani	Pasadena	414-687-4669	Terminated
	Burke Smith	Rancho Bernardo	760-607-3230	Terminated
IDAHO	Susan & Spencer Allred	Idaho Falls	208-390-7261	Terminated
TEXAS	Gabriel Mendez	El Paso	915-892-8770	Never Opened
WASHINGTON	Bill Young (five outlets terminated)	Bellevue, Bothell, Everett, Marysville, Seattle	425-679-6999	Not Renewed
WISCONSIN	Jessica Vroman, Andrew Kaplan	Glendale	414-687-4669	Terminated

The following Realty ONE Group Unit Franchisee had an outlet terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its Unit Franchise Agreement from January 1, 2020 through June 30, 2020:

STATE	NAME	CITY	LAST KNOWN PHONE NUMBER	REASON FOR TERMINATION
ARIZONA	Daniel Collins	Chino Valley	928-440-2522	Terminated
ILLINOIS	Tracy Lockenour	Bloomington	309-222-1792	Never Opened
NORTH CAROLINA	Hania Habbal, Lou Amorose	Charlotte	704-366-4144	Terminated
	Hania Habbal, Lou Amorose	Charlotte	704-366-4144	Terminated
SOUTH CAROLINA	Sam Fiorini	Irmo	801-413-5858	Terminated
	Sam Fiorini	Lexington	801-413-5858	Terminated

No Realty ONE Group Unit Franchisee has failed to communicate with Realty ONE Group Affiliates, Inc. within the 10 weeks ending on the date of this disclosure document.

REALTY ONE GROUP

STATEMENT OF FRANCHISEE

EXHIBIT E

STATEMENT OF FRANCHISEE

Realty ONE Group Affiliates, Inc. and you are entering into a Franchise Agreement under the terms of which you will operate a Realty ONE Group Affiliates franchised real estate office. The purposes of this Statement of Franchisee are (i) to verify compliance with franchise disclosure legal requirements and (ii) to determine whether any statements or promises were made to you that we did not authorize or that may be untrue, inaccurate or misleading. *This Statement of Franchisee must be completed, signed and dated on the same day you sign your Realty ONE Group Affiliates Franchise Agreement for your initial Real Estate Office. It does not need to be completed if this Franchise Agreement is for an additional Real Estate Office.*

A. The following dates are true and correct:

- | | | |
|----------------------------|---------------------|---|
| 1. _____, 20____
(Date) | _____
(Initials) | The date that I received a Franchise Disclosure Document ("FDD") about the Realty ONE Group Affiliates Franchise. |
| 2. _____, 20____
(Date) | _____
(Initials) | The date that I signed the Realty ONE Group Affiliates Franchise Agreement (must be at least 15 days after A.1). |
| 3. _____, 20____
(Date) | _____
(Initials) | The earliest date that I delivered cash, check or other consideration to a Realty ONE Group Affiliates franchise sales representative (must be at least 15 days after A.1). |

B. Representations:

1. No oral, written or visual claim or representation that contradicted or was not disclosed in the FDD was made to me, except:

Initial: _____
(If none, the prospective franchisee shall write none).

2. Except as disclosed in Item 19 of the FDD, Realty ONE Group Affiliates, Inc. made no oral, written or visual claim or representation that stated or suggested any sales, income or profit levels to me, except:

Initial: _____
(If none, the prospective franchisee shall write none).

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

I/we certify the above is true and correct to the best of my/our knowledge.

Prospective Franchisee

By: _____ Date: _____

By: _____ Date: _____

REALTY ONE GROUP

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

EXHIBIT F

STATE FRANCHISE ADMINISTRATORS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. The following are the state administrators responsible for the review, registration and oversight of franchises in these states:

California:

Commissioner of Business Oversight,
Department of Business Oversight
1515 K St., Ste. 200
Sacramento, CA 95814
(866) 275-2677

Hawaii:

Business Registration Division
Dept. of Commerce and Consumer Affairs
335 Merchant St., Rm. 203
Honolulu, HI 96813
(808) 586-2722

Illinois:

Office of the Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:

Franchise Section
Securities Division
302 W. Washington St., Rm. E111
Indianapolis, IN 46204
(317) 232-6681

Maryland:

Office of the Attorney General
Securities Division
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Bldg., 1st Flr.
525 W. Ottawa St.
Lansing, MI 48933
(517) 373-7117

Minnesota:

Department of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:

NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Flr.
New York, NY 10005
(212) 416-8285

