

OCT - 2 2017

Sacramento Office



A Nevada Corporation

U.S. Franchise Disclosure Documents 2017

FRANCHISE DISCLOSURE DOCUMENT



REALTY WORLD[®], INC
a Nevada corporation
1101 Dove Street, Suite 228
Newport Beach, California 92660
(714) 436-9009
www.realtyworld.com
info@realtyworld.com

You will buy a franchise for the operation of a real estate brokerage business under the “Realty World[®]” name and marks

The total investment necessary to begin operation of a conversion franchise ranges from \$21,200.00 to \$104,500, including \$5,000 to \$12,500 that must be paid to the franchisor. The total investment necessary to begin operation of a start-up franchise ranges from \$47,000 to \$189,500, including \$5,000 to \$12,500 that must be paid to the franchisor. If you are granted an exclusive territory, the total investment necessary to begin operation of the franchise ranges from \$62,000 to \$677,000, including \$20,000 to \$500,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payments to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **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 Lisa Gerdes, Realty World, Inc., 1101 Dove Street, Suite 228, Newport Beach, California 92660, (714) 436-9009.

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

Buying a franchise is a complex investment. This 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 the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: September 7, 2017, as amended September 27, 2017

STATE COVER PAGE

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

Call the state franchise administrators listed in **Exhibit A** for information about the franchisor, or about franchising in your state.

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

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

- 1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.
- 2 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

The effective dates of this disclosure document in the states with franchise registration laws in which we have sought registration or exemption appear on the following page.

REALTY WORLD, INC.

STATE EFFECTIVE DATES

The following states require that the 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	September 7, 2017, as amended September 27, 2017
Maryland	Pending
Michigan	September 7, 2017, as amended September 27, 2017
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

In all other states that do not require the disclosure document to be registered or filed with the state, the effective date of this disclosure document is the issuance date of September 7, 2017, as amended September 27, 2017

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY
MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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

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

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub franchisor

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled At the option of the franchisor, a surety bond may be provided in place of escrow

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

Any questions regarding this notice should be directed to

Michigan Attorney General's Office
Consumer Protection Division
Attention Franchise Section
G Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone (517) 373-7117

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
2 BUSINESS EXPERIENCE	4
3 LITIGATION	5
4 BANKRUPTCY	5
5 INITIAL FEES	6
6 OTHER FEES	7
7 ESTIMATED INITIAL INVESTMENT	14
8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	22
9 FRANCHISEE'S OBLIGATIONS	24
10 FINANCING	26
11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	27
12 TERRITORY	35
13 TRADEMARKS	38
14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	39
15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	40
16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	41
17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTIONS	41
18 PUBLIC FIGURES	46
19 FINANCIAL PERFORMANCE REPRESENTATIONS	46
20 OUTLETS AND FRANCHISEE INFORMATION	47
21 FINANCIAL STATEMENTS	55

22	CONTRACTS	55
23	RECEIPT	55

Exhibits

Exhibit A	List of State Agencies/Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit B-1	Exclusive Territory Addendum
Exhibit C	Initial Franchise Fee Promissory Note
Exhibit D	Financial Statements
Exhibit E	List of Franchises
Exhibit F	List of Franchisees Who Left the System
Exhibit G	Operations Manual Table of Contents
Exhibit H	Disclosure Acknowledgment Statement
Exhibit I	State Additional Disclosures and Riders
Exhibit J	Receipts

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT I.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

For ease of reference, Realty World[®], Inc., the franchisor, will be referred to as "Realty World[®]," "we," "us" or "our" in this disclosure document. "You" means the person who buys the franchise from us. If you are a corporation, partnership or limited liability company, certain provisions of the applicable agreement also apply to your owners or partners.

We were incorporated on June 12, 1997 in Nevada under the name AC Capital, Inc. We changed our name to Realty World[®] America, Inc. ("RWA") on September 11, 1997. On March 31, 2006, we changed our name to Realty World[®], Inc. We do business under our corporate name and as Realty World[®]. Our principal business address is 1101 Dove Street, Suite 228, Newport Beach, California 92660. Our telephone number is (714) 436-9009. Our agents for service of process are disclosed in Exhibit A.

Our predecessor, Realty World Corporation ("RWC"), incorporated in Delaware on November 8, 1974, and offered franchises for real estate brokerage business from 1973 to 1997. In 1997, we acquired certain rights from RWC, including the exclusive license and use of all national and international (excluding Canada) trademarks, names and logos of RWC. In July 1998, Eon Capital, Inc. ("EON") assigned all of the rights to the Realty World[®] marks and name to us. Since then, we have engaged in the licensing of real estate brokerage offices. We began offering franchises for real estate brokerage businesses in June 2000. We have not offered franchises in any other line of business.

Our affiliate, HomeLife[®] Realty Services Inc., was incorporated in Canada on March 28, 1985. Its principal place of business is 28 Drewry Avenue, Toronto, Ontario M2M 1C8. Its telephone number is (800) 668-0186. Since its inception, HomeLife[®] Realty Services Inc. has offered franchises in Canada for real estate brokerage businesses. It currently has 140 franchised locations in Canada. It has never offered franchises in any other line of business.

Our affiliate, HomeLife[®] International, Inc. ("HomeLife[®]"), was incorporated in Michigan on July 15, 2008. Its principal place of business is 1101 Dove Street, Unit 235, Newport Beach, California, 92660. Its telephone number is (734) 246-6080. Since its inception, HomeLife[®] has offered franchises for real estate brokerage businesses until 2011 and intends to offer franchises again this fiscal year. It currently has 2 franchised locations in the United States. It has never offered franchises in any other line of business.

Our affiliate, Red Carpet[®] International, Inc. ("Red Carpet[®]"), was incorporated in Michigan on July 15, 2008. Its principal place of business is 1101 Dove Street, Unit 235, Newport Beach, California, 92660. Since its inception, Red Carpet has offered franchises for real estate brokerage businesses. It currently has [] franchised locations in the United States. Its telephone number is (734) 246-6080. Though it is not currently offering franchises, it intends

to do so again in the current fiscal year. It has never offered franchises in any other line of business.

Our affiliate, Move In and Out, Inc. ("Move In and Out"), was incorporated in Delaware on March 21, 2006. Its principal place of business is 28 Drewry Avenue, Toronto, Ontario M2M 1C8. It has engaged in maintaining a website that offers information regarding moving and relocation services since its incorporation. Realty World® Businesses may choose to participate as a member of the website. Move In and Out has never operated any other business or offered franchises in any line of business.

Our affiliate, Ads and Deals, Inc., was incorporated in Delaware on December 13, 2007. Its principal place of business is 28 Drewry Avenue, Toronto, Ontario M2M 1C8. It has engaged in maintaining a website that offers on-line classified advertising. Realty World® Businesses may choose to participate as a member of the website. Ads and Deals, Inc. has never operated any other business or offered franchises in any line of business.

Our affiliate, Job YoYo Inc., was incorporated in Delaware on February 2006. Its principal place of business is 28 Drewry Avenue, Toronto, Ontario M2M 1C8. It has engaged in maintaining a website that offers on-line job searching and hosting. Realty World® Businesses may choose to participate as a member of the website. Job YoYo Inc. has never operated any other business or offered franchises in any line of business.

Our affiliate, Taxi Property Management Ltd. offers software for the operation of property management businesses. Its principal place of business is 28 Drewry Avenue, Toronto, Ontario M2M 1C8. It was incorporated as Surplus Cash Inc. in March 1998 but was renamed and began operating as Taxi Property Management Ltd. in December 2015. Realty World® Businesses may choose to use this software. Taxi Property Management Ltd. has never operated any other business or offered franchises in any line of business.

The Franchise Offered

We have developed a network of real estate brokerage businesses known as "Realty World®" businesses ("Realty World® Businesses"). We use, promote, and license certain trademarks, service marks, and other commercial symbols in operating Realty World® Businesses, and may create, use and license other trademarks, service marks, and commercials for Realty World® Businesses (the "Marks"). Realty World® Businesses offer the products and services we authorize and use our business formats, methods, rules, procedures, signs, designs, layouts, standards, specifications, and Marks (the "Franchise System").

We offer to qualified persons the right to operate a Realty World® Business (a "Business") under the form of franchise agreement attached as Exhibit B (the "Franchise Agreement"). We do not typically grant an exclusive territory. Under limited circumstances, however, we may offer you the right to acquire a franchise with an exclusive territory (excluding commercial real estate and new home developments) under our form of exclusive territory addendum attached as Exhibit B-1 (the "Exclusive Territory Addendum"). If you acquire a

Realty World® franchise, you must operate the Realty World® Business in accordance with our specifications and standards for the Marks and the Franchise System

From August 2009 to August 2012, we granted persons or entities meeting our qualifications ("Area Developers") the right to develop multiple Realty World® Businesses utilizing the marks within a development area. We are no longer offering franchises for Area Developer franchises. As of the date of this disclosure document, there are no Area Developers in existence. However, we may offer franchises for Area Developer franchises in the future.

Competition

The market for real estate brokerage offices is well established. You will compete with other national and regional franchised real estate brokerage offices (including our affiliates), as well as local real estate brokerage offices in your market area for the listing and sales of commercial and residential property and related ancillary services. A critical component to your success will be your ability to recruit and retain sales representatives (defined in Item 6).

The real estate market may presently be in, or at any given time may enter into, a downturn as a result of economic conditions, as well as credit restraints, a large inventory of unsold homes in many markets, decreasing sales volume or a variety of factors. It is impossible to predict whether or when the economy will or would improve, whether interest rates will or would remain stable, or whether or when the real estate industry will or would return to a growth period.

Laws Applicable to the Real Estate Brokerage Business

You are subject to the licensing requirements of your state regulatory authority and must be a licensed real estate broker. Most states have specific laws and regulations covering real estate brokerage services and licenses. These laws, among other things, require that anyone who offers real estate brokerage services be a licensed real estate broker, a licensed associate broker, or a licensed salesperson affiliated with a licensed real estate broker. There may be similar laws in the cities and counties in which you will be operating. Some states also require franchised real estate brokers to identify themselves as such when offering their services to the public. You must know your state's requirements. There are also various federal laws that could affect your real estate business such as the Real Estate Settlement and Procedures Act and Fair Housing Laws. You must comply with all local, state and federal laws in the operation of your Realty World® Business. We urge you to make further inquiries about these and other laws in order to understand your potential legal obligations.

ITEM 2

BUSINESS EXPERIENCE

Andrew Cimerman – President, Chief Executive Officer and Chairman of the Board

Mr Cimerman has been our President since June 1, 2010 and has been our Chairman of the Board, and Chief Executive Officer since June 1997. Mr Cimerman also holds positions with the following entities: (1) President and Chief Executive Officer of Red Carpet International Ltd, since June 2016, (2) President of HomeLife® Insurance, Inc, since September 2007, (3) President of PCH Capital Inc, since September 2007, (4) President of Ads And Deals, Inc, since June 2007, (5) President of LANA Capital LLC, since June 2007, (6) President of Move In and Out, Inc, since March 2006, (7) President of Job YoYo, Inc, since February 2006, (8) President and Chief Executive Officer of Realty World® International, Inc, since July 2000, (9) President of World Alliance Inc, since February 2000, (10) President of FamilyLife Realty Services, Inc, since February 1997, (11) President of National Real Estate, Inc, since January 1997, (12) President of Red Carpet® International, Inc, since July 1996, (13) President of Max American Home Warranty, Inc, since July 1996, (14) President and Chief Executive Officer of HomeLife® International, Inc, since October 1986, (15) President of HomeLife® Realty Services, Inc, since March 1985, (16) President of HomeLife® International, Inc, since July 2004, (17) President of Simcoe Fox Developments, Inc, since 1976, (18) President of Cimerman Real Estate Ltd /HomeLife® since April 1973, (19) President of pololoans Inc since October 2014, and (20) President and Chief Executive Officer of Realium Technologies, Inc. Mr Cimerman serves in each of these positions in Toronto, Ontario, Canada.

Lisa Gerdes: Executive Vice President, Secretary, and Chief Operating Officer

Ms Gerdes has been our Executive Vice President, Secretary, and Chief Operating Officer since April 2014. From May 1990 to April 2014, Ms Gerdes was a managing broker for Tarbell, Realtors, headquartered in Santa Ana, California, where she also served as Auditor (from 2010 to 2014), Trainer (from May 1990 to April 2014), and Vice President (from 2010 to 2014).

Lori Cimerman: Director and Treasurer

Mrs Cimerman has been a Director of us and our Treasurer since she joined our organization in September of 2014. Mrs Cimerman has been a licensed real estate sales representative since January 2004, a licensed real estate broker since November 2006, and a licensed mortgage broker since January 2007. Since November 2009, Mrs Cimerman has been the Broker of Record of our affiliate HomeLife/Cimerman Real Estate Ltd, Brokerage, located in Toronto, Ontario, Canada.

ITEM 3

LITIGATION

Realty World, Inc v NextHome, Inc, No. 4:16-cv-5761 (N.D. Cal. Filed October 6, 2016). We filed suit against NextHome, Inc., our master licensee, James Dwiggins, the CEO of NextHome, and unnamed individuals and entities associated with NextHome. Our allegations stem from NextHome's breach of its master license agreement and applicable law by failing to make reasonable efforts to identify itself as an independent licensee of the Realty World marks, by failing to disclose that it is a licensee of the Realty World marks in advertising and marketing materials for its prospective franchisees, by using the Realty World marks outside the territory permitted by the licensing agreement, and by including false and deceptive information on its website, other websites, and in marketing/sales campaigns that was designed to confuse actual and prospective franchisees into believing that NextHome and its officers were either affiliated with or owners of Realty World, Inc. We alleged intellectual property violations, intentional interference with the contracts between us and our franchisees, intentional interference with prospective economic advantage between us and potential franchisees, and violations of California state law against all defendants and asserted all such claims against NextHome in addition to breach of the master license agreement. We seek declaratory relief that NextHome is bound by the master license agreement, and we seek injunctive relief, unspecified damages, and attorneys' fees and costs against all defendants.

NextHome filed counterclaims on November 1, 2016 against us and Andrew Cimerman. NextHome alleged that we breached the master license agreement by failing to provide a website link and to maintain, protect and police the use of Realty World marks. NextHome further alleged that Mr. Cimerman violated applicable law by registering domain names that incorporate NextHome's name and are confusingly similar to NextHome's website address, publishing untrue or misleading statements on the websites associated with those registered domains regarding the sale of the domains, and registering and/or incorporating a business in Canada with a name that is unlawfully similar to NextHome's. NextHome alleged that Mr. Cimerman violated California state law regarding unfair competition, false advertising, and intellectual property and violated federal law regarding unfair competition, cybersquatting, and intellectual property. NextHome sought unspecified damages, injunctive relief and attorney's fees and costs against both us and Mr. Cimerman. The lawsuit is currently in the early stages of discovery.

Except for the 1 matter disclosed above, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

You must pay us a non-refundable initial franchise fee when you sign the Franchise Agreement. The amount of the initial franchise fee will vary depending on the general population density of your Business' geographic location. The amount of the initial franchise fee is currently determined as follows: (i) \$12,500 if the city or unincorporated area in which your Business is located (or shall be located) has a population of 50,000 or more, (ii) \$10,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population greater than 19,999 and less than 50,000, or (iii) \$5,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population of less than 20,000. Under limited circumstances, and at our sole discretion, an exclusive territory (excluding commercial real estate and new home developments) may be available under our Exclusive Territory Addendum. The amount of the initial franchise fee under the Exclusive Territory Addendum will range from \$20,000 to \$500,000 and is determined by negotiations between you and us. In considering the amount of such initial franchise fee, we look at the geographic location, market share, population, number of sales representatives and any other factors we determine are relevant.

You must pay us the initial franchise fee in a lump sum in the form of a bank check or cashier's check when you sign the Franchise Agreement. If you purchase multiple franchises, you will sign the Franchise Agreements for all of the franchises at the same time and be required to pay an initial franchise fee for each signed Franchise Agreement. The initial franchise fee is nonrefundable under any and all circumstances and is fully earned by us upon signing of the Franchise Agreement by you. At our option we may accept payment of the initial franchise fee in installments for a period not exceeding 6 months. (See Items 7 and 10). If we offer you an installment period to pay the initial franchise fee you will execute a promissory note. See Exhibit C.

We reserve the right to vary, waive (in whole or in part), negotiate or make exception to our published fee structure and/or payment terms for any reason or if business circumstances warrant in our sole and absolute discretion, including without limitation large or otherwise significant transactions, conversion allowances or start-up allowances. In some cases, the initial franchise fee, or a part of it, may be offset by certain conversion allowances granted by us in our discretion. We also have the right to negotiate development allowances, bonuses or other incentives, which may vary in type, amount or duration to attract new franchisees. Any of these plans, depending on the particular bonus or incentive involved, may directly or indirectly decrease the initial franchise fees of those franchisees entitled to these bonuses or incentives. These incentive and bonus plans, if and when offered, may vary as to type, amount or duration.

In Pennsylvania, Realty World® franchises are sold by an authorized subfranchisor. In Northern California and Northern Nevada, Realty World® franchises are sold by a licensee. The amount of the initial franchise fee is determined by the subfranchisor in each region and this initial franchise fee together with other information is disclosed in the franchise disclosure document used and authorized by the subfranchisor or licensee for each region.

Our franchisees may receive a percentage of the initial franchise fee (ranging from 25% to 50%) for referring new franchisees to us as part of our Share the Wealth Program

ITEM 6

OTHER FEES

PERCENTAGE FEE OPTION FEES^{1,2}

Type of Fee^{4,5}	Amount	Due Date	Remarks
Royalty Fees ^{5 12}	4% of Gross Revenue ⁷ for the first \$1,000,000 in Gross Revenue in a given calendar year, 1% of Gross Revenue for amounts of Gross Revenue above \$1,000,000 in a given calendar year	Due on the 25 th day of the calendar month	
National Advertising and Promotional Fund Contribution	1% of Gross Revenue ⁷ for the first \$1 000,000 in Gross Revenue in a given calendar year, no further contributions required after you obtain \$1,000,000 in Gross Revenue in a given calendar year	Due on the 25 th day of the calendar month	

Type of Fee ^{4,5}	Amount	Due Date	Remarks
Your Local Advertising	1% of Gross Revenue ⁷ for the first \$1,000,000 in Gross Revenue in a given calendar year; no further expenditures due after you obtain \$1,000,000 in Gross Revenue in a given calendar year	Monthly	If you fail to make these required monthly expenditures, you must contribute the amount you failed to spend to the National Advertising and Promotional Fund

FLAT FEE OPTION FEES^{1,3}

Type of Fee ^{4,5}	Amount	Due Date	Remarks
Royalty Fees ^{5 12}	Varies between \$350 to \$4,850 per month depending on number of Sales Representatives ⁶ registered with your Realty World [®] Business ⁸	Due on the 25 th day of the calendar month	
National Advertising and Promotional Fund Contribution	Varies between \$75 and \$325 per month depending on number of Sales Representatives ⁶ registered with your Realty World [®] Business ⁹	Due on the 25 th day of the calendar month	

Type of Fee ^{4,5}	Amount	Due Date	Remarks
Your Local Advertising	Varies between \$50 and \$300 per month depending on number of Sales Representatives ⁶ registered with your Realty World [®] Business ¹⁰	Monthly	If you fail to make these required monthly expenditures, you must contribute the amount you failed to spend to the National Advertising and Promotional Fund

GENERAL FEES

Type of Fee ^{4,5}	Amount	Due Date	Remarks
Support Fee ¹³	Varies between \$150 and \$250, per month depending on the population of the area where your Business is located ¹⁴	Due on the 25 th day of each month	The Support Fee is due monthly
TechPack Fee	Currently \$64 99 per month for your office plus \$39 99 per month for each Sales Representative registered with your office May be increased in our discretion	1st day of each month	You must sign a Computer Software Licensing Agreement with us Under the Computer Software Licensing Agreement, you receive access to an internet-based software platform incorporating various third-party software programs covering marketing, advertising, and other technology services The current form of Computer Software Licensing Agreement is attached as Exhibit D to the Franchise Agreement
Late Fees	\$50 per day or maximum amount the law allows	On demand	

Type of Fee^{4,5}	Amount	Due Date	Remarks
Late Reporting of Sales Representatives	\$250	On demand	You must pay this fee if you fail to report the affiliation of any new Sales Representatives within 5 days
Renewal Fee	\$1,500	At the time of renewal	Must accompany written notice of renewal
Transfer Fee	\$3,500	At time of transfer	The transfer fee is for the supervisory, administrative, accounting, legal and other expenses we incur as a result of this sale or transfer
Registration Fee Annual Awards Convention	Varies Currently, registration fee estimated at \$300	Upon receipt of invoice	Attendance at our annual convention is mandatory, and you must pay us a registration fee, which covers our costs of organizing the convention You must pay for your own travel, lodging and related expenses
Initial Training Fee	Currently \$299	Upon receipt of invoice	We will provide initial training for your Designated Manager (see Item 15) and one additional person We will charge a fee for additional persons who attend training
Ongoing Training- Realty World® Academy	Currently \$59 to \$249 per course	Upon receipt of invoice	We provide ongoing training programs at a fee See Item 11