North Dakota:

Franchise Examiner
North Dakota Securities Department
600 E. Boulevard Ave.
State Capitol, 5th. Flr., Dept. 414
Bismarck, ND 58505
(701) 328-4712

Rhode Island:

Securities Division
Dept. of Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:

Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501
(605) 773-3563

Virginia:

State Corporation Commission
Div. of Securities & Retail Franchising
1300 E. Main St., 9th Flr.
Richmond, VA 23219
(804) 371-9051

Washington:

Administrator
Dept. of Financial Institutions
Securities Division
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:

Franchise Administrator
Division of Securities
Dept. of Financial Institutions
345 W. Washington Ave.
Madison, WI 53703
(608) 266-8557

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a franchise in some of or all the following states, in accordance with applicable state law. If we register the franchise (or otherwise comply with the franchise investment laws) in any of these states, we will designate the following state offices or officials as our agents for service of process in those states:

California:

Commissioner of Business Oversight,
Department of Business Oversight
1515 K St., Ste. 200
Sacramento, CA 95814
(866) 275-2677

Hawaii:

Hawaii Commissioner of Securities,
Dept. of Commerce and Consumer
Affairs, Business Registration Div.
335 Merchant St., Rm. 205
Honolulu, HI 96813
(808) 586-2744

Illinois:

Illinois Attorney General
500 S. 2nd St.
Springfield, IL 62701
(217) 782-4465

Indiana:

Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6681

Maryland:

Maryland Securities Commissioner
200 Saint Paul Pl.
Baltimore, MD 21202
(410) 576-6360

Michigan:

Michigan Corporation & Securities Bureau
Department of Commerce
6546 Mercantile Way
Lansing, MI 48911
(517) 373-7117

Minnesota:

Minnesota Commissioner of Commerce
85 7th Pl. E., Ste. 280
Saint Paul, MN 55101
(651) 539-1600

New York:

New York Secretary of State
One Commerce Plaza
99 Washington Ave., 6th Flr.
Albany, NY 12231
(518) 473-2492

North Dakota:

North Dakota Securities Commissioner
600 E. Boulevard Ave., 5th. Flr.
Bismarck, ND 58505
(701) 328-4712

Rhode Island:

Director, Rhode Island Department of
Business Regulations
1511 Pontiac Ave., Bldg. 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota:

Division of Insurance
Securities Regulation
124 S. Euclid Ave., Ste. 104
Pierre, SD 57501
(605) 773-3563

Virginia:

Clerk, Virginia State Corporation Commission
1300 E. Main St., 1st Flr.
Richmond, VA 23219
(804) 371-9733

Washington:

Dept. of Financial Institutions
Securities Division – 3rd Flr.
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin:

Administrator
Wisconsin Division of Securities
345 W. Washington Ave.
Madison, WI 53703
(608) 261-9555

REALTY ONE GROUP

STATE SPECIFIC ADDENDA

EXHIBIT G

CALIFORNIA

APPENDIX FOR CALIFORNIA FRANCHISEES

1. 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.

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

3. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

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

5. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

6. The Franchise Agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damage clauses are enforceable.

7. The Franchise Agreement requires binding arbitration. The arbitration will occur in Orange County, California, with the costs being borne equally by both parties. 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 provision of a franchise agreement that restricts venue to a forum outside of California.

8. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, approved by the Department of Business Oversight before a solicitation of a proposed material modification of an existing franchise.

9. The Franchise Agreement requires you to execute a general release of claims upon transfer of the Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

10. 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.

CALIFORNIA

ADDENDUM TO FRANCHISE AGREEMENT FOR CALIFORNIA FRANCHISEES

The Franchise Agreement is amended or clarified as follows:

1. In sections 4.8(b) and 8.7(e), "18%" is amended to "10%".
2. In sections 13.1, 13.2 and 13.3, "30 days" is amended to "60 days".
3. Notwithstanding section 15.2(d), under California law, Franchisor has the obligation under certain conditions to purchase assets of Franchisee's business if Franchisee does not continue to operate a real estate brokerage business at your location after the Franchise Agreement is terminated or not renewed.

Date: _____

Date: _____

FRANCHISEE:

FRANCHISOR:

REALTY ONE GROUP AFFILIATES, INC.

BY: _____

BY: _____

ITS: _____

HAWAII

REGISTRATION OF FRANCHISES IN OTHER STATES

1. This proposed registration is effective in all states not requiring franchise registration and in the following states requiring franchise registration or notification:
 - Indiana
 - Michigan
 - South Dakota
 - Wisconsin
2. This proposed registration (or one substantially similar) is or will be shortly on file in:
 - California
 - Hawaii
 - Illinois
 - Maryland
 - Minnesota
 - New York
 - North Dakota
 - Rhode Island
 - Virginia
 - Washington
3. No states have refused, by order or otherwise, to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

HAWAII

ADDITIONAL RISK FACTORS REQUIRED TO BE DISCLOSED IN HAWAII

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN CALIFORNIA. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN HAWAII.
2. THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
3. 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 FOURTEEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST FOURTEEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
4. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, the Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

ILLINOIS

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR ILLINOIS FRANCHISEES

The addendum makes the following specific disclosures and amendments to the Franchise Disclosure Document and Franchise Agreement:

1. Illinois law governs the Franchise Agreement.
2. In conformance with section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates the jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

DATED: _____

FRANCHISOR: _____
(Signature)

DATED: _____

FRANCHISEE: _____
(Signature)

INDIANA

ADDENDUM FOR INDIANA FRANCHISES

The Indiana Securities Division requires the following specific disclosures to be made to prospective Indiana franchisees:

1. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, please note that you do not have to sign any general release to renew or assign your franchise.

2. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, any arbitration or litigation arising under the Franchise Agreement shall take place in Indiana or other place mutually agreed by you and the Franchisor. Under Indiana law, no litigation brought for breach of the Franchise Agreement may be limited in any manner whatsoever.

3. If there are any differences between California law and Indiana law regarding the franchise relationship, termination or renewal, franchise registration or franchise disclosure, the law of Indiana shall apply.

4. The rights of parties to punitive or exemplary damages in court proceedings in Indiana are not waived.

5. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, no action may be brought for a violation of the Indiana Deceptive Franchise Practices Act (Indiana Code 23-2-2.7) more than 2 years after the violation and no action may be brought to enforce any liability created under the Indiana Franchise Law (Indiana Code 23-2-2.5) more than 3 years after discovery by the plaintiff of the facts constituting the violation.

6. Notwithstanding anything different in the Disclosure Document or Franchise Agreement, Franchisor may not require a franchisee to covenant not to compete with Franchisor in an area greater than the exclusive area granted by the Franchise Agreement, or in the absence of such provision, an area of reasonable size, upon termination or failure to renew the franchise.

DATED: _____

DATED: _____

FRANCHISOR:

FRANCHISEE:

REALTY ONE GROUP AFFILIATES, INC.

(Signature)

(Signature)

MARYLAND

APPENDIX FOR MARYLAND FRANCHISEES

The Maryland Division of Securities requires the following specific disclosures to be made to prospective Maryland franchisees, and the amendments to the Franchise Disclosure Document and Franchise Agreement that have been agreed to by the parties:

1. Any general release required as a condition of renewal, sale, assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law and Item 17 of the disclosure document is amended accordingly.
2. Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C Section 101 et seq.)
3. Any limitation on the period of time arbitration and/or litigation claims must be brought will not act to reduce the 3 year statute of limitations afforded you to bring a claim arising under the Maryland Franchise Registration and Disclosure Law, and Item 17 of the disclosure document is amended accordingly.
4. A franchisee may bring lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, and Item 17 of the disclosure document is amended accordingly.
5. All representations of requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Date: _____

Date: _____

FRANCHISEE:

FRANCHISOR:

REALTY ONE GROUP AFFILIATES, INC.

BY: _____

BY: _____

ITS: _____

ITS: _____

MINNESOTA

APPENDIX FOR MINNESOTA FRANCHISEES

The Minnesota Department of Commerce requires the following specific disclosures to be made to prospective Minnesota franchisees:

1. With respect to Item 17(b) of the Disclosure Document and Section 5.3 of the Franchise Agreement, please note that if you do not elect to extend your Franchise for an additional term, you will be given an opportunity to operate your Franchise over a sufficient period of time to enable you to recover the fair market value of the Franchise as a going concern, as determined and measured from the date of the failure to renew. The Franchisor will not refuse to renew a Franchise for the purpose of converting your business premises to an operation that will be owned by the Franchisor for its own account.

3. Notwithstanding Item 17(d) of the Disclosure Document and Article 13 of the Franchise Agreement, Minnesota Statutes Section 80C.14, Subdivision 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement. To the extent the notice provisions of this Agreement are inconsistent with the foregoing, the aforesaid Minnesota statute will govern.