Type of Fee^{4,5}	Amount	Due Date	Remarks
Annual Realty World [®] Website Membership Registration Fee	Currently, annual fee is \$300 per year per office	Due on the 1st of every year	Realty World's Annual Website Membership is mandatory. You must pay the annual membership fee. Website Membership includes your own page on the Realty World [®] Website that will contain all Sales Representatives at your franchised business location, a hyperlink to the website for your Business and links to any personal websites your Sales Representatives have or may develop at their cost, if any, and access to Realty World [®] Intranet. ^{1,2}
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due prevailing party
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from the operation of your Business
Audit	Cost of audit, including the charges of any attorneys and independent accountants, travel expenses, room and board and compensation of our employees. The audit costs will range from \$500 to \$5,000	15 days after audit report is received	Payable only if we find that you have underreported any amount to us by 5% or more, or if the audit is caused by your failure to provide required information or documents

Explanatory Notes

- 1/ We offer the following 2 fees structures for Realty World[®] Business Royalty Fees, National Advertising and Promotional Fund Contributions, and your Local Advertising (i) the Percentage Fee Option and (ii) the Flat Fee Option. When you sign the Franchise

Agreement, you must elect either the Percentage Fee Option or Flat Fee Option by signing either Exhibit C-1 (Percentage Fee Option) or Exhibit C-2 (Flat Fee Option)

- 2/ The fees included in this table are only applicable to Realty World® Businesses that have elected the Percentage Fee Option
- 3/ The fees included in this table are only applicable to Realty World® Businesses that have elected the Flat Fee Option
- 4/ Unless indicated otherwise, all fees are collected by and payable to us and are non-refundable. The fees above may not be uniformly applied. We may agree to different fees for franchisees who are signing renewal franchise agreements. The ongoing franchise fees under all circumstances are nonrefundable and are fully earned by us upon payment. All fees will automatically increase by 3% per annum after the franchisee's 10th anniversary. We also reserve the right to vary, waive (in whole or in part), negotiate or make exception to our published fee structure and/or payment terms if business circumstances warrant in our sole and absolute discretion. We may offer incentive or bonus plans to attract new members and retain current members. Due to economic conditions and market forces, including acts of God, we may under certain circumstances offer incentive or bonus plans to attract new members and retain current members. Any of these plans, depending on the particular bonus or incentive involved, may directly or indirectly decrease the ongoing franchise license fees of those members entitled to these bonuses or incentives. These incentive and bonus plans, if and when offered, may vary as to amount or duration. The intent in offering these incentives is to provide a benefit to the entire system, in that the addition of new members increases the number of real estate sales representatives in various markets and therefore the overall number of transactions, and thus improves both our and the image of all of our franchisees.
- 5/ At our request, you agree to sign and deliver to us the documents we require to authorize us to debit your business checking account or credit card automatically for Royalty Fees, the National Advertising and Promotional Fund contribution, and other amounts due under the Franchise Agreement (the "EFT Authorization"). Such EFT Authorization shall remain in full force and effect during the term of the Franchise Agreement. We will debit the business account you designate in the EFT Authorization for these amounts on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You agree to ensure that funds will be available in your designated account to cover our withdrawals.
- 6/ A "Sales Representative" means each person who possesses a real estate license that is affiliated, directly or indirectly, with your Business, including Sales Representatives, broker associates, brokers, licensed assistants and each broker of record and/or manager. Within 5 days after a Sales Representative becomes affiliated with you, you must inform us in writing of the name of the Sales Representative. Each month you must provide us with an accounting of the Gross Revenue of each Sales Representative for the preceding

month, the number of transactions closed by each Sales Representative for the preceding month, and a listing of all Sales Representatives affiliated with your Business

- 7/ "Gross Revenue" means all revenues received by you from commissions fees or professional services, both actual or to be imputed, from all transactions of your Sales Representatives either in cash, commission notes, or any other valuable consideration received in lieu of cash, and shall include revenues from all transactions using the Franchise System involving you, your broker(s), any of its officers, directors, shareholders, partners, employees. Gross Revenue will be computed without deduction for any payment to your brokers, sales managers, Sales Representatives, or employees, payments for any multiple listing fees insurance, home protection plans, business expenses or taxes, but with deduction for any referral fees paid to any other non-affiliated real estate brokerage firms
- 8/ The Royalty Fee varies depending on the number of Sales Representatives registered with your Realty World® Business. Your Royalty Fee will be \$350 per month if you have up to 10 Sales Representatives, your Royalty Fee will be \$750 per month if you have more than 10 Sales Representatives but no more than 20 Sales Representatives, your Royalty Fee will be \$1,250 per month if you have more than 20 Sales Representatives but no more than 30 Sales Representatives, your Royalty Fee will be \$1,800 per month if you have more than 30 Sales Representatives but no more than 50 Sales Representatives, your Royalty Fee will be \$2,850 per month if you have more than 50 Sales Representatives but no more than 100 Sales Representatives, your Royalty Fee will be \$3,850 per month if you have more than 100 Sales Representatives but no more than 200 Sales Representatives, and your Royalty Fee will be \$4,850 per month if you have more than 200 Sales Representatives
- 9/ The National Advertising and Promotional Fund Contribution varies depending on the number of Sales Representatives registered with your Realty World® Business. Your contribution will be \$75 per month if you have up to 10 Sales Representatives, your contribution will be \$100 per month if you have more than 10 Sales Representatives but no more than 20 Sales Representatives, your contribution will be \$125 per month if you have more than 20 Sales Representatives but no more than 30 Sales Representatives, your contribution will be \$175 per month if you have more than 30 Sales Representatives but no more than 50 Sales Representatives, your contribution will be \$225 per month if you have more than 50 Sales Representatives but no more than 100 Sales Representatives, your contribution will be \$275 per month if you have more than 100 Sales Representatives but no more than 200 Sales Representatives; and your contribution will be \$325 per month if you have more than 200 Sales Representatives
- 10/ Your Local Advertising expenditure varies depending on the number of Sales Representatives registered with your Realty World® Business. Your expenditure will be \$50 per month if you have up to 10 Sales Representatives, \$75 per month if you have more than 10 Sales Representatives but no more than 20 Sales Representatives, \$100 per month if you have more than 20 Sales Representatives but no more than 30 Sales Representatives, \$150 per month if you have more than 30 Sales Representatives but no

more than 50 Sales Representatives, \$200 per month if you have more than 50 Sales Representatives but no more than 100 Sales Representatives, \$250 per month if you have more than 100 Sales Representatives but no more than 200 Sales Representatives, or \$300 per month if you have more than 200 Sales Representatives

- 11/ The Support Fee is \$150 per month if the city or unincorporated area in which your Business is located has a population of less than 20,000, \$200 per month if the city or unincorporated area in which your Business is located has a population greater than 19,999 and less than 50,000, and \$250 per month if the city or unincorporated area in which your Business is located has a population of 50,000 or more
- 12/ The Website Fee is \$300 per year, plus applicable taxes. You are required to update the information of your brokerage business and that of your Sales Representatives on Realty World's Website. After joining you will be assigned a password for the broker/manager to use at your operation, which will enable you to update text information about your Realty World® Business and upload photographs of your Sales Representatives. We will provide you, within a reasonable period after joining the Realty World® franchise, instructions on how to update your information on your portion of Realty World's Website (Intranet). You will designate a "Technology Liaison" at your office to be the contact person for such website maintenance. The Technology Liaison may be you, your secretary, a Sales Representative in your office, or any third party of your choosing. It is the responsibility of the Technology Liaison to keep all information current and updated and to assure that all information is updated in a timely manner, including posting all new agents on the website. The time and skill involved to maintain the website is minimal and will not require substantial amounts of time on your part. All Sales Representatives in your office will also obtain a password to obtain access to Realty World's Intranet Website which contains numerous marketing tools, programs, and systems for their use.
- 13/ As part of our Share the Wealth Program, our franchisees may receive 10% of the Royalty Fees and Support Fees from new franchisees that the franchisee has referred to us. In addition, if the franchisee agrees to provide support services for franchisees in the states in which the referring franchisee sold franchises, we will pay the referring franchisee an additional "Income Sharing Bonus Plan" fee of 15% of the Royalty Fees and 15% of the Support Fees collected from the referred franchisees. As part of our Lifetime Income Program, our franchisees may share in the revenues generated from sales closed by outside agents recruited by the franchisees to join the franchisees' Realty World® office.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

CONVERSION OFFICE^{1,2}

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ³	\$5,000 to \$12,500	Lump Sum	Upon signing of Franchise Agreement	Us
Building Signs ⁴	\$700 - \$15,000	As Arranged	As Arranged	Vendor(s)
Yard Signs	\$1,000 to \$5,000	As Arranged	As Arranged	Vendor(s)
Start-up Supplies	\$1,000 to \$10,000	Lump Sum	Prior to Opening	Vendor(s)
Insurance, including General Liability, Errors & Omissions ⁵	\$500 to \$2,000	As Arranged	As Arranged	Insurer(s)
Additional Funds (8 months) ⁶	\$13,000 to \$60,000	As Arranged	As Arranged	Vendor(s)
TOTALS^{6,7}	\$21,200 to \$104,500			

Explanatory Notes

- 1/ The table above provides an estimate of the initial investment needed to convert a single existing real estate brokerage office to a Realty World® Business. All fees are non-refundable unless otherwise indicated.
- 2/ This estimate does not include any rent or leasehold improvements because it should be an ongoing expense of your existing business. If the appearance of your office does not meet our current office standards, we may not grant you a franchise or we may require you to refurbish the office before opening your business under the Realty World® name. This estimate does not include any amount necessary to refurbish or remodel your existing office. We are unable to estimate such cost, if any, since it will depend upon its existing conditions.
- 3/ You must pay the initial franchise fee concurrently with signing the Franchise Agreement. The amount of the initial franchise fee will vary depending on the general

population density of your Business' geographic location. The amount of the initial franchise fee is currently determined as follows: (i) \$12,500 if the city or unincorporated area in which your Business is located (or shall be located) has a population of 50,000 or more, (ii) \$10,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population greater than 19,999 and less than 50,000, or (iii) \$5,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population of less than 20,000. The initial franchise fee is payable in a lump sum, unless at our option we allow you to pay it in installments over no more than a six month period. (See Item 5) If we offer you an installment period to pay the initial franchise fee you will execute a promissory note. See Exhibit C.

- 4/ Single face box signs are estimated at \$700 and large buildings signs are estimated at \$15,000 (excluding installation costs), however, pricing may be more or less depending on what type of sign is chosen (size, dimensions, and material).
- 5/ You must procure at your own expense and maintain in full force and effect during the term of the Franchise Agreement, an insurance policy or policies that protect you and Realty World®, and you/its officers, directors, partners and employees against any loss or liability resulting from bodily injury, personal injury, death, property damage, general loss or other related expenses arising in or occurring upon, as a result of, or in connection with the Business, as we may reasonably require for our and your protection. You must secure the policies before you begin the Business. The policies must include general liability insurance and errors and omissions insurance. You must supply us with a certificate of insurance showing compliance with these requirements prior to opening the Business. Maintenance of the insurance and performance by you of your obligations under the insurance requirements in the Franchise Agreement will not relieve you of any liability under the indemnity provision of the Franchise Agreement. In particular, you must maintain commercial general liability insurance and professional liability (real estate errors and omissions) insurance, each in the amount of \$2 million per occurrence, and other coverage as stated periodically by us. We must be named as an "additional insured" on the policies. The dollar range represents the estimated insurance premium for one year.
- 6/ We have relied on our and our predecessor's over 30 years of experience in the real estate brokerage business in formulating the additional funds amounts shown in the Table. You will need additional capital to support on-going expenses, i.e., payroll and utilities, to the extent these costs are not covered by sales revenue. We estimate that this estimate will be sufficient for 8 months of working capital. This is only an estimate, however, and we cannot assure that additional working capital will not be necessary during this start-up phase or any time after it. You should review these figures carefully with a business advisor, like an accountant or attorney, before making any decision to purchase the franchise.
- 7/ The Table does not include any of the ongoing costs of operating the franchise as we cannot reasonably estimate these costs because they will depend upon such unpredictable things as your management skill, experience and business acumen, and both the general

economy and local market conditions. Neither we nor any of our affiliates offers any financing for any part of your initial investment (except for financing of the initial franchise fee) (See Item 5)

**YOUR ESTIMATED INITIAL INVESTMENT
START-UP OFFICE^{1 2}**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ³	\$5,000 to \$12,500	Lump Sum	Upon signing of Franchise Agreement	Us
Real Estate and Improvements ⁴	\$12,000 to \$50,000	As Arranged	As Arranged	Landlord or Contractor(s) of your choice (also see Note 2)
Signage	\$1,000 to \$5,000	As Arranged	As Arranged	Vendor(s)
Equipment, fixtures, furnishings ⁵	\$12,000 to \$40,000	As Arranged	As Arranged	Vendor(s)
Start-up Supplies ⁵	\$1,000 to \$10,000	Lump Sum	Prior to Opening	Vendor(s)
Insurance, including General Liability, Errors & Omissions ⁶	\$500 to \$2,000	As Arranged	As Arranged	Insurer(s)
Miscellaneous Opening Costs ⁷	\$2,500 to \$10,000	As Arranged	As Arranged	Vendor(s)
Additional Funds (8 months) ⁸	\$13,000 to \$60,000	As Arranged	As Arranged	Vendor(s)
TOTALS⁹	\$47,000 to \$189,500			

Explanatory Notes

- 1/ The table above provides an estimate of the initial investment needed to establish a start-up Realty World® Business
- 2/ All fees are non-refundable unless otherwise indicated

- 3/ You must pay the initial franchise fee concurrently with signing the Franchise Agreement. The amount of the initial franchise fee will vary depending on the general population density of your Business' geographic location. The amount of the initial franchise fee is currently determined as follows: (i) \$12,500 if the city or unincorporated area in which your Business is located (or shall be located) has a population of 50,000 or more, (ii) \$10,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population greater than 19,999 and less than 50,000, inclusive, or (iii) \$5,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population of less than 20,000. The initial franchise fee is payable in a lump sum, unless at our option we allow you to pay it in installments over no more than a six (6) month period. The initial franchise fee is described in Item 5. If we offer you an installment period to pay the initial franchise fee you will execute a promissory note. See Exhibit C.
- 4/ The estimate provided above is based on rent for office sizes ranging from 1,000 square feet to 3,500 square feet. We require a minimum of 1,000 square feet for the Realty World® Business. Variables that affect the cost of rental for your premises include property location, building size, improvements, access to major streets, real estate taxes, common area maintenance and the like. You should thoroughly investigate the cost of business premises and all other initial investment costs in your market. In many instances a tenant may be able to negotiate a lease that provides for the landlord to bear most or all of the costs of tenant improvements. However, as a tenant you may have to incur these costs. The length of the lease may have a bearing on tenant or leasehold improvement costs you must pay. Build-out costs may vary, but generally speaking a typical build-out costs between \$10 - \$80 per square foot when significant construction and tenant improvements are necessary, depending on the type of structure.
- 5/ The variation in the cost of equipment and supplies is due to factors such as shipping distance, price differences between suppliers and quantity purchased. You may purchase or lease certain services or equipment, supplies, signs and opening inventory from any source provided that the items meet our standards and specifications and provided that we approve the source of such goods and services. (See Item 8)
- 6/ You must procure at your own expense and maintain in full force and effect during the term of the Franchise Agreement, an insurance policy or policies that protect you and us, and your/its officers, directors, partners and employees against any loss or liability resulting from bodily injury, personal injury, death, property damage, general loss or other related expenses arising in or occurring upon, as a result of, or in connection with the Business, as we may reasonably require for our and your protection. You must secure the policies before you begin the Business. The policies must include general liability insurance and errors and omissions insurance. You must supply us with a certificate of insurance showing compliance with these requirements prior to opening the Business. Maintenance of the insurance and performance by you of your obligations under the insurance requirements in the Franchise Agreement will not relieve you of any liability under the indemnity provision of the Franchise Agreement. In particular, you must

maintain commercial general liability insurance and professional liability (real estate errors and omissions) insurance, each in the amount of \$2 million per occurrence, and other coverage as stated periodically by us. We must be named as an "additional insured" on the policies. The dollar range represents the estimated insurance premium for one year.

- 7/ This estimate includes advertising, online lead generation, security deposits, fees your local multiple listing service (MLS) charges for providing Internet Data Exchange (IDX) search, utility costs, business licenses and other prepaid expenses. You may incur additional miscellaneous expenses in the first 3 months of operation as a Realty World® office, such as promotional costs announcing your affiliation with us, the cost of sending additional managers to Orientation and the cost of consulting an attorney, accountant or other professional advisor.
- 8/ You will need additional capital to support on-going expenses, i.e., payroll and utilities, to the extent these costs are not covered by sales revenue. We estimate that this estimate will be sufficient for 8 months of working capital. This is only an estimate, however, and we cannot assure that additional working capital will not be necessary during this start-up phase or any time after it. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Except as specifically stated in the preceding chart, no payments made to us are refundable. Neither we nor any of our affiliates offers any financing for any part of your initial investment (except for financing of the initial franchise fee).
- 9/ We have relied on our and our predecessor's over 30 years of experience in the real estate brokerage business. You should review these figures carefully with a business advisor, like an accountant or attorney, before making any decision to purchase the franchise. The Table does not include any of the ongoing costs of operating the franchise as we cannot reasonably estimate these costs because they will depend upon such unpredictable things as your management skill, experience and business acumen, and both the general economy and local market conditions.

**YOUR ESTIMATED INITIAL INVESTMENT
START-UP OFFICE with EXCLUSIVE TERRITORY^{1 2}**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ³	\$20,000 to \$500,000	Lump Sum	Upon signing of Franchise Agreement	Us
Real Estate and Improvements ⁴	\$12,000 to \$50,000	As Arranged	As Arranged	Landlord or Contractor(s) of your choice (also see Note 2)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Signage	\$1,000 to \$5,000	As Arranged	As Arranged	Vendor(s)
Equipment, fixtures, furnishings ⁵	\$12,000 to \$40,000	As Arranged	As Arranged	Vendor(s)
Start-up Supplies ⁵	\$1,000 to \$10,000	Lump Sum	Prior to Opening	Vendor(s)
Insurance, including General Liability, Errors & Omissions ⁶	\$500 to \$2,000	As Arranged	As Arranged	Insurer(s)
Miscellaneous Opening Costs ⁷	\$2,500 to \$10,000	As Arranged	As Arranged	Vendor(s)
Additional Funds (8 months) ⁸	\$13,000 to \$60,000	As Arranged	As Arranged	Vendor(s)
TOTALS⁹	\$62,000 to \$677,000			

Explanatory Notes

- 1/ The table above provides an estimate of the initial investment needed to establish a start-up Realty World® Business with an exclusive territory (excluding commercial real estate and new home developments) The estimate is based on opening each individual office within your exclusive territory Each office will require a similar initial investment other than the initial Franchise Fee which is paid once
- 2/ All fees are non-refundable unless otherwise indicated
- 3/ You must pay the initial franchise fee concurrently with signing the Franchise Agreement The amount of the initial franchise fee will vary between \$20,000 and \$500,000 The initial franchise fee is payable in a lump sum, unless at our option we allow you to pay it in installments over no more than a 6-month period (The initial franchise fee is described in Item 5) If we offer you an installment period to pay the initial franchise fee you will execute a promissory note, which is attached as Exhibit C to this disclosure document
- 4/ The estimate provided above is based on rent for office sizes ranging from 1,000 square feet to 3,500 square feet We require a minimum of 1,000 square feet for the Realty World® Business Variables that affect the cost of rental for your premises include property location, building size, improvements, access to major streets, real estate taxes

common area maintenance and the like. You should thoroughly investigate the cost of business premises and all other initial investment costs in your market. In many instances a tenant may be able to negotiate a lease that provides for the landlord to bear most or all of the costs of tenant improvements. However, as a tenant you may have to incur these costs. The length of the lease may have a bearing on tenant or leasehold improvement costs you must pay. Build-out costs may vary, but generally speaking a typical build-out costs between \$10 to \$80 per square foot when significant construction and tenant improvements are necessary, depending on the type of structure.

- 5/ The variation in the cost of equipment and supplies is due to factors such as shipping distance, price differences between suppliers, and quantity purchased. You may purchase or lease certain services or equipment, supplies, signs and opening inventory from any source provided that the items meet our standards and specifications and provided that we approve the source of such goods and services.
- 6/ You must procure at your own expense and maintain in full force and effect during the term of the Franchise Agreement, an insurance policy or policies that protect you and us, and your/its officers, directors, partners and employees against any loss or liability resulting from bodily injury, personal injury death, property damage, general loss or other related expenses arising in or occurring upon, as a result of, or in connection with the Business, as we may reasonably require for our and your protection. You must secure the policies before you begin the Business. The policies must include general liability insurance and errors and omissions insurance. You must supply us with a certificate of insurance showing compliance with these requirements prior to opening the Business. Maintenance of the insurance and performance by you of your obligations under the insurance requirements in the Franchise Agreement will not relieve you of any liability under the indemnity provision of the Franchise Agreement. In particular, you must maintain commercial general liability insurance and professional liability (real estate errors and omissions) insurance, each in the amount of \$2 million per occurrence, and other coverage as stated periodically by us. We must be named as an "additional insured" on the policies. The dollar range represents the estimated insurance premium for one year.
- 7/ This estimate includes advertising, online lead generation, security deposits, fees your local multiple listing service (MLS) charges for providing Internet Data Exchange (IDX) search, utility costs, business licenses and other prepaid expenses. You may incur additional miscellaneous expenses in the first 3 months of operation as a Realty World® office, such as promotional costs announcing your affiliation with us, the cost of sending additional managers to Orientation and the cost of consulting an attorney, accountant or other professional advisor.
- 8/ You will need additional capital to support on-going expenses, i.e., payroll and utilities, to the extent these costs are not covered by sales revenue. We estimate that this estimate will be sufficient for 8 months of working capital. This is only an estimate, however, and we cannot assure that additional working capital will not be necessary during this start-up phase or any time after it. You should review these figures carefully with a business

advisor before making any decision to purchase the franchise. Except as specifically stated in the preceding chart, no payments made to us are refundable. Neither we nor any of our affiliates offers any financing for any part of your initial investment (except for financing of the initial franchise fee).

- 9/ We have relied on our and our predecessor's over 30 years of experience in the real estate brokerage business. You should review these figures carefully with a business advisor, like an accountant or attorney, before making any decision to purchase the franchise. The Table does not include any of the ongoing costs of operating the franchise as we cannot reasonably estimate these costs because they will depend upon such unpredictable things as your management skill, experience and business acumen and both the general economy and local market conditions.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, we do not require that you purchase products or services from a specific supplier. However, we require ongoing maintenance of quality and uniformity throughout the Realty World® system by identifying certain standards governing the use of Realty World® name and Marks in your day to day business, including on business cards, stationary, signage and in related advertising and marketing. Accordingly, you must purchase building signs, yard signs, stationary, business cards and other Realty World® trademark-bearing items used in your real estate business that meet the specifications we prescribe. All items bearing the Marks (the "Proprietary Items") must conform to our specifications. We may provide such specifications to franchisees in the Operations Manual, and we may modify these specifications on written notice to you. These specifications include standards for size, appearance and uniformity. We will provide you with the information on approved suppliers for the Proprietary Items. We consider these specifications, standards and requirements to be of critical importance to the success of Realty World® Businesses, and currently require that you purchase all signage and stationary from suppliers that have been approved by us during the first 3 years after signing the Franchise Agreement. We reserve the right to change this policy and require you to purchase from approved suppliers during remaining term of the Franchise Agreement. These suppliers are described in the Operations Manual or otherwise in writing to you after purchasing the franchise. We may also maintain a list of suppliers in our Intranet.

If you want to purchase any Proprietary Item from a supplier or distributor that we have not yet approved, you first must submit sufficient information, specifications and samples for us to determine whether the item complies with our standards and specifications or the supplier or distributor meets our criteria, which criteria we do not provide to franchisees. We will typically provide you with written notification of the approval or disapproval of a recommended supplier you propose within 7 days after receipt of your request. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service or other criteria. Although we do not do so currently, we may charge reasonable testing and/or inspection fees. You will be provided with information when

fees are charged. We may limit the number of approved vendors to obtain volume discounts, assure consistent quality and adequate supplies for you. On a routine and continuing basis, we may visit, consult with or inspect the operations of our approved vendors to ensure compliance with our standards, requirements and specifications as well as to assure compliance with federal, state and local law and regulation and contractual obligations. We may revoke a vendor's approved status if the vendor no longer meets our criteria, if it breaches its agreement with us, or if the products or services offered are no longer competitive in price or quality. We will periodically update the vendor list on our website. It is your responsibility to check the online vendor list regularly for changes and updates.

We do not have specific standards for the furniture, fixtures and equipment that you use in your office. However, it must be in good condition and create an overall professional image for your office.

You must use the Internet service provider we designate to link your webpage to our website. You must sign a Computer Software Licensing Agreement with us. Under the Computer Software Licensing Agreement, you receive access to an internet-based software platform incorporating various third-party software programs covering marketing, advertising, and other technology services. The current form of Computer Software Licensing Agreement is attached as Exhibit D to the Franchise Agreement.

The cost of the purchase of the Proprietary Items and the Internet service described above represents 10% to 40% of your total purchases in connection with establishing and operating the Realty World® Business.

We recommend those suppliers who can meet industry standards of quality, stability, accountability and competitive prices. We have negotiated purchasing arrangements with suppliers for printed materials, internet website hosting and design service, signage, insurance, advertising and marketing services, real estate software management services, promotional services, office supply, telecommunications services, and direct mail services. These arrangements currently offer you 0% to 50% discounts off of standard pricing of the suppliers. However, we cannot ensure the discounts will remain the same in the future. We provide no material benefits to you based on your use of approved suppliers.

You must maintain in force at your expense during the term of the Franchise Agreement, comprehensive public, general and motor vehicle liability and errors and omission insurance policies that protect you and us, and your/our officers, directors, partners and employees against any claims for bodily and personal injury, death and property damage caused by or occurring in connection with your Business's operation, all containing the minimum liability coverage we may require. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. You must routinely furnish us copies of your

Certificate of Insurance or other evidence of your maintaining this coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your Business on your behalf, in which event you must cooperate with us and reimburse us for all premiums costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance.

You may, but are not required, to become a member of the relocation program offered by Move In and Out, Inc., our affiliate. You may, but are not required, to become a member of the classified advertising program offered by AdsandDeals, Inc. and the job searching program offered by Job YoYo Inc. You may, but are not required, to use the property management software offered by our affiliate, Taxi Property Management Ltd.

We may occasionally receive rebates from our approved suppliers of print products. The rebates may be a flat fee amount of \$1.00 to \$5,000 or a percentage of franchise purchases (ranging from 1% to 10%). During the fiscal year ended May 31, 2017, neither we nor our affiliates derived any revenue from suppliers based on the sale of products or services to our franchisees. However, we and our affiliates reserve the right to do so in the future.

Except as described above, neither we nor any of our related companies are a currently approved supplier nor do we or they assume any liability for the acts or omissions, or guarantees the performance, of any supplier, whether approved or not. During the fiscal year ended May 31, 2017, neither we nor our affiliates received any revenue from franchisees for required purchases or leases by franchisees.

Andrew Cimerman, our President, Chairman of the Board and Chief Executive Officer, is the sole shareholder of Move In and Out, Inc., an on-line virtual relocation service provider, AdsandDeals, Inc., an on-line classified advertising website, Job YoYo Inc., an on-line job searching and job hosting website, and Taxi Property Management Ltd., a provider of property management software.

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 Agreements	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 2 of Franchise Agreement	Items 7 and 11
(b) Pre-opening purchases/leases	Sections 2 C and 2 D of Franchise Agreement	Items 7, 8 and 11

Obligation	Section in Franchise Agreements	Disclosure Document Item
(c) Site development and other pre-opening requirements	Section 2 of Franchise Agreement	Items 6, 7 and 11
(d) Initial and ongoing training	Section 4 of Franchise Agreement	Item 11
(e) Opening	Section 2 D of Franchise Agreement	Item 11
(f) Fees	Section 3 of Franchise Agreement, Section 3 and Schedule A of Computer Software Licensing Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manual	Sections 4 C and 8 G of Franchise Agreement	Items 8 and 11
(h) Trademarks and proprietary information	Sections 5 and 6 of Franchise Agreement	Item 13 and 14
(i) Restrictions on products/ services offered	Sections 8 B and 8 D of Franchise Agreement	Items 8, 11 and 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Exclusive Territory Addendum	Item 12
(l) Ongoing product/service purchases	Section 8 D of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 8 A and 8 G of Franchise Agreement	Item 11
(n) Insurance	Section 8 F of Franchise Agreement	Items 7 and 8
(o) Advertising	Section 9 of Franchise Agreement	Items 6 and 11
(p) Indemnification	Section 16 D of Franchise Agreement, Section 7 of Computer Software Licensing Agreement	Item 6
(q) Owner's participation/ management/staffing	Section 8.C of Franchise Agreement	Items 11 and 15

Obligation	Section in Franchise Agreements	Disclosure Document Item
(r) Records and reports	Section 10 of Franchise Agreement	Not Applicable
(s) Inspections and audits	Section 11 of Franchise Agreement	Not Applicable
(t) Transfer	Section 12 of Franchise Agreement	Item 17
(u) Renewal	Section 13 of Franchise Agreement	Items 6 and 17
(v) Post-termination obligations	Section 15 of Franchise Agreement	Item 17
(w) Non-competition covenants	Sections 7 and 15 of Franchise Agreement	Item 17
(x) Dispute resolution	Section 17 of Franchise Agreement	Item 17

ITEM 10

FINANCING

Except as described below and in Items 5, 6, and 7, we do not offer direct or indirect financing arrangements. We do not guarantee your note, lease, or other obligations. Under some circumstances we may permit a franchisee to pay the initial franchise fee over a period of time not exceeding 6 months, by way of monthly, bi-monthly or quarterly installments. If we finance a portion of the initial franchise fee, we will finance using a promissory note substantially in the form contained in Exhibit C (the "Initial Franchise Fee Promissory Note"). If we decide to allow you to pay the initial franchise fee in installments, we may require you to pay us interest on the outstanding balance at a rate equal to the lesser of 18% per annum or the highest commercial contract interest rate the law allows. The payments made under the Initial Franchise Fee Promissory Note are non-refundable. The down payment, monthly, bi-monthly or quarterly installment payments and term will be subject to negotiation. If you are a corporation, your shareholders must guarantee your obligations under the Initial Franchise Fee Promissory Note. We do not impose a pre-payment penalty, however, there are no refunds of interest paid, which may, in effect, result in a prepayment penalty. If you breach the Initial Franchise Fee Promissory Note, all principal and accrued interest payments are accelerated, and you are obligated to pay immediately the entire amount due and any court costs and attorney's fees if a collection action is necessary. In addition, we may terminate the Franchise Agreement upon your breach of the Initial Franchise Fee Promissory Note. See Exhibit C. Under the Initial Franchise Fee Promissory Note, you waive various rights and defenses, including your rights to diligence, demand, and presentment for payment, notice of nonpayment, protest, and notice of amendments.

or modifications. You also waive any defense under the statute of limitations and allow that a confessed judgment may be taken against you. See Exhibit C.

ITEM 11

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

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

Before you open your Business, we (or a third party designated by us) will provide you the following assistance:

- 1 Consultation and approval of site (Sections 2 A of Franchise Agreement)
- 2 Initial training for your Designated Manager (as defined in Item 15) and one additional employee at our principal offices or at a designated training facility of our choice. This training will last approximately 1-3 days (Section 4 of Franchise Agreement). This training can also be provided after you open your Business.
- 3 Give you access to our Operations Manual (as defined below) (Section 4 C of the Franchise Agreement)
- 4 Specifications for all required equipment (including computer system), furniture, fixtures and signs (Sections 2 B and 2 C of the Franchise Agreement)

During the operation of your Business, we (or a third party designated by us) will provide you the following assistance:

- 1 Provide your Designated Manager or previously trained employees with additional training at the times and locations that we designate. If you have a new Designated Manager, we will provide the new designated manager with an initial training program (Section 4 A of the Franchise Agreement)
- 2 We will administer a National Advertising and Promotional Fund (See "National Advertising and Promotional" below) (Section 9 A of the Franchise Agreement)
- 3 Give you access to our Operations Manual (as defined below) (Section 4 C of the Franchise Agreement)
- 4 We will advise you, from time to time, as we deem necessary for such advice is determined by us, concerning the operation of your Business (Section 4 B of the Franchise Agreement)

- 5 We will approve or disapprove the advertising materials you submit to us (Section 9 B of the Franchise Agreement)
- 6 We will provide you with a list of approved and recommended vendors and suppliers for the products and services (Section 8 D of the Franchise Agreement)

Advertising and Promotion

As one of our franchisees, you have access to a wide range of marketing programs and materials designed to build name awareness and promote the services provided by your Business. These marketing programs and materials are funded by the National Advertising and Promotional Fund.

National Advertising and Promotional Fund

We maintain and administer an advertising fund for Realty World® (the "National Advertising and Promotional Fund") to develop advertising, marketing, and public relations programs and materials for Realty World® Businesses. You must contribute to the National Advertising and Promotional Fund. The amount you must contribute depends on whether you have elected the Flat Fee Option or the Percentage Fee Option. If you have elected the Flat Fee Option, the amount you must contribute varies between \$75 and \$325 per month depending on the number of Sales Representatives registered with your Realty World® Business. If you have elected the Percentage Fee Option, you must contribute 4% of your Gross Revenue for the first \$1,000,000 in aggregate Gross Revenue you earn in a given calendar year, and 1% of Gross Revenue for amounts of Gross Revenue above \$1,000,000 in that year. Neither we nor our affiliates currently operate any Realty World® Businesses. However, any Realty World® Business that we or our affiliates may own in the United States (but not elsewhere) in the future will contribute to the National Advertising and Promotional Fund on the same percentage basis as franchise owners.

We will direct all programs that the National Advertising and Promotional Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The National Advertising and Promotional Fund may pay for preparing and producing video, audio, and written materials and electronic media for various forms of media (including, without limitation, television, radio, magazines, newspapers, direct mail, and email), developing, implementing, and maintaining a franchise system website and/or related strategies, administering regional and multi-regional marketing and advertising programs, including, without limitation, advertising for solicitation of new franchisees and sales representatives, purchasing trade journal, direct mail, and other media advertising, using advertising, promotion, and marketing agencies and other advisors to provide assistance, conducting market research, conducting social media campaigns, online lead generation, referral programs, real estate listing enhancement costs and subsidies, listing distribution arrangements, regional and national Franchise System events and related activities, social media development and training, awards, lead management system development, maintenance, and updates, customer loyalty programs, brand extension, development, and marketing, agent recruiting initiatives, and supporting public relations, market research, direct

sales tools, websites, and other advertising, promotion, and marketing activities. However, we will not use over 20% of the National Advertising and Promotional Fund on advertising that is principally a solicitation of the sale of franchises. The National Advertising and Promotional Fund to which you contribute periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the National Advertising and Promotional Fund separately from our other funds and not use the National Advertising and Promotional Fund for any of our general operating expenses. However, we may use the National Advertising and Promotional Fund to pay the reasonable salaries and benefits of personnel who manage and administer the National Advertising and Promotional Fund, the National Advertising and Promotional Fund's other administrative costs, travel expenses of personnel while they are on Advertising Fund business, meeting costs, overhead relating to National Advertising and Promotional Fund business, and other expenses that we incur in activities reasonably related to administering or directing such National Advertising and Promotional Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials and collecting and accounting for National Advertising and Promotional Fund contributions.

The National Advertising and Promotional Fund will not be our asset. The National Advertising and Promotional Fund is not a trust. We do not owe any fiduciary obligation to you for administering the National Advertising and Promotional Fund or any other reason. We will hold all National Advertising and Promotional Fund contributions for the benefit of the contributors and use contributions for the purposes described in this Subsection. The National Advertising and Promotional Fund may spend in any fiscal year more or less than the total National Advertising and Promotional Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on the National Advertising and Promotional Fund contributions to pay costs before using the National Advertising and Promotional Fund's other assets. We will prepare an annual, unaudited statement of National Advertising and Promotional Fund collections and expenses and give you the statement upon written request. We may have the National Advertising and Promotional Fund audited annually, at the National Advertising and Promotional Fund's expense, by an independent certified public accountant. We may incorporate the National Advertising and Promotional Fund or operate it through a separate entity whenever we deem appropriate.

We intend for the National Advertising and Promotional Fund to maximize recognition of the Marks and patronage of Realty World® Businesses contributing to the National Advertising and Promotional Fund. Although we will try to use the National Advertising and Promotional Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Realty World® Businesses contributing to the National Advertising and Promotional Fund, we need not ensure that National Advertising and Promotional Fund expenditures in or affecting any geographic area are proportionate or equivalent to National Advertising and Promotional Fund contributions by Realty World® Businesses operating in that geographic area or that any Business benefits directly or in

proportion to its National Advertising and Promotional Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect National Advertising and Promotional Fund contributions at the National Advertising and Promotional Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the National Advertising and Promotional Fund.

We may at any time defer or reduce contributions of a Realty World® Business franchise owner and, upon 30 days' prior notice to you, reduce or suspend National Advertising and Promotional Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the National Advertising and Promotional Fund. If we terminate the National Advertising and Promotional Fund, we will distribute all unspent monies to our franchise owners who contribute to the National Advertising and Promotional Fund, and to us and our affiliates, in proportion to their, and our, respective National Advertising and Promotional Fund contributions during the preceding 12 month period.

During our fiscal year ended May 31, 2017, the National Advertising and Promotional Fund monies were spent as follows: 35% on media placement services, 50% on production, and 15% on administrative expenses.

Other Advertising Obligations

We recognize that in today's market advertising is vitally important to the real estate industry. Whether advertising properties for sale, generating leads or recruiting salespeople it is of great importance that you utilize traditional advertising and social media to promote your business.

You must promote your Business by spending on local advertising, marketing, and promotions within the area reasonably surrounding the Location a monthly amount (based either on the number of your Sales Representatives if you have selected the Flat Fee Option or a percentage of your Gross Revenue if you have selected the Percentage Fee Option) in addition to the National Advertising and Promotional Fund Contribution. If you fail to make the expenditures required, we may require that you contribute the amount you failed to spend to the National Advertising and Promotional Fund. We also require you, as part of your local advertising obligation, to use an online lead generation service, which we estimate will cost between \$50 to \$100 per month.

You must advertise your Business in Yellow Pages telephone directories in your area and in other business directories that we specify. You must pay the cost of these advertisements. You must obtain our approval of your advertising, marketing and promotional materials, which we have not previously approved. You may not use any advertising, marketing or promotional materials that we have disapproved, and that do not include copyright, trademark or other notices we designate in writing. You must provide us with samples of your direct mail pieces, marketing, advertising and promotional materials prior to use. Although the Franchise Agreement does not require us to respond within a certain time period to requests for advertising or website approval, we will typically respond within 30 days of your submission.

You must establish a Website at your sole expense that mentions or describes you or your Business or displays any of the Marks (the "Approved Website") You may not register any Internet domain names that include any of our Marks, including the "Realty World®" name, except that you may register a domain name that includes the "Realty World®" name if it is part of the name that we approve for your business We will have final approval right over all content of the Approved Website and all links contained in the Approved Website You must also provide a link to the Franchise System Website (defined below) on your Approved Website We may terminate your right to maintain an Approved Website at any time and require you to ~~maintain~~ a webpage on the Franchise System Website

We have established a Website to advertise, market and promote Realty World® Businesses, the products and services that they offer and sell, and/or the Realty World® Business franchise opportunity (a "Franchise System Website") We may, but are not obligated to, provide you with a webpage on the Franchise System Website that references your Business If we provide you with a webpage on the Franchise System Website, you must (i) provide us with information and materials we request to develop, update, and modify your webpage, (ii) notify us whenever any information on your webpage is not accurate, (iii) if we give you the right to modify your webpage, notify us whenever you change the context of your webpage, and (iv) pay our then-current initial fee and/or monthly maintenance fee for the webpage You will require each Sales Representative at your Realty World® Business to have a website and you will provide us with the email addresses for all Sales Representatives

You must join the local multiple listing service ("MLS") that encompasses the geographic area surrounding the Location and remain a member in good standing of such MLS throughout the term of this Agreement You must ensure that each of your Sales Representatives, whether they are your employees or independent contractors, also satisfy this requirement

The franchise agreement does not obligate you to participate in a local or regional advertising cooperative There currently are no formal franchisee advertising councils that advise us on advertising and marketing policies and programs

Computers – Hardware and Software

We currently do not require you to buy or use an electronic cash register or specific computer hardware However, we may require you to obtain and use specified computer hardware and/or software during the term of the Franchise Agreement Within 90 days after you receive notice from us, you agree to obtain the computer hardware or software that we designate There are no contractual limitations on the frequency or cost of this obligation

You must sign a Computer Software Licensing Agreement with us Under the Computer Software Licensing Agreement, you receive access to an internet-based software platform incorporating various third-party software programs covering marketing, advertising, and other technology services The current form of Computer Software Licensing Agreement is attached as Exhibit D to the Franchise Agreement The cost of licensing this software platform is \$64.99 per month plus \$39.99 per month for each Sales Representative registered with your office

We do not currently have independent access to information stored on your computer system, but reserve the right to do so in the future

Operations Manual

We will provide guidance through manuals, audiotapes, video tapes, compact discs, computer software, information available on an Internet site, other electronic media, and/or written materials, including the Operations Manual (the "Operations Manual"), which may include one or more separate manuals as well as audiotapes, videotapes, compact discs, computer software, information available on an Internet site, other electronic media, and/or written materials. We will provide you with a copy of the Operations Manual, at our option, either in the form of a hard copy or electronically online. There are a total of approximately 184 pages in our Operations Manual. See Exhibit G for the Table of Contents to the Operations Manual.

Site Selection

You must obtain and maintain a site acceptable to us for your Business. Your location must be at least 1,000 square feet.

We will consult with you on a site, which we will approve or disapprove based on factors such as business count, traffic count, accessibility, parking, visibility and competition. We do not typically own the site for your Business. We do not assist in conforming your site to local ordinances and building codes or in the construction, remodeling, or decorating of your site. When you have given us all the necessary information on the site you have selected, we generally will approve or disapprove the site within 30 days. Our approval of a site or review of a lease is not a guarantee of the success or profitability of the site. If you cannot select a site we approve and open your Business within the time period required under the Franchise Agreement, we may terminate the Franchise Agreement. You may not relocate without our prior written permission.