Notwithstanding the immediately preceding paragraph, notice of termination or cancellation of the Franchise shall be effective immediately upon receipt where the alleged grounds for termination or cancellation are:

- (i) voluntary abandonment of the Franchise relationship by you;
- (ii) your conviction of an offense directly related to the business conducted pursuant to the Franchise; or
- (iii) failure to cure a default under the Franchise Agreement which materially impairs a goodwill associated with Franchisor's trade name, trademark, service mark, logo type or other commercial symbol after you have received written notice to cure at least 24 hours in advance.

4. Minnesota Rule 2860.4400D prohibits the Franchisor from requiring you to assent to a general release.

5. Notwithstanding the provisions of Item 17u of the Disclosure Document, Minnesota Rule 2860.4400J prohibits waiver of a jury trial.

6. Under Minnesota Rule 2860.4400J, (i) the Franchisor cannot require you to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this rule does not bar an exclusive arbitration clause and (ii) only a court may determine if a bond is required. Also, the franchisee cannot be required to consent in advance to the Franchisor obtaining injunctive relief. However, the Franchisor may seek injunctive relief.

7. Throughout the Disclosure Document, wherever consent is required, it shall not be unreasonably withheld within the meaning of Minnesota Statutes section 80C.14, part 2860.4400J.

8. Minnesota Statutes section 80C.21 and Minnesota Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure

Document or 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.

9. Notwithstanding Item 13 of the Disclosure Document and Section 9.5 of the Franchise Agreement, the Franchisor will defend you at our cost and expense against liability or claims in connection with your authorized use of our Name or Marks. You will not be responsible for the costs of any litigation to protect or defend the Name or Marks unless your unauthorized use of the Name or Marks caused it. Minnesota considers it unfair to not protect your right to use the Franchisor's trademarks pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g).

10. Minnesota Statutes Section 80C.17, Subdivision 5 limits claims against the Franchisor to three years.

To the extent necessary our signatures below amend the Franchise Agreement between the Franchisor and you in accordance with the above sections 1 through 9.

Date: _____

Date: _____

Franchisor:

Franchisee:

REALTY ONE GROUP AFFILIATES, INC.

By: _____

By: _____

NEW YORK

NEW YORK STATE ADDENDUM

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 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 FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

6. 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.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

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

NORTH DAKOTA

APPENDIX FOR NORTH DAKOTA FRANCHISEES

The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota Franchisees:

1. Restrictive Covenants: A franchise disclosure document that discloses the existence of covenants restricting competition contrary to North Dakota Century Code ("NDCC") Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: A franchise agreement providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: A franchise agreement that specifies it is to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
8. General Release: A franchise agreement that requires the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: A franchise agreement that requires the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: A franchise agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RHODE ISLAND

ADDENDUM FOR RHODE ISLAND FRANCHISEES

The following provisions constitute an amendment to the Franchise Agreement. This amendment is hereby incorporated into and made a part of the Franchise Agreement to the extent the following paragraphs amend the respective sections of the Franchise Agreement as set forth below:

1. Notwithstanding Section 14.3 of the Franchise Agreement, and Item 17 of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement shall take place in Rhode Island or other place mutually agreed to by Franchisee or Franchisor.

2. Notwithstanding Section 16.13 of the Franchise Agreement, and Item 17 of the Disclosure Document, and to the extent required by Section 19-28.1-14 of the Rhode Island Franchise Investment Act, the laws of the State of Rhode Island shall govern the Franchise Agreement. Section 19-28.1-14 of the Rhode Island General Laws provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

DATED: _____

FRANCHISOR: _____
(Signature)

DATED: _____

FRANCHISEE: _____
(Signature)

SOUTH DAKOTA

APPENDIX FOR SOUTH DAKOTA FRANCHISEES

The South Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to South Dakota Franchisees:

1. Restrictive Covenants: A franchise disclosure document that discloses the existence of covenants restricting competition contrary to South Dakota Codified Laws, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: A franchise agreement providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring South Dakota franchisees to consent to the jurisdiction of courts outside of South Dakota.
4. Liquidated Damages and Termination Penalties: Requiring South Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: A franchise agreement that specifies it is to be governed by the laws of a state other than South Dakota.
6. Waiver of Trial by Jury: Requiring South Dakota franchisees to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring South Dakota franchisees to consent to a waiver of exemplary and punitive damages.
8. General Release: A franchise agreement that requires the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: A franchise agreement that requires the franchisee to consent to a limitation of claims. The statute of limitations under South Dakota law applies.
10. Enforcement of Agreement: A franchise agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

VIRGINIA

APPENDIX FOR VIRGINIA FRANCHISEES

The Division of Securities and Retail Franchising of Virginia requires the following specific disclosures to be made to prospective Virginia franchisees.