Opening of the Business

You typically will open your Realty World® Business approximately 90 days after you sign the Franchise Agreement. Factors that affect this time include obtaining a satisfactory site, lease negotiations, local ordinances, delivery and installation of equipment, and renovation of the premises. You must open your Business within 180 days after the effective date of the Franchise Agreement. If you fail to open the Business within this time period, we may terminate the Franchise Agreement and retain the entire franchise fee. We do not provide assistance in hiring employees for your Realty World® Business.

Training

We will train your Designated Manager on the material aspects of operating a Realty World® Business. We will provide approximately 1-3 days of training (although the specific number of days depends on our opinion of your Designated Manager and your employee's,

experience and needs) at our principal offices, at a designated training facility of our choice or online. Your Designated Manager must satisfactorily complete initial training within 10 months after the effective date of the Franchise Agreement. If we determine that your Designated Manager cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement. We provide initial training for no additional fee for 2 persons. You will be responsible for your employee's travel and living expenses, wages and workers' compensation insurance while attending training. We may choose to offer this training and assistance online, which may save you time and travel and living expenses.

Your Designated Manager may request additional training at the end of the initial training program, to be provided at our then current per diem charges, if your Designated Manager does not feel sufficiently trained in the operation of a Realty World® Business. We and you will jointly determine the duration of this additional training. However, if your Designated Manager satisfactorily completes our initial training program, and has not expressly informed us in writing at the end of that program that he/she does not feel sufficiently trained in the operation of a Realty World® Business, then you will be deemed to have been trained sufficiently to operate a Realty World® Business.

We may require your Designated Manager and/or previously trained and experienced employees to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate. We will not require attendance at more than 2 such courses, or for more than a total of 3 business days, during a calendar year. Besides attending these courses, you agree to attend an annual meeting of all Business franchise owners at a location we designate. Attendance will not be required for more than 5 days during any calendar year. You must pay all costs to attend.

If you have a new Designated Manager during the term of your Franchise Agreement, the new Designated Manager must satisfactorily complete our then current initial training program. We may charge reasonable fees for training such new designated manager. You also must pay all travel and living expenses which your Designated Manager incurs during all training courses and programs.

We will have the right to communicate our programs, systems, education, and training directly to your Sales Representatives. Any training we agree to provide may be provided, at our option, through the Website, extranet or any other format we choose. You agree that we will have the right to communicate our programs, systems, education, and training directly to your Sales Representatives.

As of the date of this disclosure document, we provided the following initial training

**TRAINING PROGRAM
BROKER BUSINESS LEADERSHIP CLASS**

Subject^{1,2,3}	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	1 Hour	None	Our principal office in Newport Beach, California, at a designated training facility of our choice or online
RW Programs and Tools	1 Hour	None	Our principal office in Newport Beach, California, at a designated training facility of our choice or online
Introduction to Vendors	1 Hour	None	Our principal office in Newport Beach, California, at a designated training facility of our choice or online
Recruiting and Retention	1 Hour	None	Our principal office in Newport Beach, California, at a designated training facility of our choice or online
Administrative and Management	1 Hour	None	Our principal office in Newport Beach, California, at a designated training facility of our choice or online
Marketing	1 Hour	None	Our principal office in Newport Beach, California, at a designated training facility of our choice or online

Explanatory Notes

- 1/ There are no definitive starting and stopping times for when the sessions will begin and end. We will schedule the time when you request for us to conduct a training session, but in order to be cost effective, we need a minimum of 10 persons to participate in a training session.
- 2/ These training courses are conducted by Lisa Gerdes who has had 3 years of experience with us and 29 years of experience in the subject matters taught. Occasionally, other guest speakers may make appearances at the training programs, either in person and/or on

our webinars, to provide real estate education and/or to provide information about various services and programs offered occasionally by us. For example, some speakers may be existing franchisees or other industry experts.

- 3/ We use various handouts as our principal instructional materials. We provide training without additional cost to you for two attendees. However, you must pay for travel and related expenses for all attendees. At our option, we may also provide initial training through the Internet. We also maintain a list of qualified persons, unaffiliated with us, who provide training in various businesses and real estate related areas. Use of any of the persons is entirely at your discretion and their cost will vary. In addition to initial training, we offer Realty World® Academy as ongoing training and make it available to you and your Sales Representatives in person or online for a fee. (See Item 6)

ITEM 12

TERRITORY

Franchise Agreement

You may operate the Business only at a specific location which we approve. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We and our affiliates reserve the right to

- (1) establish and operate, and allow others to establish and operate, other Realty World® Businesses and other real estate brokerage businesses using the Marks at any location and on such terms and conditions as we deem appropriate,
- (2) establish and operate, and allow others to establish and operate, real estate brokerage businesses for commercial real estate only using the Marks and the Franchise System, at any location and on such terms and conditions we deem appropriate,
- (3) establish and operate and allow others to establish and operate real estate brokerage businesses, located anywhere, that may offer products and services which are identical or similar to products and services offered by Realty World® Businesses, under other trade names, trademarks, service marks and commercial symbols different from the Marks, and on any terms and conditions we deem appropriate,
- (4) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from the Realty World® Businesses, and that sell products and/or services that

are identical or similar to, and/or competitive with, those that the Realty World® Businesses customarily sell under any terms and conditions we deem appropriate,

(5) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Realty World® Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating,

(6) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Realty World® Businesses, or by another business, and

(7) engage in all other activities not expressly prohibited by the Franchise Agreement

We are not required to pay you if we exercise any of the rights specified above. Under the Franchise Agreement, you do not receive the right to acquire additional franchises. You may not relocate your office to a new location without our prior written consent.

Our affiliate, HomeLife® grants licenses for real estate brokerage businesses under the trademark "HomeLife®." Another affiliate, Red Carpet International, Inc., is also the franchisor of real estate brokerage businesses. FamilyLife Realty Services, Inc., may also operate real estate brokerage businesses. These businesses may compete with your Realty World® Business. These businesses have the right to solicit your potential client and their rates may be more competitive than yours. All of our affiliates have the intention of expanding throughout the United States. Though we do not anticipate conflicts between franchisees of each brand concept, if a conflict should arise, we will analyze them and take action (if any) that we deem appropriate.

Exclusive Territory Addendum

Under certain circumstances, we offer to certain qualified persons that meet our criteria the right to operate a Realty World® Business with an exclusive territory to engage in real estate brokerage services (excluding commercial real estate and new home developments). If we grant you an exclusive territory, you must sign our Exclusive Territory Addendum attached as Exhibit B-1, and, so long as you are in compliance with the Franchise Agreement, we will not operate a franchise or grant a franchise for the operation of another Realty World® Business within a certain geographical area (the "Exclusive Territory"). The minimum Exclusive Territory will typically be a quarter (1/4) mile driving distance (measured door to door) from the Business' location. Factors that we will consider in granting an Exclusive Territory will include, but are not limited to, the size of the territory, the general population within territory, the number of real estate salespersons within the territory, market conditions, and other factors we deem relevant. We will configure the quarter (1/4) mile distance from your location by way of different shapes of boundaries.

Under the Exclusive Territory Addendum, neither we nor our affiliates will operate or grant a franchise for the operation of another Realty World® Business with an office located in your Exclusive Territory. However, we reserve the right to grant a license for a Realty World® commercial real estate brokerage office in your Exclusive Territory. Other Realty World® Businesses located outside of your Exclusive Territory may market in your Exclusive Territory. You are not prohibited from marketing outside of your Exclusive Territory. You have to meet minimum Sales Representative quotas to maintain your rights to the Exclusive Territory.

We and our affiliates reserve the right to:

(1) establish and operate, and allow others to establish and operate, other Realty World® Businesses using the Marks at any location outside the Exclusive Territory and on such terms and conditions as we deem appropriate,

(2) establish and operate, and allow others to establish and operate, real estate brokerage businesses for commercial real estate only using the Marks and the Franchise System, at any location and on such terms and conditions we deem appropriate,

(3) establish and operate and allow others to establish and operate real estate brokerage businesses, located anywhere (including within the Exclusive Territory), that may offer products and services which are identical or similar to products and services offered by Realty World® Businesses, under other trade names, trademarks, service marks and commercial symbols different from the Marks, and on any terms and conditions we deem appropriate,

(4) establish, and allow others to establish other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from the Realty World® Businesses, and that sell products and/or services that are identical or similar to, and/or competitive with, those that the Realty World® Businesses customarily sell under any terms and conditions we deem appropriate,

(5) engage in, and allow others (including Realty World® Businesses), to engage in real estate brokerage services for new home developments located anywhere (including within the Exclusive Territory);

(6) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Realty World® Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating,

(7) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and

services similar to those provided at Realty World® Businesses, or by another business, and

(8) engage in all other activities not expressly prohibited by the Franchise Agreement

We are not required to pay you if we exercise any of the rights specified above inside your Exclusive Territory. Because we reserve certain of the rights specified above, 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.

ITEM 13

TRADEMARKS

Under the terms of the Franchise Agreement, we grant you the non-exclusive right to operate a Realty World® Business under the Marks. You may not use any of the Marks as part of your firm or corporate name. However, you may file a d/b/a using the Marks in your d/b/a name. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Business or any interest in the franchise. The following Marks are owned by Realty World®, Inc. and are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO")

Mark	Registration Number	Registration Date
Realty World®	2,190,318	09/22/98
Partial Globe ¹ 	2,289,033	10/26/99
The Right Agent Makes All the Difference in the World®	4131660	11/13/90

¹ You are required to always use the partial globe design logo together with our word mark "Realty World®" as indicated in our Operations Manual, as amended by us at our sole and absolute discretion. The partial globe design logo should not be used separately and apart of the word mark "Realty World®".

Mark	Registration Number	Registration Date
	2,190,317	09/22/98

For each registration noted above, all required affidavits and renewals have been filed

In addition to the registered trademarks noted above, on February 23, 2017, we filed an application with the USPTO (Serial No 87347460), on an intent-to-use basis, for the following design



There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks which are relevant to their use by our franchisees

You must notify us immediately when you learn about an infringement of or challenge to your use of any of the Marks. We may take action we think appropriate, and we will control any litigation or administrative proceeding

If we decide to modify or discontinue use of any of the Marks or to use one or more additional or substitute Marks, you must follow our directions to modify or discontinue use of the Marks or to use one or more additional or substitute Marks within a reasonable time after notice. We need not reimburse you for your direct expenses of changing your Businesses signs or other materials, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark

We are not required to indemnify you for any costs that you incur in defending the claim brought against you or any proceeding where you are named as a party because of your authorized and proper use of the Marks. We may defend and control the defense of any proceeding from your use of any of the Marks

In 2001, we granted Realty World – Northern California, Inc. the exclusive license to use the Realty World name and marks within most of the State of Nevada and the northern part of the State of California under a license agreement that has an initial term of 99 years with the right to renew for successive terms of 99 years. In 2014, Realty World – Northern California, Inc. assigned the license agreement to Nexthome, Inc.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents which are material to the franchise

We have not obtained any copyright registration that is material to the franchise. However, we claim common copyright law rights protection for our Operations Manual, brochures and marketing materials and similar items. You may use these items only as we specify while operating your franchise and must stop using them if we so direct you. Neither you nor your Sales Representatives may reproduce these materials or adapt them for use on any Internet or other computer network without our approval.

There are no determinations of the U S Copyright Office or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees.

We will disclose certain information of ours, and our affiliates that is confidential, proprietary, and considered part of our trade secrets in which we claim a valid economic interest as a result of our investment and research efforts to develop such information. We may further disclose to you certain information that is confidential and proprietary that may be acquired by us through a licensing agreement. The confidential, proprietary, and trade secret information may be part of the products, services, and programs we offer. Such confidential, proprietary, or trade secret information may include financial, business information patterns, plans, compilations, program devices, formulas, designs, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

Except as necessary, in connection with the operation of your Realty World® Business and as we approve, during the term or at any time after the expiration or termination of the Franchise Agreement, you may not directly or indirectly use for your own benefit or communicate or divulge to, or use for the benefit of, any other person or entity, any confidential, proprietary, or trade secrets that you acquired during the existence of the your relationship with us. Some of our affiliates may use and offer similar proprietary confidential or trade secret information under special licensing agreements.

In particular we have designed and implemented 5 proprietary and innovative compensation, recruiting and mentoring programs called the "LifeTime Income Program™," "LifeTime Income® Program v 2," Smart ModelSM," "The Wall Street Plan 104™," and Fortune 500 which you may adopt and use to assist and enhance your ability in recruiting licensed real estate salespersons.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do not require that you personally supervise the Business or attend training. We expect that you will designate a manager (the "Designated Manager") to be the point of contact between us and the Business. This manager need not have an ownership interest in you if you are a legal entity, and we place no restrictions on your ability to choose managers.

Because every state requires that a real estate brokerage be directly supervised by a broker of record who meets its real estate licensing requirements, you must designate a broker of record. You must identify your broker of record in the Franchise Agreement and you must notify us of any change. We place no limitations on who you designate as your broker of record if this broker of record meets the licensing requirements, and he or she may be you, one of your owners, a manager or an employee.

If you are a corporation, limited liability company or partnership or other legal entity, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations of the Franchise Agreement and all other agreements related to the Business.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may not use the Business or the premises of the Business for any purpose other than the operation of a Business in compliance with the Franchise Agreement. You may not offer any products or services that we have not approved. You must offer all products and services that we require to be offered at the Business. We may change the types of products and services required to be offered at the Business on reasonable written notice to you. There are no limits on our right to do so. We do not restrict the customers to whom you may sell approved products and services.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTIONS

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 or Other Agreements	Summary
(a) Length of the franchise term	Section 1 D	5, 7, 10, 15 or 20 year term (at your discretion)
(b) Renewal or extension of the term	Section 13	If you are in full compliance, you may acquire one successor franchise on our then-current terms (which may be materially different from existing terms) for of 5, 7, 10, 15 or 20 years (at your discretion)
(c) Requirements for franchisee to renew or extend	Section 13	Give us timely notice, maintain possession of your Businesses' premises or find acceptable suitable premises, remodel your Business according to our then-current standards (regardless of cost), pay a renewal fee and sign new franchise agreement and other documents we use to grant franchises Under the Franchise Agreement, "renewal" means one single additional term for a period of 5, 7, 10, 15 or 20 years (at your discretion) In connection with any renewal and provided you have substantially complied with the Franchise Agreement, you must maintain execute our then-current form of franchise agreement, which may provide materially different terms and conditions than your original franchise agreement, such as different fee requirements and renewal rights, refurbish or relocate your Business as needed and pay renewal fee

Provision	Section in Franchise or Other Agreements	Summary
(d) Termination by franchisee	Not applicable	You may not terminate the Franchise Agreement
(e) Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement
(f) Termination by franchisor with cause	Section 14	We may terminate only if you or your owners commit one of several violations
(g) "Cause" defined – curable defaults	Section 14	Under Franchise Agreement, you have 10 days to cure monetary defaults and failure to maintain insurance, 30 days to cure operational defaults and other defaults not listed in (h) below, and 90 days to relocate your Business to a new site if you lose possession of the premises
(h) "Cause" defined – non-curable defaults	Section 14	Non-curable default under Franchise Agreement include failure to open your Business within 180 days after the Franchise Agreement's effective date, failure to complete training within 10 months of opening, abandonment, unapproved transfers of your Business, material misrepresentations or omissions, conviction of a felony, dishonest or unethical conduct, unauthorized use of the Operations Manual or other confidential information, failure to pay taxes, understating Gross Revenues, repeated defaults (even if cured), an assignment for the benefit of creditors, appointment of a trustee or receiver, failure to comply with anti-terrorism laws, suspension or revocation of real estate license, and failure to comply with other agreements with us or our affiliates and do not correct failure within applicable cure period, if any

Provision	Section in Franchise or Other Agreements	Summary
(i) Franchisee's obligations on termination/non-renewal	Section 15	Obligations include paying outstanding amounts, complete de-identification, assigning telephone and other numbers, and returning confidential information (also see (o) and (r) below)
(j) Assignment of contract by franchisor	Section 12 A	No restriction on our right to assign, we may assign without your approval
(k) "Transfer" by franchisee – defined	Section 12 B	Includes transfer of Franchise Agreement, sales of your Businesses' assets, transfer of ownership interest in you or your owners
(l) Franchisor's approval of transfer by franchisee	Section 12 B	No transfer without our prior written consent
(m) Conditions for franchisor approval of transfer	Section 12 C	New franchise owner qualifies, you pay us, our affiliates, and third party vendors all amounts due and submit all required reports, no default during 60 day period before transfer request or during period between request and transfer's proposed effective date, new franchise owner (and its owners and affiliates) are not in a competitive business, training completed, lease transferred, transferee agrees to upgrade and remodel your Business according to our specifications, if necessary, within 45 days after transfer's effective date, you or your transferee signs our then-current franchise agreement and other documents, transfer fee paid, we approve purchase price and payment terms, you subordinate amounts due to you, you de-identify, and you sign release (if law allows) (also see (r) below)
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 12 F	We may match any offer for your Business or an ownership interest in you

Provision	Section in Franchise or Other Agreements	Summary
(o) Franchisor's option to purchase franchisee's business	Not applicable	
(p) Death or disability of franchisee	Section 12 E	Assignment of franchise or an ownership interest in you to approved party within 9 months, we may manage your Business if there is no qualified Designated Manager approved by us
(q) Non-competition covenants during the term of the franchise	Section 7	No diverting business, no ownership interest in, or performing services for competitive business anywhere ("competitive business" means (i) any real estate brokerage business, or (ii) any business granting franchises or licenses to others to operate real estate brokerage businesses (other than a Business operated under a franchise agreement with us)
(r) Non-competitions covenants after the franchise is terminated or expires	Section 15 D	No direct or indirect ownership interest in any competitive real estate business within a 25 mile radius of your Business or any other Business in operation for 2 years after termination of the Franchise Agreement
(s) Modification of the Agreement	Section 17 L Sections 1(b) and 11(g) of Computer Software Licensing Agreement	No modifications except in writing, but we may change the Operations Manual and System Standards We may change the third-party software providers in our discretion. Otherwise, no modifications unless in writing signed by both parties

Provision	Section in Franchise or Other Agreements	Summary
(t) Integration/merger clause	Section 17 O Section 11(g) of Computer Software Licensing Agreement	Only the terms of the Franchise Agreement (including System Standards in the Operations Manual) are binding (subject to state law) However, nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in the Disclosure Document Agreement constitutes the entire understanding of the parties, and revokes and supersedes all prior agreements between the parties
(u) Dispute resolution by arbitration or mediation	Section 17 F	Except for certain claims, we and you must submit all disputes for non-binding mediation before any lawsuit is initiated Mediation must occur within 50 miles of our then-current principal place of business (currently, Newport Beach, California)
(v) Choice of forum	Section 17 H Section 11(b) of Computer Software Licensing Agreement	Subject to mediation requirement and state law, litigation generally must be in courts nearest our then-current principal place of business (currently, Newport Beach, California) Subject to state law, state or federal courts located in Orange County, California
(w) Choice of law	Section 17 G Section 11(b) of Computer Software Licensing Agreement	Except for federal laws in the U S , laws of that state in which Business is located (subject to state law) Subject to state law, California state law governs

Applicable state law might require additional disclosures related to the information contained in this Item 17 These additional disclosures, if any, appear in Exhibit I

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise. Although the Franchise Agreement does not prohibit you from using a public figure in promotion or advertising, we must approve any public figure, media, time and text that you propose to use.

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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised Realty World® Businesses. 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 Realty World® Business, however, we may provide you with the actual records of that Realty World® Business. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Lisa Gerdes, Realty World, Inc., 1101 Dove Street, Suite 228, Newport Beach, California 92660, (714) 436-9009, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

**SYSTEMWIDE OUTLET SUMMARY FOR
YEARS 2015 TO 2017¹**

Outlet Type	Year	Realty World® Businesses at the Start of the Year	Realty World® Businesses at the End of the Year	Net Change
Franchised	2015	79	74	-5
	2016	74	71	-3
	2017	71	75	+4
Company-Owned	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Total Outlets	2015	79	74	-5
	2016	74	71	-2
	2017	71	75	+4

1/ The numbers in this table are as of May 31 for each year

TABLE NO. 2

**FRANCHISED REALTY WORLD® BUSINESSES
TRANSFERS OF REALTY WORLD® BUSINESSES FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2015 TO 2017¹**

State	Year	Number of Transfers
All States	2015	0
	2016	0
	2017	0
Total	2015	0
	2016	0
	2017	0

1/ The numbers in this table are as of May 31 for each year

TABLE NO. 3

**FRANCHISED REALTY WORLD® BUSINESSES
STATUS OF FRANCHISED REALTY WORLD® BUSINESSES
FOR YEARS 2015 TO 2017¹**

State	Year	Realty World® Businesses at Start of Year	Realty World® Businesses Opened	Termina- tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Realty World® Businesses at End of Year ²
Alabama	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Arizona	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	-1	0	0	0	0
Arkansas	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
California	2015	33	3	-10	0	0	0	26
	2016	26	2	-3	0	0	0	25
	2017	25	4	-3	0	0	0	26
Colorado	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Connecticut	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	-1	0	0	0	2
Florida	2015	15	7	-3	0	0	-1	18
	2016	18	2	-1	0	0	0	19
	2017	19	3	0	0	0	0	22
Georgia	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	-1	0	0	0	0
Idaho	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Illinois	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	-2	0	0	0	1
Indiana	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
Kansas	2015	1	0	-1	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Kentucky	2015	2	1	0	0	0	0	3
	2016	3	0	-1	0	0	0	2

State	Year	Realty World® Businesses at Start of Year	Realty World® Businesses Opened	Termina- tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Realty World® Businesses at End of Year ²
Louisiana	2017	2	0	0	0	0	0	2
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Maryland	2015	3	0	-1	0	0	0	2
	2016	2	1	0	0	0	0	3
	2017	3	0	0	0	0	0	3
Massachusetts	2015	4	0	0	0	0	0	4
	2016	4	0	-1	0	0	0	3
	2017	3	0	0	0	0	0	3
Michigan	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Minnesota	2015	1	0	0	0	0	0	1
	2016	1	0	-1	0	0	0	0
	2017	0	0	0	0	0	0	0
Missouri	2015	0	1	0	0	0	0	1
	2016	1	0	-1	0	0	0	0
	2017	0	0	0	0	0	0	0
Montana	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Nevada	2015	2	0	0	0	0	0	2
	2016	2	0	-1	0	0	0	1
	2017	1	0	0	0	0	0	1
New Jersey	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
New Mexico	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
New York	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Ohio	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	3	0	0	0	0	4
Oklahoma	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Oregon	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0

State	Year	Realty World® Businesses at Start of Year	Realty World® Businesses Opened	Termina- tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Realty World® Businesses at End of Year ²
Tennessee	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Texas	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	1	0	0	0	0	3
Utah	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Virginia	2015	2	0	0	-2	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Washington	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
West Virginia	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Wisconsin	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Totals	2014	79	13	-15	-2	0	-1	74
	2015	74	6	-9	0	0	0	71
	2016	71	12	-8	0	0	0	75

1/ The numbers in this table are as of May 31 for each year

2/ We also have a subfranchisor with a territory in the State of Pennsylvania and a licensee with territories in Northern Nevada and Northern California. There are currently 18 subfranchises, and at September 30, 2016 (the date of the licensee's fiscal year end), the licensee reported 162 real estate brokerage business franchises operating under the name "Realty World®". In July 2017, we assumed 22 franchise agreements from our former subfranchisor for the South Carolina and North Carolina territories.

TABLE NO. 4

**STATUS OF COMPANY-OWNED REALTY WORLD® BUSINESSES
FOR YEARS 2015 TO 2017⁽¹⁾**

State	Year	Realty World® Businesses at Start of Year	Realty World® Businesses Opened	Realty World® Businesses Reacquired from Franchisee	Realty World® Businesses Closed	Realty World® Businesses Sold to Franchisee	Realty World® Businesses at End of Year
Totals	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

TABLE NO. 5

**REALTY WORLD® BUSINESSES
PROJECTED FRANCHISE OPENINGS¹
AS OF MAY 31, 2017**

State	Franchise Agreements Signed But Realty World® Business Not Opened	Projected New Franchised Realty World® Businesses in the Next Fiscal Year	Projected New Company- Owned Realty World® Businesses in the Next Fiscal Year
California	0	3	0
Florida	0	3	0
Texas	0	3	0
Totals	0	9	0

1/ We do not make any projections for Pennsylvania, Northern Nevada or Northern California (See explanatory note 2 under the Table 3 chart for additional information)

Exhibit E is a list of our franchisees as of May 31, 2017. Exhibit F is a list of the name, city and state, and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had their franchise agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during fiscal year 2017 or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to 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 the Realty World® franchise system. You may wish to speak with current and former franchisees, but we are aware that not all such franchisees will

be able to communicate with you. We are not aware of any trademark-specific franchisee organizations associated with our franchise system.

ITEM 21

FINANCIAL STATEMENTS

Our audited financial statements for the fiscal years ending May 31, 2017, May 31, 2016, and May 31, 2015, are attached as Exhibit D.

ITEM 22

CONTRACTS

The Franchise Agreement is attached to this disclosure document as Exhibit B, the Computer Software Licensing Agreement is attached to this disclosure document as Exhibit D to the Franchise Agreement, the Exclusive Territory Addendum is attached to this disclosure document as Exhibit B-1, the Disclosure Acknowledgment Statement is attached to this disclosure document as Exhibit H and the State-Specific Additional Disclosures and Riders to the Franchise Agreement are attached to this disclosure document as Exhibit I.

ITEM 23

RECEIPT

Exhibit J contains detachable documents acknowledging your receipt of the disclosure document.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not be registered to sell franchises in all of these states.

California

Department of Business Oversight,
Commissioner of Business Oversight
Toll Free 1 (866) 275-2677

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814
(916) 445-7205

Hawaii

(for service of process)
Commissioner of Securities of the Department of
Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)
Business Registration Division
Department of Commerce and Consumer Affairs
P O Box 40
Honolulu, Hawaii 96810
(808) 586-2722

Illinois

Franchise Bureau
Office of the Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-11
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

(state agency)

Office of the Attorney General-
Securities Division
200 St Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)

Maryland Securities Commissioner at the Office
of the Attorney General – Securities Division
200 St Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

Michigan

(state agency)

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 G Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7177

(for service process)

Michigan Department of Commerce
Corporations and Securities Bureau
P O Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St Paul, Minnesota 55101
(651) 296-6328

New York

(for service of process)

Secretary of the State of New York
41 State Street
Albany, New York 12231
(518) 474-4750

(for other matters)

New York State Department of Law
Investor Protection and Securities Bureau
120 Broadway
New York, New York 10271-0332
(212) 416-8000

North Dakota

North Dakota Securities Department
Fifth Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
John O. Pastore Complex
Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

South Dakota

Department of Revenue and Regulation
Division of Securities
445 East Capitol
Pierre, South Dakota 57501-2017
(605) 773-4013

Virginia

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street
Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

(for other matters)

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

Wisconsin

Commissioner of Securities
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-3431

EXHIBIT B
FRANCHISE AGREEMENT

REALTY WORLD, INC.

FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

ADDRESS

TABLE OF CONTENTS

	<u>Page</u>
1 PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE	1
A PRFAMBI FS	1
B ACKNOWLEDGMENTS	1
C CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP	2
D GRANT OF FRANCHISE	3
E NO EXCLUSIVITY AND RESERVATION OF RIGHTS	3
2 SITE SELECTION, LEASE OF LOCATION, AND DEVELOPMENT AND OPENING OF YOUR BUSINESS	4
A SITE SELECTION	4
B BUSINESS DEVELOPMENT	4
C COMPUTER SYSTEM	5
D BUSINESS OPENING	5
3 FEES	5
A INITIAL FEES	5
B SUPPORT FEES	6
C ROYALTY FEES	6
D NATIONAL ADVERTISING AND PROMOTIONAL FUND CONTRIBUTIONS	6
E GROSS REVENUE	6
F SALES REPRESENTATIVE	6
G SERVICE CHARGE	6
H INCREASE IN FEES	6
I METHOD OF PAYMENT AND APPLICATION OF PAYMENTS	7
4 TRAINING AND ASSISTANCE	7
A TRAINING	7
B GENERAL GUIDANCE	8
C OPERATIONS MANUAL	8
D DELEGATION OF PERFORMANCE.	9
5 MARKS	9
A OWNERSHIP AND GOODWILL OF MARKS	9
B LIMITATIONS ON YOUR USE OF MARKS	9
C NOTIFICATION OF INFRINGEMENTS AND CLAIMS	9
D DISCONTINUANCE OF USE OF MARKS	9
6 CONFIDENTIAL INFORMATION	10
7 EXCLUSIVE RELATIONSHIP	11
8 BUSINESS OPERATIONS AND SYSTEM STANDARDS	11
A CONDITION AND APPEARANCE OF YOUR BUSINESS	11
B PRODUCTS AND SERVICES YOUR BUSINESS OFFERS	11
C MANAGEMENT OF YOUR BUSINESS	11
D APPROVED PRODUCTS, SERVICES, AND SUPPLIERS	12
E COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES	12

F	INSURANCE	13
G	COMPLIANCE WITH SYSTEM STANDARDS	13
H	AFFILIATED VENDORS	14
I	MEMBERSHIP IN MULTIPLE LISTING SERVICE, INTERNET DATA EXCHANGE	14
9	ADVERTISING	14
A	NATIONAL ADVERTISING AND PROMOTIONAL FUND	14
B	LOCAL ADVERTISING	16
C	WEBSITES	16
D	SALES REPRESENTATIVE MARKETING	18
10	RECORDS, REPORTS, AND FINANCIAL STATEMENTS	18
11	INSPECTIONS AND AUDITS	19
A	OUR RIGHT TO INSPECT YOUR BUSINESS	19
B	OUR RIGHT TO AUDIT	19
12	TRANSFER	19
A	BY US	19
B	BY YOU	19
C	CONDITIONS FOR APPROVAL OF TRANSFER	20
D	TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY	21
E	YOUR DEATH OR DISABILITY	22
F	OUR RIGHT OF FIRST REFUSAL	22
13	EXPIRATION OF THIS AGREEMENT	23
A	YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE WHEN THIS AGREEMENT EXPIRES	23
B	GRANT OF A SUCCESSOR FRANCHISE	23
C	AGREEMENTS/RELEASES	24
D	OUR RIGHT TO SOLICIT SALES REPRESENTATIVES	24
14	TERMINATION OF AGREEMENT	24
15	OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT	26
A	PAYMENT OF AMOUNTS OWED TO US	26
B	DE-IDENTIFICATION	26
C	CONFIDENTIAL INFORMATION	27
D	COVENANT NOT TO COMPETE	27
E	SOLICITATION OF SALES REPRESENTATIVES	27
F	CONTINUING OBLIGATIONS	27
16	RELATIONSHIP OF THE PARTIES/INDEMNIFICATION	28
A	INDEPENDENT CONTRACTORS	28
B	NO LIABILITY FOR ACTS OF OTHER PARTY	28
C	TAXES	28
D	INDEMNIFICATION	28

17	ENFORCEMENT	28
A	SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS	28
B	WAIVER OF OBLIGATIONS	29
C	COSTS AND ATTORNEYS' FEES	30
D	YOU MAY NOT WITHHOLD PAYMENTS DUE TO US	30
E	RIGHTS OF PARTIES ARE CUMULATIVE	30
F	MEDIATION	30
G	GOVERNING LAW	30
H	CONSENT TO JURISDICTION	31
I	WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL	31
J	REMEDIES	31
K	INJUNCTIVE RELIEF	31
L	BINDING EFFECT	32
M	LIMITATIONS OF CLAIMS	32
N	EFFECTIVE DATE	32
O	CONSTRUCTION	32
18	NOTICES AND PAYMENTS	33

EXHIBIT A	LISTING OF OWNERSHIP INTERESTS
EXHIBIT B	SALES REPRESENTATIVE QUOTA
EXHIBIT C-1	PERCENTAGE FEE BASIS FEES
EXHIBIT C-2	FLAT FEE BASIS FEES
EXHIBIT D	COMPUTER SOFTWARE LICENSING AGREEMENT

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

REALTY WORLD, INC.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into by and between **REALTY WORLD, INC.**, a Nevada corporation with its principal business address at 1101 Dove Street, Suite #228, Newport Beach, California 92660 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your"), as of the date below of our CEO, Mr. Andrew C. Cramer's signature on this Agreement (the "Effective Date")

1 PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE

A PREAMBLES

(1) We have, over a considerable time period and with considerable effort, developed a network of real estate brokerage businesses known as **Realty World® businesses** (individually, "**Realty World® Business**" and collectively, "**Realty World® Businesses**") These **Realty World® Businesses** have distinctive business formats, marketing plans, methods, systems, procedures, designs, layouts, standards, and specifications, all of which we may improve, further develop, or otherwise modify from time to time.

(2) We use, promote, and license certain trademarks, service marks, and other commercial symbols in operating the **Realty World® Businesses**, including, without limitation, the **Realty World®** marks, which have gained and will continue to gain public acceptance and goodwill, and may create, use, and license other trademarks, service marks, and commercial symbols for **Realty World® Businesses** (collectively, the "Marks").

(3) We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a **Realty World® Business** offering the products and services we authorize and using our business formats, methods, rules, procedures, signs, designs, layouts, standards, specifications, and Marks (the "Franchise System").

(4) You have applied for a franchise to own and operate a **Realty World® Business**.

B ACKNOWLEDGMENTS. You acknowledge

(1) That you have independently investigated this franchise opportunity and recognize that, like any other business, the nature of the business a **Realty World® Business** conducts may, and probably will, evolve and change over time.

(2) That an investment in a Business involves business risks that could result in the loss of a significant portion or all of your investment and your business abilities and efforts are vital to your success and the success of your **Realty World® Business**.

(3) That you have not received from us, and are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a **Realty World® Business**, that any information you have acquired from other **Realty World® Business** franchisees regarding their sales, profits, or cash flows was not information obtained from us and that we make no representation about that information's accuracy

(4) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us

(5) That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise

(6) That we have not made any representation, warranty, or other claim regarding this franchise opportunity, other than those made in this Agreement and our franchise disclosure document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement

(7) That you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or elected not to do so

(8) That you have a net worth which is sufficient to make the investment in the franchise opportunity represented by this Agreement, and you will have sufficient funds to meet all of your obligations under this Agreement

C **CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP** If you are at any time a corporation, limited liability company, or partnership (each, an "Entity"), you agree and represent that

(1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation,

(2) Your organizational documents will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions,

(3) Exhibit A to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date and each of your owners during this Agreement's term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this

Agreement and any ancillary agreements between you and us. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains,

(4) Your **Realty World® Business** will be the only business you operate (although your owners may have other, non-competitive business interests)

D **GRANT OF FRANCHISE** You have applied for a franchise to own and operate a Business at

(the "Location") (If the Location has not been determined as of the Effective Date, the Location shall be the site selected in accordance with Section 2 A hereof.) Subject to this Agreement's terms, we grant you a franchise (the "Franchise") to operate a **Realty World® Business** ("your Business") and to use the Franchise System in its operation. The term of this Agreement is (check one): (1) Five (5) years

- | | | |
|-----|-----------------|-----------|
| (2) | Seven (7) years | _____ |
| (3) | Ten (10) years | _____ |
| (4) | Fifteen (15) | _____, or |
| (5) | Twenty (20) | _____ |

beginning on the date this Agreement becomes effective pursuant to Section 17 N of this Agreement

You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote your Business. You may use the Location only for your Business.

E **NO EXCLUSIVITY AND RESERVATION OF RIGHTS** We grant you the right to operate your Business at the Location only. You acknowledge and agree that your Sales Representatives must also only operate at the Location. You have no right to open any additional offices or locations under this Agreement. You acknowledge and agree that this Agreement does not grant you any exclusive or protected territory. You further acknowledge and agree that we (and our affiliates) retain the right at all times during this Agreement's term to engage in any and all activities that we (and they) deem appropriate, wherever and whenever we (and they) desire, and whether or not such activities compete with your Business, including, without limitation, the right to

(1) establish and operate, and allow others to establish and operate other **Realty World® Businesses** and other real estate brokerage businesses using the Marks and the Franchise System, at any location and on such terms and conditions we deem appropriate,

(2) establish and operate, and allow others to establish and operate, real estate brokerage businesses for commercial real estate only using the Marks and the Franchise System, at any location and on such terms and conditions we deem appropriate,

(3) establish and operate, and allow others to establish and operate real estate brokerage businesses, located anywhere, that may offer products and services which are identical or similar to products and services offered by the **Realty World® Businesses**, under other trade names, trademarks, service marks and commercial symbols different from the Marks, and on any terms and conditions we deem appropriate,

(4) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from the **Realty World® Businesses**, and that sell products and/or services that are identical or similar to, and/or competitive with, those that the **Realty World® Businesses** customarily sell under any terms and conditions we deem appropriate,

(5) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at **Realty World® Businesses**, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating,

(6) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at **Realty World® Businesses**, or by another business, and

(7) engage in all other activities not expressly prohibited by this Agreement

2 **SITE SELECTION, LEASE OF LOCATION, AND DEVELOPMENT AND OPENING OF YOUR BUSINESS.**

A **SITE SELECTION** We must approve the Location and you may operate your Business only at the Location. The Location must be at least 1,000 square feet. You acknowledge and agree that, if we recommend, give you information regarding a site for, or approve the Location that is not a representation or warranty of any kind, express or implied, of the site's or business's suitability for a **Realty World® Business** or any other purpose. Our recommendation or approval indicates only that we believe that the site or business meets our then acceptable criteria. Applying criteria that have appeared effective with other sites, premises and/or businesses might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site, premises and/or business. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site, premises and or business we recommend fail to meet your expectations. You acknowledge and agree that your acceptance of the Franchise and selection of the Location are based on your own independent investigation of the suitability of the site or business for your Business. The lease or sublease for the Location must contain any terms and provisions which we may require from time to time (although we will not negotiate your lease). You may not relocate your Business without our prior written consent.

B **BUSINESS DEVELOPMENT.** Within ninety (90) days after the date you sign a Lease for the Location, you agree at your expense to do the following: (a) construct the front lobby and reception area in accordance to plans and specifications approved by us, (b) decorate your Business in compliance with plans and specifications approved by us, and (c) purchase and install any required Computer System (as defined in Section 2 C below). You agree to place or display at the Location (interior and exterior) only the signs, emblems, lettering, logos, and display materials that we approve from time to time. Upon our request, you agree to purchase or lease approved brands, types, or models of fixtures and signs containing any of the Marks only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates). You must obtain our approval to use any supplier not previously approved by us.

We may require, among other things that you submit the name, address, website, telephone number and email address of any supplier prior to our review of your request for approval of a new supplier

C COMPUTER SYSTEM Notwithstanding anything to the contrary contained herem, upon our request, you agree to obtain and use specified integrated computer hardware and/or software, including an integrated computer-based order-entry system (the "Computer System") We may modify specifications for, and components of, the Computer System You also agree to maintain a functioning e-mail address and all specified points of high-speed Internet connection Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support We have no obligation to reimburse you for any Computer System costs Within ninety (90) days after you receive notice from us, you agree to obtain the Computer System components that we designate and to ensure that your Computer System, as modified, is functioning properly

You agree that we or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during this Agreement's term You must execute the Computer Software Licensing Agreement in the form attached hereto as Exhibit D

Although you agree to buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for (1) the acquisition, operation, maintenance, and upgrading of the Computer System, (2) the manner in which your Computer System interfaces at our specified levels of connection speed with our and any third party's computer system, and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded

D BUSINESS OPENING You agree not to open your Business until (1) you pay the initial franchise fee and other amounts then due to us, (2) we have approved your Location, (3) you give us certificates for all required insurance policies, (4) you give us copies of your Broker of Record's real estate licenses and (5) your DBA has been approved by us

Subject to your compliance with these conditions, you agree to open your Business for business within one hundred eight (180) days after the Effective Date

3 FEES

A INITIAL FEES You agree to pay us a nonrecurring and, except as specifically provided in this Agreement, nonrefundable initial franchise fee in the amount set forth on Exhibit C-1 (Percentage Fee Basis Plan) or Exhibit C-2 (Flat Fee Basis Plan) attached hereto in the form of a bank check or cashier's check The initial franchise fee is due, and fully earned by us, when you sign this Agreement

B SUPPORT FEES You agree to pay us by the 25th day of each month, on an ongoing basis, a Support Fee (the "Support Fee") in the amount set forth on Exhibit C-1 (Percentage Fee Basis Plan) or Exhibit C-2 (Flat Fee Basis Plan) attached hereto

C ROYALTY FEES You agree to pay us a monthly royalty (the "Royalty Fee"), in the manner provided in Section 3 I below, on or before the twenty-fifth (25th) day of each month in the amount set forth on Exhibit C-1 (Percentage Fee Basis Plan) or Exhibit C-2 (Flat Fee Basis Plan) attached hereto

D NATIONAL ADVERTISING AND PROMOTIONAL FUND CONTRIBUTIONS You agree to pay us a monthly National Advertising and Promotional Fund contribution (the "National Advertising and Promotional Fund Contribution"), in the manner provided in Section 3 I below, on or before the twenty-fifth (25th) day of each month set forth on Exhibit C-1 (Percentage Fee Basis Plan) or Exhibit C-2 (Flat Fee Basis Plan) attached hereto

E GROSS REVENUE "Gross Revenue" means all revenues received by you from commissions, fees or professional services, both actual or to be imputed, from all transactions of your Sales Representatives either in cash, commission notes, or any other valuable consideration received in lieu of cash, and shall include revenues from all transactions using the Franchise System involving you, your broker(s), any of its officers, directors, shareholders, partners, employees. Gross Revenue will be computed without deduction for any payment to your brokers, sales managers, Sales Representatives, or employees, payments for any multiple listing fees, insurance, home protection plans, business expenses or taxes, but with deduction for any referral fees paid to any other non-affiliated real estate brokerage firms

F SALES REPRESENTATIVE "Sales Representative" shall mean each person who possesses a real estate license that is affiliated, directly or indirectly, with your Business, including, but not limited to, sales associates, broker associates, brokers, licensed assistants and each broker of record and/or manager. You agree that you and each of your Sales Representatives will join and remain a member in good standing and comply with the by-laws, rules and regulations of a local board of realtors (or comparable organization). You also agree to participate in a board-owned multiple listing service, where available. You and your Sales Representatives must also abide by the Code of Ethics of the National Association of Realtors. If you fail to provide written notice of a new Sales Representative within five (5) business days after a new Sales Representative becomes affiliated with you, you must pay us an amount equal to Two Hundred Fifty Dollars (\$250) for each Sales Representative for whom you have not provided written notice. You agree to have the minimum number of Sales Representatives by the dates and during the periods set forth on Exhibit B attached hereto ("Sales Representative Quota"). In the event you fail to meet the Sales Representative Quota, and you have selected Exhibit C-2 (Flat Fee Basis Plan) as the basis for payment of your Royalty Fee and National Advertising and Promotional Fund Contribution, you will pay Royalty Fees and National Advertising and Promotional Fund Contributions as if you had met your Sales Representative Quota and you will use the fee schedule described in Exhibit C-2 for the purposes of calculating these fees. Within five (5) days after a new Sales Representative becomes affiliated with your Business, you must provide us with written notice of such affiliation.