In recognition of the restriction contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Realty ONE Group Affiliates, Inc., for use in the Commonwealth of Virginia shall be amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement 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.

DATED: _____

FRANCHISOR: _____
(Signature)

DATED: _____

FRANCHISEE: _____
(Signature)

WASHINGTON

WASHINGTON STATE FRANCHISE AGREEMENT ADDENDUM

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

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

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

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

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

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

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

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering disclosure document, and (b) is open for business.

This Appendix for Washington Franchisees acts as an addendum to the Franchise Agreement.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR:
REALTY ONE GROUP AFFILIATES, INC.

FRANCHISEE:

By _____
(Authorized Signature)

By _____
(Authorized Signature)

WISCONSIN

APPENDIX FOR WISCONSIN FRANCHISEES

The Wisconsin Franchise Investment Division requires the following specific disclosures to be made to prospective Wisconsin franchisees:

1. Notwithstanding Item 17c and Item 17f of this Disclosure Document, the Wisconsin Fair Dealership Law prohibits the termination, cancellation, nonrenewal or substantial change of the competitive circumstances of the franchise without good cause. Realty ONE Group Affiliates, Inc. must give you 90 days written notice of termination, cancellation, nonrenewal or substantial change of the competitive circumstances of the franchise. You have 60 days in which to cure the deficiency. The Wisconsin Fair Dealership Law supersedes any provisions contained in the franchise agreement that are not consistent with this law.

2. Notwithstanding Item 17v and Item 17w of this Disclosure Document, Wisconsin Statutes, specifically the Wisconsin Fair Dealership Law, Chapter 135, supersedes any provisions of the Franchise Agreement, if such provisions are in conflict with that law.

REALTY ONE GROUP

STATE EFFECTIVE DATES

EXHIBIT H

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	July 7, 2020
Virginia	Pending
Washington	Pending
Wisconsin	August 6, 2020

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.

REALTY ONE GROUP

RECEIPTS

EXHIBIT I

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Realty One Group Affiliates, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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

We have no franchise brokers. The name, address and telephone number of the franchise seller for this offering is: Vinnie Tracey, 23811 Aliso Creek Road, Suite 168, Laguna Niguel, California 92677, telephone 1-855-529-0101.

Date of Issuance: March 27, 2020.

Realty One Group Affiliates, Inc. authorizes the person identified in Item 1 to receive service of process for it in your state. I received a disclosure document issued March 27, 2020 (as amended July 7, 2020), that included the following Exhibits:

- "A" Unit Franchise Agreement
 - Exhibits to Franchise Agreement:*
 - Exhibit 1: Location of Real Estate Office; Primary Marketing Area
 - Exhibit 2: Name and Address of Regional Director (If Any)
 - Exhibit 3: Names and Addresses of Principal Equity Owners
 - Exhibit 4: Guarantee of Franchise Agreement
 - Exhibit 5: Addendum for Satellite Office
- "B" Financial Statements
- "C" List of Franchise Outlets
- "D" List of Terminated Franchises
- "E" Statement of Franchisee
- "F" State Franchise Administrators and Agents for Service of Process
- "G" State Specific Addenda
- "H" State Effective Dates
- "I" Receipts

DATED: _____
(Do not leave blank)

If a business entity:

If an individual:

(Name of Business Entity)

(Signature of Prospective Franchisee)

(Signature of Primary Contact Owner)

(Print Name)

(Print Name and Title)

Please date and sign this page, and then keep it for your records.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Realty One Group Affiliates, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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- "H" State Effective Dates
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DATED: _____
(Do not leave blank)

If a business entity:

If an individual:

(Name of Business Entity)

(Signature of Prospective Franchisee)

(Signature of Primary Contact Owner)

(Print Name)

(Print Name and Title)

Please date and sign this page, and then return it to Realty ONE Group Affiliates, Inc. either by email to vinnie@realtyonegroup.com or by first class mail to 23811 Aliso Creek Road, Suite 168, Laguna Niguel, California 92677.