G SERVICE CHARGE You will pay a service charge of Fifty Dollars (\$50) per day or the maximum amount the law allows, whichever is less, for each day your payment is late. You acknowledge that this Section 3 G is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, your Business.

H INCREASE IN FEES If the term of this Agreement exceeds ten (10) years, commencing on the ten (10) year anniversary of the Effective Date, all fees due under this Agreement, including, without

limitation, the Support Fee, the Royalty Fee and National Advertising and Promotional Fund Contributions and fees will automatically increase on an annual basis by three percent (3%) per annum

I **METHOD OF PAYMENT AND APPLICATION OF PAYMENTS** At our request, you agree to sign and deliver to us the documents we require to authorize us to debit your business checking account or credit card automatically for all amounts due under this Agreement (the "EFT Authorization"). Such EFT Authorization shall remain in full force and effect during the term of this Agreement. We will debit the business account or credit card you designate in the EFT Authorization for these amounts on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You agree to ensure that funds will be available in your designated account to cover our withdrawals.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You agree that your failure to establish or to require your Sales Representatives to pay any of the fees payable under this Agreement or your failure to collect any of these fees from your Sales Representatives does not relieve you of your obligation to remit all monthly fees payable to us under this Agreement.

We may require you to pay any amounts due under this Agreement by means other than check, credit card or automatic debit whenever we deem appropriate, and you agree to comply with our payment instructions.

4 **TRAINING AND ASSISTANCE**

A **TRAINING** We will train your Designated Manager and one additional employee on the material aspects of operating a **Realty World® Business**. We will schedule and provide approximately 2 to 3 days of training when requested by you (although the specific number of days depends on our opinion of your Designated Manager and your employee's, experience and needs) at our principal offices, at a designated training facility of our choice or through a Website or extranet. Within ten (10) months after the Effective Date, your Designated Manager must satisfactorily complete the initial training. If we determine that your Designated Manager cannot complete initial training to our satisfaction, we may terminate this Agreement. We provide initial training for no additional fee for two (2) persons. You will be responsible for your employees' travel and living expenses, wages and workers' compensation insurance while attending training, provided, however, we reserve the right to offer such training and assistance online, which may save you time and travel and living expenses.

Your Designated Manager may request additional training at the end of the initial training program, to be provided at our then current per diem charges, if your Designated Manager does not feel sufficiently trained in the operation of a **Realty World® Business**. We and you will jointly determine the duration of this additional training. However, if your Designated Manager satisfactorily completes our initial training program, and has not expressly informed us in writing at the end of that program that he/she does not feel sufficiently trained in the operation of a **Realty World® Business**, then you will be deemed to have been trained sufficiently to operate a **Realty World® Business**.

We may require your Designated Manager and/or previously trained and experienced employees to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate. We will not require attendance at more than two (2) such courses, or for more than a total of three (3) business days, during a calendar year. Besides attending these courses, you agree to attend an annual meeting of all Business franchise owners at a location we

designate Attendance will not be required for more than five (5) days during any calendar year You agree to pay all costs to attend

If you have a new Designated Manager during this Agreement's term, the new Designated Manager must satisfactorily complete our then current initial training program We may charge reasonable fees for training such new Designated Manager You also agree to pay all travel and living expenses which your Designated Manager incurs during all training courses and programs

You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time You acknowledge and agree we may communicate our programs, systems, education, and training directly to your Sales Representatives You acknowledge and agree that any training we agree to provide pursuant to this Agreement may be provided, at our option, through the Website, extranet or any other format we choose

B GENERAL GUIDANCE We may advise you from time to time regarding the operation or your Business based on your reports or our inspections and may guide you with respect to (1) standards, specifications, and operating procedures and methods that Businesses use, (2) purchasing required and authorized products and services, (3) advertising and marketing materials and programs, (4) employee hiring and training, and (5) administrative and management Such guidance will be furnished in the form of our operations manual for the operation of Businesses (the "Operations Manual"), which may include one or more separate manuals as well as audiotapes, videotapes, compact discs, computer software, information available on an Internet site, other electronic media, and/or written materials At our option, we may also provide guidance via telephone conversations and/or consultation at our offices

At your option, you may utilize the services of a coach or consultant we designate from time to time to provide special guidance, coaching, assistance, or training We will charge you our then applicable fee, including our coach or consultant's per diem charges and travel and living expenses

C OPERATIONS MANUAL We will give you access to the Operations Manual during the term of this Agreement The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating Businesses ("System Standards") and information on your other obligations under this Agreement We may modify the Operations Manual periodically to reflect changes in System Standards You agree to keep your copy of the Operations Manual current, including downloading any updates to the Operations Manual which we make available on a restricted Website or extranet or through other electronic media, and in a secure location at your Business If there is a dispute over its contents, our master copy of the Operations Manual controls You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than your employees who need to know its contents You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy at our then applicable charge

At our option, we may post some or all of the Operations Manual on a restricted Website or extranet to which you will have access (For purposes of this Agreement, "Website" means an interactive electronic document contained in a network of computers linked by communications software, including, without limitation, the Internet and World Wide Web home pages) If we do so, you agree to monitor and access the Website or extranet for any updates to the Operations Manual or System Standards Any passwords or other digital identifications necessary to access the Operations Manual on a Website or extranet will be deemed to be part of Confidential Information (as defined in Section 6)

D DELEGATION OF PERFORMANCE You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations

5 MARKS.

A OWNERSHIP AND GOODWILL OF MARKS Your right to use the Marks is derived only from this Agreement and limited to your operating your Business according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement's term contest or assist any other person in contesting the validity of, or our rights to, the Marks

B LIMITATIONS ON YOUR USE OF MARKS You agree to use the Marks as your Business's sole identification, except that you agree to identify yourself as its independent owner in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a Website (unless in connection with our approved Franchise System Website), or (5) in any other manner that we have not expressly authorized in writing. However, you may file a d/b/a using the Marks in your d/b/a name. You may not use any Mark in advertising the transfer, sale, or other disposition of your Business or an ownership interest in you without our prior written consent. You agree to display the Marks prominently as we prescribe at your Business and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law

C NOTIFICATION OF INFRINGEMENTS AND CLAIMS You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, is necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take

D DISCONTINUANCE OF USE OF MARKS If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing your Business's signs or other materials, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark

Our rights in this Section 5 D apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

6 CONFIDENTIAL INFORMATION.

We and our affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), relating to developing and operating Businesses, including (without limitation) (1) site selection criteria, (2) the Operations Manual, (3) the System Standards, (4) proprietary formulas, marketing plans, market research, promotional, marketing and advertising programs for Businesses, (5) knowledge of specifications for, and suppliers of, products and supplies, (6) any computer software or similar technology which is proprietary to us or our affiliates, (7) knowledge of the operating results and financial performance of Businesses other than your Business, and (8) your Business's customer list.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating your Business during this Agreement's term, and that Confidential Information is proprietary, includes our and our affiliates' trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you (a) will not use Confidential Information in any other business or capacity, (b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's term and then thereafter for as long as the item is not generally known to the public, (c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form, and (d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to your personnel, Sales Representatives and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly, which, at the time we disclosed it to you, already had lawfully become generally known through publication or communication by others (without violating an obligation to us or our affiliates), or which, after we disclose it to you, lawfully becomes generally known through publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our and our affiliates' sole and exclusive property, part of the Franchise System, and works made-for-hire for us and our affiliates. To the extent that any item does not qualify as a "work made-for-hire" for us and our affiliates, by this paragraph you assign ownership of that item, and all related rights to that item, to us and our affiliates and agree to take whatever action (including signing assignment or other documents) we request to evidence our and our affiliates' ownership or to help us and our affiliates obtain intellectual property rights in the item.

7 EXCLUSIVE RELATIONSHIP

You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Agreement's term, neither you, any of your owners, nor any of your or your owners' immediate family members will

(a) have any direct or indirect interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph),

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating,

(c) recruit or hire any person then employed, or who was employed within the immediately preceding twenty-four (24) months, as a real estate broker at a Realty World® Business operated by us, any of our affiliates, or a franchise owner without obtaining the employer's prior written permission,

(d) divert or attempt to divert any actual or potential business or customer of your Business to a Competitive Business, or

(e) engage in any other activity which might injure the goodwill of the Marks and/or the Realty World® Businesses

The term "Competitive Business" means (i) any real estate brokerage business, or (ii) any business granting franchises or licenses to others to operate real estate brokerage businesses (other than a Realty World® Business operated under a franchise agreement with us)

8 BUSINESS OPERATIONS AND SYSTEM STANDARDS

A **CONDITION AND APPEARANCE OF YOUR BUSINESS** You agree that you will not use any part of the Location for any purpose other than operating a Business in compliance with this Agreement, and that you will place or display at the Location (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we approve from time to time. You further agree to maintain, at your own expense, the condition and appearance of your Business and the Location in accordance with the System Standards and consistent with the image of a Business as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness and efficient, courteous service

B **PRODUCTS AND SERVICES YOUR BUSINESS OFFERS** You agree that you (1) will offer and sell from your Business the products and services that we periodically specify, (2) will not offer or sell at your Business, the Location or any other location any products or services we have not authorized, and (3) will discontinue selling and offering for sale any products or services that we at any time disapprove

C **MANAGEMENT OF YOUR BUSINESS** Your Business shall be managed by a designated manager who has completed our initial training program to our satisfaction (the "Designated Manager"). You (or one of your owners if you are an Entity) or your Designated Manager must at all times hold a valid state real estate broker license under whose license your Business will be conducted (the "Broker of Record"). You will identify the Broker of Record on Exhibit C-1 or Exhibit C-2 attached hereto. Your

Designated Manager, who may but does not need to be one of your owners, must work full-time at your Business, to supervise the day-to-day operations of your Business and continuously exert his/her best efforts to promote and enhance your Business

D APPROVED PRODUCTS, SERVICES, AND SUPPLIERS We reserve the right to periodically designate and approve standards, specifications, suppliers and/or distributors of products and services that we periodically authorize for use at your Business. During this Agreement's term you must purchase or lease all fixtures, products and services containing any Mark for your Business only according to our standards and specifications and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us and/or our affiliates). You acknowledge and agree that we do not provide any warranty to any products that we require you to purchase or lease. You further acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our affiliates provide to you and from payments made to us or our affiliates by suppliers that we designate or approve for some or all of our franchisees).

If you want to use any products containing any of the Marks that we have not yet evaluated or want to purchase any item from a supplier or distributor that we have not yet approved (for items that we require you to purchase from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the item complies with our standards and specifications or the supplier or distributor meets our criteria. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We reserve the right periodically to re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet our criteria.

E COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES You must secure and maintain in force throughout this Agreement's term all required licenses, permits and certificates relating to your Business's operation and operate your Business in full compliance with all applicable laws, ordinances and regulations. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Business as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 16.D pertain to your obligations hereunder.

Your Business must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Businesses. You must notify us in writing within three (3) business days of (1) the commencement of any action, suit or proceeding relating to your Business, (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Business, (3) any notice of violation of any law, ordinance or regulation relating to your Business, and (4) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal

consumer affairs department or division, or any other government or independent third party involving a complaint from a customer or potential customer relating to your Business. You must immediately provide to us copies of any documentation you receive of events in (1) through (4) above and resolve the matter in a prompt and reasonable manner in accordance with good business practices.

F INSURANCE During the term of this Agreement you must maintain in force at your sole expense comprehensive public, general and motor vehicle liability and errors and omissions insurance, each in the amount of Two Million Dollars (2,000,000 Dollars) per occurrence, against claims for bodily and personal injury, death and property damage caused by or occurring in connection with your Business's operation, all containing the minimum liability coverage we prescribe from time to time. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and any affiliates we designate as additional named insureds and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. You routinely must furnish us copies of your Certificate of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

G COMPLIANCE WITH SYSTEM STANDARDS You acknowledge and agree that operating and maintaining your Business according to System Standards are essential to preserve the goodwill of the Marks and the goodwill of all Businesses. Therefore, you agree at all times to operate and maintain your Business according to each and every System Standard, as we periodically modify and supplement them. Though we retain the right to establish and periodically modify System Standards which you have agreed to maintain in the operation of your Business, you retain the right and sole responsibility for the day-to-day management and operation of your Business and the implementation and maintenance of System Standards at your Business. System Standards may regulate any aspect of your Business's operation and maintenance, including, but not limited to, any one or more of the following: (1) sales, marketing, advertising and promotional programs and materials and media used in these programs, (2) staffing levels for your Business and employee qualifications, training, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions), (3) use and display of the Marks; (4) days and hours of operation, (5) participation in market research, (6) terms of the client contracts, (7) bookkeeping, accounting, data processing and record keeping systems and forms, formats, content and frequency of reports to us of sales, revenue, and financial performance and condition, and (8) any other aspects of operating and maintaining your Business that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Businesses.

You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified. You acknowledge that our periodic modification of the System Standards (including, without limitation, changes to the hardware and software required for the Computer System), which may accommodate regional and/or local variations, may obligate you to invest additional capital in your Business and/or incur higher operating costs.

We have the right to operate, develop, and change the System Standards in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and on our judgment of what is in our and/or the best interests of the **Realty World® Businesses** and the Marks at the time our decision is made.

H **AFFILIATED VENDORS** You agree to be a member of the relocation program designated by us. You acknowledge and agree that we have and will, at our option, continue to have affiliates that offer products or services to you or your clients. Even if we do not designate such affiliate as the sole supplier of such products or services, you agree to use your best efforts to purchase products and/or services from such affiliate. You also agree to use your best efforts to refer such affiliate to your clients.

I **MEMBERSHIP IN MULTIPLE LISTING SERVICE, INTERNET DATA EXCHANGE** You must join the local multiple listing service ("MLS") that encompasses the geographic area surrounding the Location and remain a member in good standing of such MLS throughout the term of this Agreement. You must ensure that each of your Sales Representatives, whether they are your employees or independent contractors, also satisfy this requirement. Subject to applicable law and the rules of the applicable MLS, you must provide us with access to the MLS so that we can obtain a listings data feed and provide an Internet Data Exchange (IDX) search on our Franchise System Website (defined in Section 9 C) and mobile app and such other websites and apps as we deem necessary. You must pay any fees the MLS charges for providing the IDX search on the products we specify.

9 **ADVERTISING.**

A **NATIONAL ADVERTISING AND PROMOTIONAL FUND** We have established a National Advertising and Promotional Fund for **Realty World® Businesses** (the "National Advertising and Promotional Fund"). We will use the National Advertising and Promotional Fund for advertising, marketing, and public relations programs and materials we deem appropriate. Neither we nor our affiliates currently operate any **Realty World® Businesses**. However, any **Realty World® Businesses** that we or our affiliates may own in the United States (but not elsewhere) in the future will contribute to the National Advertising and Promotional Fund on the same percentage basis as franchise owners.

We will direct all programs that the National Advertising and Promotional Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The National Advertising and Promotional Fund may pay for preparing and producing video, audio, and written materials and electronic media for various forms of media (including, without limitation, television, radio, magazines, newspapers, direct mail, and email), developing, implementing, and maintaining a Franchise System Website (as defined in Section 9 C below) and/or related strategies, administering regional and multi-regional marketing and advertising programs, including, without limitation, advertising for solicitation of new franchisees and sales representatives, purchasing trade journal, direct mail, and other media advertising, using advertising, promotion, and marketing agencies and other advisors to provide assistance, conducting market research, conducting social media campaigns, online lead generation, referral programs, real estate listing enhancement costs and subsidies, listing distribution arrangements, regional and national Franchise System events and related activities, social media development and training, awards, lead management system development, maintenance, and updates, customer loyalty programs, brand extension, development, and marketing, agent recruiting initiatives, and supporting public relations, market research, direct sales tools, websites, and other advertising, promotion, and marketing activities. The National

Advertising and Promotional Fund to which you contribute periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the National Advertising and Promotional Fund separately from our other funds and not use the National Advertising and Promotional Fund for any of our general operating expenses. However, we may use the National Advertising and Promotional Fund to pay the reasonable salaries and benefits of personnel who manage and administer the National Advertising and Promotional Fund's and other administrative costs, travel expenses of personnel while they are on fund business, meeting costs, overhead relating to National Advertising and Promotional Fund business, and other expenses that we incur in activities reasonably related to administering or directing such National Advertising and Promotional Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for National Advertising and Promotional Fund Contributions.

The National Advertising and Promotional Fund will not be our asset. The National Advertising and Promotional Fund is not a trust. We do not owe any fiduciary obligation to you for administering the National Advertising and Promotional Funds or any other reason. We will hold all National Advertising and Promotional Fund Contributions for the benefit of the contributors and use contributions for the purposes described in this Section 9 A. The National Advertising and Promotional Fund may spend in any fiscal year more or less than the total National Advertising and Promotional Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on the National Advertising and Promotional Fund Contributions to pay costs before using the National Advertising and Promotional Fund's other assets. We will prepare an annual, unaudited statement of National Advertising and Promotional Fund collections and expenses and give you the statement upon written request. We may have the National Advertising and Promotional Fund audited annually, at the National Advertising and Promotional Fund's expense, by an independent certified public accountant. We may incorporate the National Advertising and Promotional Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9 A.

We intend for the National Advertising and Promotional Fund to maximize recognition of the Marks and patronage of **Realty World® Businesses** contributing to the National Advertising and Promotional Fund. Although we will try to use the National Advertising and Promotional Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all **Realty World® Businesses** contributing to the National Advertising and Promotional Fund, we need not ensure that National Advertising and Promotional Fund expenditures in or affecting any geographic area are proportionate or equivalent to National Advertising and Promotional Fund Contributions by **Realty World® Businesses** operating in that geographic area or that any Business benefits directly or in proportion to its National Advertising and Promotional Fund Contribution from the development of advertising and marketing materials or the placement of advertising and marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect National Advertising and Promotional Fund Contributions at the National Advertising and Promotional Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the National Advertising and Promotional Fund. Except as expressly provided in this Section 9 A, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the National Advertising and Promotional Funds.

We may at any time defer or reduce contributions of a **Realty World® Business** franchise owner and, upon thirty (30) days' prior notice to you, reduce or suspend National Advertising and Promotional Fund Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the National Advertising and Promotional Fund. If we terminate the National Advertising and Promotional Fund, we will distribute all unspent monies to our franchise owners who contribute to the National Advertising and Promotional Fund, and to us and our affiliates, in proportion to their, and our, respective Fund contributions during the preceding twelve (12) month period.

B LOCAL ADVERTISING You must promote your Business by spending on local advertising, marketing, and promotions within the area reasonably surrounding the Location ("**Your Local Advertising**") a monthly amount for each Sales Representative in the amounts set forth on Exhibit C-1 (Percentage Fee Basis Plan) or Exhibit C-2 (Flat Fee Basis Plan) attached hereto in addition to the National Advertising and Promotional Fund Contribution. Upon our request, you will provide to us a report documenting all of Your Local Advertising expenses. If you fail to make the expenditures required under this Section 9 B, we may require that you contribute the amount you failed to spend to the National Advertising and Promotional Fund. You acknowledge that pursuant to Section 11 B (Our Right to Audit), we may examine your (if you are an Entity) and your Business's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records related to Your Local Advertising.

You agree to list and advertise your Business in at least one (1) recommended classified telephone directory distributed within your Business's market area (in the business classifications we prescribe from time to time) and to use form of classified telephone directory advertisement approved by us. If other **Realty World® Businesses** are located within the directory's distribution area, we may require you to participate in a collective advertisement with those other **Realty World® Businesses** and to pay your share of that collective advertisement. Your Local Advertising and promotion must follow our guidelines. You may not develop, maintain, or authorize any Website that mentions or describes you or your Business or displays any of the Marks without our prior written consent. You also agree to participate, at your cost, in any direct mail program that we implement and to use an online lead generation service.

You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. Before you use them, you agree to send us for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

C WEBSITES

(1) Approved Website You must establish a Website at your sole expense that mentions or describes you or your Business or displays any of the Marks ("**Approved Website**") You may not register any Internet domain names that include any of our Marks, including "**Realty World**" name, except that you may register a domain name that contains the "**Realty World**" name if it is a name that we have approved for your Business. At our option, we may register a domain name containing the Marks and license to you the right to use such domain name for the Approved Website during the term of the Agreement, provided that you are in full compliance with the Agreement and the System Standards. You agree that we shall have final approval right over all content of the Approved Website and all links contained in the Approved Website. You must also provide a link to the Franchise System Website (as defined below) on your Approved Website. ~~Notwithstanding anything to the contrary contained~~

herein, you acknowledge and agree that we may terminate your obligation and right to maintain an Approved Website at any time and require you to maintain a webpage on the Franchise System Website. If you desire to establish any Website, other than the Approved Website, using any of our Marks, you must obtain our prior written consent. You must follow any guidelines we provide regarding content of and use of the Marks in connection with Websites describing **Realty World® Businesses**. You must also require each Sales Representative at your **Realty World® Business** to have a website and you will provide us with the email address for each Sales Representative at your **Realty World® Business**.

(2) Franchise System Website We have established a Website to advertise, market, and promote **Realty World® Businesses**, the products and services that they offer and sell, and/or the **Realty World® Business** franchise opportunity (a "Franchise System Website"). We will maintain the Franchise System Website and may use the National Advertising and Promotional Fund's assets to develop, maintain, and update the Franchise System Website. You also must pay an annual fee for the Franchise System Website. We periodically may update and modify the Franchise System Website (including your webpage). You acknowledge that we have final approval rights over all information on the Franchise System Website (including your webpage). We may, but are not obligated to, provide you with a webpage on the Franchise System Website that references your Business. If we provide you with a webpage on the Franchise System Website, you must (i) provide us the information and materials we request to develop, update, and modify your webpage, (ii) notify us whenever any information on your webpage is not accurate, (iii) if we give you the right to modify your webpage, notify us whenever you change the context of your webpage, and (iv) pay our then current initial fee and monthly maintenance fee for the webpage. We will own all intellectual property and other rights in the Franchise System Website, including your webpage, and all information they contain (including, without limitation, the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

Even if we provide you a webpage on our Franchise System Website, we will only maintain such webpage while you are in full compliance with this Agreement and all System Standards we implement (including, without limitation, those relating to the Franchise System Website). If you are in default of any obligation under this Agreement or our System Standards, then we may, in addition to our other remedies, temporarily remove your webpage from the Franchise System Website until you fully cure the default. We will permanently remove your webpage from the Franchise System Website upon this Agreement's expiration or termination.

D SALES REPRESENTATIVE MARKETING Subject to our right to approve advertising materials and use of the Marks under this Agreement, your Sales Representative may create Websites and other marketing materials that assist in the furtherance of their activities for your Business. You acknowledge and agree that your Sales Representatives will comply with our guidelines with respect to the use of our Marks. In the event any of your Sales Representative ceases to be an independent contractor for your Business for any reason, you must ensure that such Sales Representative immediately ceases to use all Marks and removes all Marks from any and all marketing materials used by such Sales Representative. Without limiting the foregoing, you acknowledge and agree that you must cause such Sales Representative to cease using the names "Realty World" and "RW" and any derivative thereof in any manner, including use of such names as part of any domain name, internet address or email address.

10 RECORDS, REPORTS, AND FINANCIAL STATEMENTS

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. We may require you to use a Computer System to maintain certain sales data and other information. You agree to give us in the manner and format that we prescribe from time to time.

(a) on or before the twenty-fifth (25th) day of each calendar month, a report on your Gross Revenue of each Sales Representative during the preceding calendar month and the number of transactions closed;

(b) on or before the twenty-fifth (25th) day of each calendar month, a listing of all Sales Representatives affiliated with your Business,

(c) within ninety (90) days after the end of each fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for your Business as of the end of that fiscal year, prepared in accordance with generally accepted accounting principles. We reserve the right to require that you have these financial statements and the financial statements of any prior fiscal years certified and/or audited by an independent accounting firm approved by us in writing,

(d) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to your Business and the Franchise,

(e) on or before the twenty-fifth day (25th) day of each calendar month, a report from your local real estate broker association listing all of the real estate agent affiliations,

(f) within ten (10) days after our request, the MLS roster for your Business along with MLS records reflecting all listings and sales activity for your Business during the immediately preceding twelve (12) month period, and

(g) within ten (10) days after our request, any other information we request regarding you and your Business in the format we require.

You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports and other information submitted by you. Moreover, we may, as often as we deem appropriate (including on a daily basis), access the Computer System and retrieve all information relating to your Business's operation. You agree to preserve and maintain all records in a secure location at your Business for at least three (3) years (including, but not limited to, sales checks,

purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers)

11 INSPECTIONS AND AUDITS.

A **OUR RIGHT TO INSPECT YOUR BUSINESS** To determine whether you and your Business are complying with this Agreement and all System Standards, we and our designated agents or representatives, may at all times and without prior notice to you (1) inspect your Business, (2) photograph your Business and observe and videotape your Business's operation for consecutive or intermittent periods we deem necessary, (3) remove samples of any products and supplies, (4) interview your Business's personnel and Sales Representatives, (5) interview customers, and (6) inspect and copy any books, records, and documents relating to your Business's operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with your Business's operation.

B **OUR RIGHT TO AUDIT** We may at any time during your business hours, and without prior notice to you, examine your (if you are an Entity) and your Business's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You must cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Business's Gross Sales, you must pay us, within fifteen (15) days after receiving the examination report, any Royalty Fees and National Advertising and Promotional Fund Contributions due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement exceeding five percent (5%) of the amount that you actually reported to us for the period examined, you must reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12 TRANSFER.

A **BY US** You acknowledge that we maintain a staff to manage and operate the franchise system for the Realty World® Businesses and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, member, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction.

B **BY YOU** You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or to your owners if you are an Entity) and that we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (or any interest in this Agreement), your Business or substantially all of its assets, any ownership interest in you (regardless of its size), nor any ownership interest in any of your owners (if such owners are legal entities) may be transferred without our prior written approval. A transfer of your Business's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in this Agreement, you or substantially all of the assets of your Business. Without limiting

the foregoing, you may not, without our prior written consent, pledge this Agreement (to someone other than us) or of an ownership interest in you or your owners or transfer of an interest in this Agreement or substantially all of the assets of your Business in a divorce, insolvency or entity dissolution proceeding

C CONDITIONS FOR APPROVAL OF TRANSFER If you (and your owners) are in full compliance with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section 12 C. A non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and meet our then applicable standards for Business franchise owners (including no ownership interest in or performance of services for a Competitive Business). If the proposed transfer is of this Agreement or a controlling ownership interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) the transferee has sufficient business experience, aptitude, and financial resources to operate your Business,

(2) you have paid all Support Fees, Royalty Fees, and National Advertising and Promotional Fund Contributions, and other amounts owed to us, our affiliates, and third party vendors, have submitted all required reports and statements,

(3) you have not violated any provision of this Agreement or any other agreement with us during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer,

(4) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business,

(5) the transferee (or its managing owner) satisfactorily complete our training program,

(6) your landlord allows you to transfer the Lease or sublease the Location to the transferee;

(7) the transferee agrees (if the transfer is of this Agreement), if we determine is necessary, to upgrade, remodel, and refurbish your Business in accordance with our current requirements and specifications for Businesses within forty-five (45) days after the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take within this time period),

(8) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement,

- (9) you pay us a transfer fee of \$3,500,
- (10) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, officers, directors, employees, and agents,
- (11) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of your Business,
- (12) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Business are subordinate to the transferee's obligation to pay Support Fees, Royalty Fees, Fund contributions, and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement,
- (13) you and your transferring owners will not, for a period of two (2) years after the sale of your Business (or ownership interest in you), directly or indirectly, compete with, or solicit sales representatives or clients of, your Business, and
- (14) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Realty World® Businesses you own and operate) identify yourself or themselves or any business as a current or former Realty World® Business or as one of our franchise owners, use any Mark, any colorable imitation of a Mark, or other indicia of a Realty World® Business in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us

We may review all information regarding your Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Business. We will not approve any transfer that we determine is not a bona fide arms length transfer or is not being consummated in good faith by you and the transferee

Our consent to a transfer of this Agreement and your Business, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Business's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with this Agreement

D TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY Notwithstanding Section 12 C above, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than your Business and, if applicable, other Businesses, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of your Business's assets are owned, and your Business's business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. You agree to remain personally liable under this Agreement as if the transfer to

the corporation or limited liability company did not occur and sign the form of consent to assignment and assignment to corporate entity satisfactory to us which may include a general release of any and all claims against us and our owners, officers, directors, employees and agents. You further agree to provide us with all organizational documents for the corporation or limited liability company that we require.

E YOUR DEATH OR DISABILITY

(1) **Transfer Upon Death or Disability** Upon your or any of your owners' death or disability, your or your owner's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the owner's ownership interest in you, to a third party (which may be your or your owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or your owner from supervising your Business's management and operation.

(2) **Operation Upon Death or Disability** If, upon your Designated Manager's death or disability, a manager approved by us is not managing your Business, you must appoint a manager within thirty (30) days of the date of death or disability. The manager must complete our standard training program at your expense. A new Designated Manager acceptable to us also must be appointed for your Business within thirty (30) days.

F OUR RIGHT OF FIRST REFUSAL If you (or any of your owners) at any time determine to sell or transfer for consideration an interest in this Agreement and your Business, or an ownership interest in you (except to or among your current owners, which is not subject to this Section 12 F), in a transaction that otherwise would be allowed under Sections 12 B and 12 C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and your Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12 B and 12 C above. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that (1) we may substitute cash for any form of payment proposed in the offer, (2) our credit will be deemed equal to the credit of any proposed buyer, (3) we will have an additional thirty (30) days to prepare for closing after notifying you of our election to purchase, and (4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable.

If we exercise our right of first refusal, you and your selling owner(s) (and your and their immediate family members) agree that, for two (2) years beginning on the closing date, you and they will

be bound by the non-competition covenant contained in Section 15 D below. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 12 F. If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 12 B and 12 C above.

If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

13 EXPIRATION OF THIS AGREEMENT

A **YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE** When this Agreement expires

(1) if you (and each of your owners) have substantially complied with this Agreement during its term; and

(2) provided that (a) you maintain possession of and agree (regardless of cost) to remodel and/or expand your Business, add or replace improvements and Operating Assets, and otherwise modify your Business as we require to comply with System Standards then applicable for new Businesses, or (b) at your option, you secure a substitute premises that we approve and you develop those premises according to System Standards then applicable for Businesses,

then you may acquire a successor franchise to operate your Business as a **Realty World® Business** for an additional term of five (5), seven (7), ten (10), fifteen (15) or twenty (20) years, at your option. You agree to sign the franchise agreement we then use to grant franchises for **Realty World® Businesses** (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement, provided that you will pay a renewal fee of One Thousand Five Hundred Dollars (\$1,500) and we will waive the initial franchise fee.

B **GRANT OF A SUCCESSOR FRANCHISE** You agree to give us written notice of your election to acquire a successor franchise no more than three hundred sixty (360) days and no less than one hundred eighty (180) days before this Agreement expires. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise. We agree to give you written notice ("Our Notice"), not more than thirty (30) days after we receive your notice, of our decision:

(1) to grant you a successor franchise,

(2) to grant you a successor franchise on the condition that you correct existing deficiencies of your Business or in your operation of your Business,

(3) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a successor franchise, or

(4) not to grant you a successor franchise because we no longer maintain a franchise program for Businesses

If we elect not to grant you a successor franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, ~~in addition to your compliance with the obligations described in Our Notice, which may include actions to~~ cure any operating deficiencies or to bring your Business into compliance with then applicable System Standards

C **AGREEMENTS/RELEASES** If you satisfy all of the other conditions for a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, directors, employees, agents, successors, and assigns

D **OUR RIGHT TO SOLICIT SALES REPRESENTATIVES** You acknowledge and agree that if you fail to give us with written notice of your election to acquire a successor franchise one hundred eight (180) days prior to the expiration of this Agreement or if you give us written notice that you do not elect to acquire a successor franchise, we may immediately commence to solicit your Sales Representatives and other employees for other Realty World® Businesses or any other business

14 **TERMINATION OF AGREEMENT**

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise or operating your Business;

(2) you do not open your Business for business within the time frame set forth in Section 2 D,

(3) you (or your Designated Manager) do not satisfactorily complete initial training,

(4) you abandon or fail actively to operate your Business for thirty (30) or more consecutive days, unless you close your Business for a purpose we approve;

(5) you surrender or transfer control of your Business's operation without our prior written consent,

(6) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest or guilty to, a felony,

(7) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(8) you (or any of your owners) engage in any dishonest or unethical conduct which, in our opinion, adversely affects your Business's reputation or the goodwill associated with the Marks,

(9) you (or any of your owners or, if one or more of your owners is an Entity, the owner of a controlling interest in that Entity) make or attempt to make an unauthorized assignment of this Agreement, an ownership interest in you (or your owner), or your Business,

(10) you lose the right to occupy the Location or relocate to another location without our prior written consent;

(11) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information,

(12) you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of your Business and fail to correct such violation within seventy-two (72) hours after you receive notice from us or any other party,

(13) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten (10) days after we deliver written notice of that failure to you,

(14) you fail to pay when due any federal or state income, service, sales, or other taxes due on your Business's operation, unless you are in good faith contesting your liability for these taxes;

(15) you understate your Sales Representatives' Gross Revenue three (3) times or more during this Agreement's term or by more than five percent (5%) on any one occasion,

(16) you fail to report the accurate number of Sales Representative three (3) times or more during this Agreement's term,

(17) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you, or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you,

(18) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due, you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property, your Business is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated

within thirty (30) days, or any order appointing a receiver, trustee, or liquidator of you or your Business is not vacated within thirty (30) days following the order's entry;

(19) you file a petition in bankruptcy or a petition in bankruptcy is filed against you,

(20) you (or any of your owners) fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders,

(21) your real estate license is suspended or revoked,

(22) you fail to meet the Sales Representative Quota and do not correct the failure within ninety (90) days after we deliver written notice of the failure to you,

(23) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you, or

(24) You fail to comply with any other agreement with us or our affiliate and do not correct such failure within the applicable cure period, if any

15 OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

A **PAYMENT OF AMOUNTS OWED TO US** You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us all amounts owed to us (and our affiliates) which then are unpaid

B **DE-IDENTIFICATION** When this Agreement expires or is terminated for any reason

(1) you may not directly or indirectly at any time or in any manner (except with other Businesses you own and operate) identify yourself or any business as a current or former **Realty World® Business** or as one of our current or former franchise owners, use any Mark, any colorable imitation of a Mark, or other indicia of a **Realty World® Business** in any manner or for any purpose, or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us,

(2) you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark,

(3) you agree to deliver to us, at your expense, within thirty (30) days all signs, sign-faces, sign-cabinets, marketing materials, forms, letterhead and other materials containing any Mark or otherwise identifying or relating to a **Realty World® Business** that we request and allow us, without liability to you or third parties, to remove these items from your Business,

(4) you agree to immediately notify your state real estate commission, your local board of realtors, the National Association of REALTORS, and your clients that your **Realty World® Business** is no longer in existence and that you are no longer affiliated with us,

(5) you agree promptly and at your own expense to make the alterations we specify in our Operations Manual (or otherwise) to distinguish your Business clearly from its former appearance and from other **Realty World® Businesses** in order to prevent public confusion,

(6) you agree to immediately notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, facsimile, or other numbers and telephone directory listings associated with any Mark, to pay all outstanding balance due relating to such numbers or listings, to authorize the transfer of these numbers and directory listings to us or, at our direction, to a third party, and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events,

(7) you agree to cease using any and all e-mail address(es) and domain names that you used in connection with your Business that include any of our Marks,

(8) you agree to shut down the Approved Website, cease using any Marks on any Website and to transfer all domain names containing our names to us,

(9) you agree to notify all vendors that your **Realty World® Business** is no longer in existence and that you are no longer affiliated with us, and

(10) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations

C CONFIDENTIAL INFORMATION You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including marketing plans, award point programs, and computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the Franchise System) in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials that we have loaned you

D COVENANT NOT TO COMPETE If we terminate this Agreement pursuant to Section 14 or if you terminate this Agreement without cause, you and your owners agree that, for two (2) years beginning on the effective date of the termination, neither you nor any of our owners (or their immediate family members) will have any direct or indirect interest as an owner (whether or record, beneficially, or otherwise), investor, partner, director or officer, in any Competitive Business (as defined in Section 7 above) located or operating within a twenty-five (25) mile radius of your Business

E SOLICITATION OF SALES REPRESENTATIVES You acknowledge and agree that upon termination or expiration of this Agreement, we have the right to solicit your Sales Representatives and other employees for other Realty World® Businesses or any other business

F CONTINUING OBLIGATIONS All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire

16 **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

A **INDEPENDENT CONTRACTORS** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Business personnel, and others as your Business's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

B **NO LIABILITY FOR ACTS OF OTHER PARTY** We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Business's operation or the business you conduct under this Agreement.

C **TAXES** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us.

D **INDEMNIFICATION** You acknowledge, covenant and agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of your Business, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph.

17 **ENFORCEMENT.**

A **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS** Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court,

agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement

B WAIVER OF OBLIGATIONS We and you may by written instrument unilaterally waive or reduce any of the obligation of, or restriction upon, the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice

We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms, our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard, our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Businesses, the existence of franchise agreements for other Businesses which contain provisions different from those contained in this Agreement, or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government, (2) acts of God, (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot, or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of amounts due afterward

C COSTS AND ATTORNEYS' FEES. If either party initiates an arbitration, judicial or other proceeding, the prevailing party shall be entitled to reasonable costs and expenses (including attorneys' fees incurred in connection with such arbitration, judicial or other proceeding)

D YOU MAY NOT WITHHOLD PAYMENTS DUE TO US You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under this Agreement. You agree to submit all claims, unless otherwise resolved by our and your mutual agreement, to mediation as provided in Section 17 F below

E RIGHTS OF PARTIES ARE CUMULATIVE Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce

F MEDIATION We and you agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks, all controversies, disputes, or claims between us and our affiliates, and our and their respective shareholders, members, officers, directors, agents, and/or employees and you (and/or your owners, guarantors, affiliates, and/or employees) arising out of or related to

- (1) this Agreement or any other agreement between you (or your owners) and us (or our affiliates),
- (2) our relationship with you;
- (3) the scope or validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliates) or any provision of any of such agreements, or
- (4) any System Standard,

must be submitted for non-binding mediation, on demand of either party prior to the filing of any litigation. The mediation proceedings will be conducted by a mediator mutually agreed upon by the parties at a location selected by the mediator located within fifty (50) miles of our then-current principal office (currently Newport Beach, California). If the parties cannot agree upon a mediator, then each party shall select a mediator and the two (2) mediators shall select the mediator to conduct the mediation. You agree to attend (or if you are an Entity, to have a member of your senior management with full authority to settle any such dispute on your behalf attend) the mediation. Unless you and we agree prior to the commencement of mediation, the mediation will be limited to one (1) day with the costs of the mediation to be divided equally between the parties. If any party that is required to attend the mediation refuses to attend and participate in good faith, that party will be responsible for the costs incurred by the other party or parties in connection with the mediation, including the costs of any action to compel attendance at a subsequent mediation, reasonable attorneys' fees, mediation charges for the original and subsequent mediation, and travel and living expenses. Despite our and your agreement to mediate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

G GOVERNING LAW EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.),

OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH YOUR BUSINESS IS LOCATED WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH

H CONSENT TO JURISDICTION SUBJECT TO SECTION 17.F ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED IN A COURT OF GENERAL JURISDICTION NEAREST TO OUR THEN CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY NEWPORT BEACH, CALIFORNIA), AND YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THAT COURT AND WAIVE ANY OBJECTION YOU (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THAT COURT

I WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 16 D, AND EXCEPT FOR PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER UNITED STATES FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US

J REMEDIES. Except as set forth in Section 17 f above, the court will have the right to award any relief which it deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), lost profits, specific performance, injunctive relief, and attorneys' fees and costs. The parties agree that, in addition to other damages awarded by the court, if this Agreement is terminated by us for cause or by you without cause, you shall be liable to us for a lump sum amount equal to the net present value of amounts due under this Agreement, including, without limitation, the Support Fee, Royalty Fee, National Advertising and Promotional Fund Contributions that would have become due following termination of this Agreement for the period of this Agreement would have remained in effect but for your default or wrongful termination. For purposes of calculating the present value of amounts due under this Agreement, the parties shall use an amount equal to the average amount of fees paid during the twelve (12) calendar months immediately preceding the termination

K INJUNCTIVE RELIEF Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us, the Marks and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in

equity You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby)

L BINDING EFFECT This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by our Chief Executive Officer and one other duly authorized officer or other representative and your duly-authorized officers

M LIMITATIONS OF CLAIMS WE AND YOU AGREE THAT ANY THAT A LITIGATION OR ARBITRATION PROCEEDING BETWEEN US AND OUR AFFILIATES, AND OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND/OR EMPLOYEES, AND YOU (AND/OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND/OR EMPLOYEES) MAY NOT BE JOINED WITH ANY OTHER LITIGATION OR ARBITRATION PROCEEDING BETWEEN US AND ANY OTHER PERSON EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US OR OUR AFFILIATE, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT

N EFFECTIVE DATE THIS AGREEMENT SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS EVIDENCED BY DATING AND SIGNING BY EITHER (i) TWO (2) OF OUR DULY AUTHORIZED OFFICERS OR REPRESENTATIVES OR (ii) OUR PRESIDENT AND CEO ALONE NOTWITHSTANDING THAT THIS AGREEMENT SHALL NOT BE EFFECTIVE UNTIL SIGNED BY US, WE RESERVE THE RIGHT TO MAKE THE EFFECTIVE DATE OF THIS AGREEMENT THE DATE ON WHICH YOU SIGN THE AGREEMENT

O CONSTRUCTION The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the Operations Manual (which may be periodically modified, as provided in Sections 4 C , 8 G , and 17 L above), constitutes our and your entire agreement Other than the representations in the franchise disclosure document you received from us, there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement) Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us Except as provided in sSections 16 D and 17 F , nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement In addition, nothing contained herein shall be deemed a waiver of any rights you may have to rely on the franchise disclosure document we furnished to you

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "Control" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the Franchise and your Business, whether as partners or a joint venture, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Business or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or your Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a "controlling ownership interest" in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). "Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "your Business" includes all of the assets of the Realty World® Business you operate under this Agreement, including its revenue and the Lease.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

18 NOTICES AND PAYMENTS

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered (a) at the time delivered by hand, (b) at the time delivered via computer transmission and, in the case of amounts due, at the time we actually receive payment, (c) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission, (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery, or (e) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid, and (f) must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date

THIS AGREEMENT SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS EVIDENCED BY DATING AND SIGNING BY OUR CEO

REALTY WORLD, INC , a Nevada corporation

By _____
Andrew Cimerman, CEO

DATED: _____
(Effective Date of the Franchise Agreement)

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP)**

[Name]

By _____

Title _____

DATED. _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND NOT
A LEGAL ENTITY):**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

EXHIBIT A

**TO THE FRANCHISE AGREEMENT
BETWEEN REALTY WORLD, INC**

You and Your Owners

1 Form of Owner

(a) **Individual Proprietorship** Your owner(s) (is) (are) as follows

(b) **Corporation, Limited Liability Company, or Partnership** You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and _____. The following is a list of your directors, if applicable, and officers as of the effective date shown above

<u>Name of Each Director/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2 Owners The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary)

A-1

Franchisee _____ RW _____

	<u>Owner's Name</u>	<u>Description of Interest</u>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3 **Designated Manager** The Designated Manager is _____

REALTY WORLD INC ,
a Nevada corporation

By _____
Andrew Cimerman

DATED _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION, LIMITED
LIABILITY COMPANY, OR PARTNERSHIP)**

[Name]

By _____

Title _____

DATED. _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND NOT
A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

EXHIBIT B

**TO THE FRANCHISE AGREEMENT
BETWEEN REALTY WORLD, INC**

SALES REPRESENTATIVE QUOTA

You agree to have a minimum of a total of

_____ Sales Representatives for your Business by the one (1) year anniversary of the Effective Date,

_____ Sales Representatives for your Business by the two (2) year anniversary of the Effective Date,
and

_____ Sales Representatives for your Business by the three (3) year anniversary of the Effective Date
and for the remainder of the term of the Agreement

Only Sales Representatives who have not previously been affiliated with **Realty World® Businesses** (other than a Realty World® Business owned by you) for the twelve (12) month period prior to joining your Business may count towards the Sales Representative Quota. Once a Sales Representative affiliates with you, such Sales Representative will continue to count towards the Minimum Sales Representative Quota as long as such Sales Representative remains affiliated with you.

[signatures on following page]

B-1

Franchisee _____ RW _____

REALTY WORLD INC ,
a Nevada corporation

By _____
Andrew Cimerman, CEO

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION, LIMITED
LIABILITY COMPANY, OR PARTNERSHIP)**

[Name]

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND NOT
A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

EXHIBIT C-1

TO THE FRANCHISE AGREEMENT

BETWEEN REALTY WORLD, INC

PERCENTAGE FEE BASIS PLAN

By initialing each page and signing Exhibit C-1, you agree to pay the Royalty Fee, the National Advertising and Promotional Fund Contribution and Your Local Advertising as a percentage of Gross Revenue pursuant to the terms of this Exhibit C-1

Your election will apply during the entire term of the Franchise Agreement

INITIAL FRANCHISE FEE

- A \$12,500 if the city or unincorporated area in which your Business is located (or shall be located) has a population of 50,000 or more, or
- B \$10,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population greater than 19,999 and less than 50,000, or
- C \$5,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population of less than 20,000

SUPPORT FEE

- A \$250 per month, payable on the 25th day of each month, if the city or unincorporated area in which your Business is located has a population of 50,000 or more, or
- B \$200 per month, payable on the 25th day of each month, if the city or unincorporated area in which your Business is located has a population greater than 19,999 and less than 50,000, or
- C \$150 per month, payable on the 25th day of each month, if the city or unincorporated area in which your Business is located has a population of less than 20,000

ROYALTY FEE

- A Four percent (4%) of Gross Revenue in each calendar year up to and including One Million Dollars (\$1,000,000) of aggregate Gross Revenue for such calendar year
- B One percent (1%) of Gross Revenue in each calendar year in excess of One Million Dollars (\$1,000,000)

NATIONAL ADVERTISING AND PROMOTIONAL FUND CONTRIBUTIONS

- A One percent (1%) of Gross Revenue in each calendar year up to and including One Million Dollars (\$1,000,000) of aggregate Gross Revenue for such calendar year

C-1-1

Franchisee _____ RW _____

- B After you have obtained One Million Dollars (\$1,000,000) of aggregate Gross Revenue for a given calendar year, you will not be required to make any further National Advertising and Promotional Fund Contributions for such calendar year

YOUR LOCAL ADVERTISING

- A One percent (1%) of Gross Revenue in each calendar year up to and including One Million Dollars (\$1,000,000) of aggregate Gross Revenue for such calendar year
- B After you have obtained One Million Dollars (\$1,000,000) of aggregate Gross Revenue for a given calendar year, you will not be required to make any further expenditures toward Local Advertising unless you choose to do so

CURRENT WEBSITE FEE

\$300 annually

PAYMENT START DATE

You agree to commence paying all fees due hereunder the earlier of the date on which you commence operating your Realty World® Business or _____, 20__

~~BROKER OF RECORD~~

The Broker of Record is _____

REALTY WORLD INC ,
a Nevada corporation

By _____
Andrew Cimerman, CEO

DATED _____

C-I-2

Franchisee _____ RW _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION, LIMITED
LIABILITY COMPANY, OR PARTNERSHIP)**

[Name]

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND NOT
A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

EXHIBIT C-2

TO THE FRANCHISE AGREEMENT BETWEEN REALTY WORLD, INC

FLAT FEE BASIS PLAN

By initialing and signing Exhibit C-2, you agree to pay the fees listed below on a flat fee basis pursuant to the terms of this Exhibit C-2

Your election will apply during the entire term of the Franchise Agreement

INITIAL FRANCHISE FEE

- A \$12,500 if the city or unincorporated area in which your Business is located (or shall be located) has a population of 50,000 or more, or
- B \$10,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population greater than 19,999 and less than 50,000, or
- C \$5,000 if the city or unincorporated area in which your Business is located (or shall be located) has a population of less than 20,000

SUPPORT FEE

- A \$250 per month, payable on the 25th day of each month, if the city or unincorporated area in which your Business is located has a population of 50,000 or more, or
- B \$200 per month, payable on the 25th day of each month, if the city or unincorporated area in which your Business is located has a population greater than 19,999 and less than 50,000, or
- C \$150 per month, payable on the 25th day of each month, if the city or unincorporated area in which your Business is located has a population of less than 20,000

ROYALTY FEE

\$350 per month if you have up to 10 Sales Representatives,

\$750 per month if you have more than 10 Sales Representatives but no more than 20 Sales Representatives,

\$1,250 per month if you have more than 20 Sales Representatives but no more than 30 Sales Representatives,

\$1,800 per month if you have more than 30 Sales Representatives but no more than 50 Sales Representatives,

C-2-1

Franchisee _____ RW _____

\$2,850 per month if you have more than 50 Sales Representatives but no more than 100 Sales Representatives,

\$3,850 per month if you have more than 100 Sales Representatives but no more than 200 Sales Representatives, or

\$4,850 per month if you have more than 200 Sales Representatives

NATIONAL ADVERTISING AND PROMOTIONAL FUND CONTRIBUTIONS

\$75 per month if you have up to 10 Sales Representatives,

\$100 per month if you have more than 10 Sales Representatives but no more than 20 Sales Representatives,

\$125 per month if you have more than 20 Sales Representatives but no more than 30 Sales Representatives,

\$175 per month if you have more than 30 Sales Representatives but no more than 50 Sales Representatives,

\$225 per month if you have more than 50 Sales Representatives but no more than 100 Sales Representatives,

\$275 per month if you have more than 100 Sales Representatives but no more than 200 Sales Representatives, or

\$325 per month if you have more than 200 Sales Representatives

YOUR LOCAL ADVERTISING

\$50 per month if you have up to 10 Sales Representatives,

\$75 per month if you have more than 10 Sales Representatives but no more than 20 Sales Representatives,

\$100 per month if you have more than 20 Sales Representatives but no more than 30 Sales Representatives,

\$150 per month if you have more than 30 Sales Representatives but no more than 50 Sales Representatives,

\$200 per month if you have more than 50 Sales Representatives but no more than 100 Sales Representatives,

\$250 per month if you have more than 100 Sales Representatives but no more than 200 Sales Representatives, or

\$300 per month if you have more than 200 Sales Representatives

C-2-2

Franchisee _____ RW _____

CURRENT WEBSITE FEE

\$300 annually

PAYMENT START DATE

You agree to commence paying all fees due hereunder the earlier of the date on which you commence operating your Realty World® Business or _____, 20__

BROKER OF RECORD

The Broker of Record is _____

REALTY WORLD INC.,
a Nevada corporation

By _____
Andrew Cimerman, CEO

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION, LIMITED
LIABILITY COMPANY, OR PARTNERSHIP)**

[Name]

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND NOT
A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

EXHIBIT D
TO THE FRANCHISE AGREEMENT
BETWEEN REALTY WORLD, INC
COMPUTER SOFTWARE LICENSING AGREEMENT

COMPUTER SOFTWARE LICENSING AGREEMENT

THIS AGREEMENT is entered into as of the Effective Date, by and between Realty World, Inc (referred to as "we", or "us"), and _____ (referred to as "you" or "your");

WHEREAS, in addition to the systems, programs and tools available to Realty World Members through our website **www RealtyWorld.com** we have developed an internet based software platform (the "Software Platform") incorporating certain third-party software providers ("Third Party Providers") who will supply marketing materials, advertising programs and technology products and,

WHEREAS, we desire to make the Software Platform available to you and your licensed real estate Salespeople, and,

WHEREAS, you desire to utilize the Software Platform in your Realty World real estate business, pursuant to the terms and conditions hereinafter provided

NOW, THEREFORE, in consideration of the promises and the mutual covenants of this Agreement, the parties agree as follows

1. GRANT

- a) We hereby grant to you and your licensed real estate Salespeople, for the term of this Agreement, a nonexclusive, non-assignable, right and license to use the Software Platform in connection with your Realty World real estate business
- b) You acknowledge that the Third Party Providers may alter their programs and services without warning to you or us, and that we may change Third Party Providers at any time at our sole discretion

2 TERM

- a) This Agreement shall be effective as of the date it is executed by us (the "Effective Date") and shall extend for the period of one (1) year ("Initial Term") This Agreement shall be automatically renewed for additional one-year terms ("Extended Term") unless you notify us in writing of your intention not to renew the Agreement, said notice to be provided at least sixty (60) days prior to the expiration of the then in-effect Term

3 COST / FEES

- b) In consideration for the license granted hereunder during the Initial Term of this Agreement and for each Extended Term, you agree to pay us the Monthly User Fee set out in Schedule "A" (the User Fee) in accordance with the Payment Process recited in Schedule "A"

D-1

Franchisee _____ RW _____

4. CONFIDENTIALITY / SECURITY

- a) You acknowledge that the Software Platform provided by the Third Parties Suppliers and us under this Agreement contains Confidential Information belonging either to the Third Parties Suppliers or to us. Nothing in this Agreement transfers any right or interest to you in the Software Platform, our Confidential Information, our tools, programs, services, our brand, our trade-marks and intellectual property rights (including patent, copyright and trademarks - and derivative works produced therefrom), the coding and data of the Software Platform, any updates and changes to the Software Platform. You shall not modify, reproduce, sell, sublicense, distribute, transmit, transfer, reverse engineer, decompile, disassemble or otherwise divulge, directly or indirectly, by any means or any form, the Software Platform, or any portion thereof, without our prior written consent. You shall ensure that you and your Salespeople do nothing that violates our or the Third Party Providers' patent, trademark, copyright or other intellectual property rights.
- b) If you become aware of an apparent breach of our patent, trademark, copyright or other intellectual property rights you shall promptly notify us of said breach. We shall take the action we deem appropriate (including no action) and control exclusively any litigation, U S Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any intellectual property.
- c) You shall take all reasonable steps necessary to ensure that the Software Platform, or any portion thereof, are not made available or disclosed by you or your Salespeople to any other person. If you or your Salespeople breach this Section and if you or your Salespeople have not remedied the breach within thirty (30) days after written notice from us, we shall be entitled to terminate this Agreement by notice in writing given to you. Upon such termination, you shall deliver to us all material furnished to you pertaining to the Software Platform, and shall warrant in writing that all copies thereof have been returned to us or destroyed. You agree that in addition to all other remedies upon a breach of this Section, we shall be entitled to seek an injunction or other equitable relief against the continuance of such breach whether or not we have given you notice of the breach and whether or not the thirty (30) days have expired after notice is given.
- d) You and your Salespeople are responsible to safeguard your login and password to the Software Platform. Damage to your data and the Software Platform may result if our password is cracked or breached. If you believe that your password or that of your Salespeople has been breached you must notify us immediately. We are not responsible for damages or lost data as a result of your failure to safeguard your password.

5. PLATFORM PARTICIPATION

- a) You must assist us from time to time in executing necessary agreements or providing technical assistance in order for the Software Platform to function as designed. For example, we may require your assistance to integrate your Multiple Listing Service ("MLS") feed into the Software Platform.

D-2

Franchisee _____ RW _____

- b) You shall ensure that you and your Salespeople use the Software Platform in accordance with all applicable laws or regulations. We may, at our sole discretion, revoke your license or the license of your Salespeople if we have reason to believe there has been a violation of this agreement or any law or real estate code of ethics or if the Software Platform or Third Party Suppliers' programs have been damaged, compromised or used in a way contrary to their terms of use.

6. WARRANTIES

- a) We do not warrant, guarantee or make any representation regarding the content, currency, merchantability, reliability or fitness for a particular purpose of the information provided in the Software Platform. You are aware that the Software Platform may contain errors or inaccuracies.
- b) As you are able to edit data, in no event will we be liable to you, your Salespeople, your customers and any third party for any direct, indirect, special, punitive, exemplary or consequential losses or damages whatsoever arising out of errors or inaccuracies in the data of information in the Software Platform.
- c) As the programs and services within the Software Platform are provided by the Third Party Suppliers, in no event will we be liable to you, your Salespeople, your customers and any third party for any reason whatsoever for any loss, including loss of profit, loss of business, loss of opportunity or the like whether in the contemplation of the parties, whether based on breach of contract, tort (including negligence), product liability, loss of data, down time, disruption or otherwise resulting from the use of the Software Platform.
- d) We are not liable to you for any damage or alteration to your equipment including but not limited to computer equipment, handheld device or mobile telephones as a result of the use of the Software Platform.

7. INDEMNITY

- a) You will indemnify, defend, and hold us harmless from any lawsuit or proceeding brought against us, our affiliates, and any of our respective officers, directors, employees and agents, based upon or otherwise arising out of any conduct by you or your Salespeople related to the use of Software Platform.

8. IMPROVEMENTS and DISRUPTIONS

- b) Any improvements or modifications made by us or the Third Party Suppliers to the Software Platform shall be promptly provided to you and shall be automatically included in this Agreement. From time to time we or the Third Party Suppliers may require scheduling downtime in order to perform maintenance on the Software Platform. We do not anticipate this downtime to be more than 10 hours per month but the length and frequency of downtime are out of our control. Problems with your local internet service

provider, computer network, hardware or software are also out of our control and we are not responsible for any damages resulting from such problems

9 TERMINATION

- a) This Agreement shall automatically terminate upon the expiry or termination of your Realty World Franchise Agreement. This Agreement will terminate if you have failed to pay your fees in accordance with Schedule "A" and failed to cure any breach of this Agreement after receiving thirty (30) days' notice from us.
- b) Upon termination, all data, email addresses, images, contacts or information stored in the Software shall be deleted. We have no obligation to backup or retrieve your data.

10 POST-TERMINATION RIGHTS

- a) Upon the expiration or termination of this Agreement, all rights granted to you under this Agreement shall forthwith terminate and immediately revert to us and you shall discontinue all use of the Software Platform.

11 GENERAL TERMS

- a) **NOTICES** Any notice required to be given pursuant to this Agreement shall be in writing and mailed by certified or registered mail, or delivered by a national overnight express service. Either party may change the address to which notice or payment is to be sent by written notice to the other party pursuant to the provisions of this paragraph.
- b) **JURISDICTION AND DISPUTES:** This Agreement shall be governed by the laws of the State of California and all disputes hereunder shall be resolved in the applicable state or federal courts located in Orange County, California. The parties consent to the jurisdiction of such courts, agree to accept service of process by mail, and waive any jurisdictional or venue defenses otherwise available.
- c) **AGREEMENT BINDING ON SUCCESSORS** This Agreement shall be binding on and shall inure to the benefit of the parties hereto, and their heirs, administrators, successors, and assigns.
- d) **WAIVER:** No waiver by either party of any default shall be deemed as a waiver of any prior or subsequent default of the same or other provisions of this Agreement.
- e) **SEVERABILITY:** If any provision hereof is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or operation of any other provision and such invalid provision shall be deemed to be severed from the Agreement.

- f) **ASSIGNABILITY:** The license granted hereunder is personal to you and may not be assigned by you without our consent
- g) **INTEGRATION:** This Agreement constitutes the entire understanding of the parties, and revokes and supersedes all prior agreements between the parties and is intended as a final expression of their Agreement. It shall not be modified or amended except in writing signed by the parties hereto. This Agreement shall take precedence over any other documents that may be in conflict therewith.
- h) **ACT OF GOD:** Neither party will be liable for failing or delaying performance of its obligations resulting from any condition beyond its reasonable control, including but not limited to, governmental action, acts of terrorism, earthquake, fire, flood or other acts of God, labor conditions, power failures, and Internet disturbances.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have each caused to be affixed hereto its or his/her hand and seal the day indicated.

Realty World _____

Signature _____ (I have authority to bind the company)

Print Name _____

Date _____

Realty World Inc

Signature _____ (I have authority to bind the company)

Print Name _____

Date _____

Schedule "A"

Fees and Payments

Monthly User Fee Each month you as the Brokerage / Broker of Record shall pay us a Monthly User Fee in the amount of \$64.99 and each Salesperson registered with your office shall pay us a Monthly User Fee in the amount of \$39.99

Payment Process You and each Salesperson registered with your brokerage shall register with the third-party payment processor of our choice. Each month, on the first day of the month your credit card will be charged \$64.99 and each Salesperson's credit card will be charged \$39.99. The Salesperson may elect to pay the payment processor via pre-authorized withdrawal from a bank account.

Payment Start Date Payment of the Monthly User Fee shall begin on _____

MLS and IDX Fees You shall pay all MLS fees, IDX fees or any other third party or data fees necessary to make the Software Platform available to you and your Salespeople.

Fee Adjustment The Third Party Suppliers may adjust the fees they charge to us. Therefore, we may adjust the Monthly User Fee we charge to you. You acknowledge and agree that the Monthly User Fee may be adjusted at our sole discretion at any time.

Franchise Agreement You acknowledge and agree to amend your Franchise Agreement and execute any necessary documents if we determine it is necessary in order to incorporate the terms of this Agreement into your Franchise Agreement.

Franchise Fees The Monthly User Fee and MLS and IDX fees are in addition to any other fees set out in your Franchise Agreement. For example, in the Franchise Agreement you are required to pay Royalty Fees, Advertising Fees and Technology Fees. Said fees are in addition to the fees payable under this Agreement.

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS IS GIVEN THIS ____ day of _____, by _____ (the "Guarantor")

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (the "Agreement") by Realty World, Inc. (the "Franchisor"), and _____ ("Franchisee"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities

Each of the undersigned waives (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed, (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed, (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability. Each of the undersigned consents and agrees that (1) his direct and immediate liability under this guarantee shall be joint and several, (2) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so, (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person, and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement

Each of the undersigned Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate

Guarantor hereby consents and agrees that

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of Franchisee,

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so,

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U S Bankruptcy Act or other statute, or from the decision of any court or agency,

(d) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed, and

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor

Guarantor agrees to be personally bound by the dispute resolution provisions under Section 17 of the Agreement, including, without limitation, the governing law provision of Section 17 G and the consent to jurisdiction provision of Section 17 H in accordance with their terms

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN FRANCHISEE

Print Name _____

Print Name _____

Print Name _____

Print Name _____

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guarantee given herein by his/her spouse

Name of Guarantor

Name of Guarantor

Name of Guarantor's Spouse

Name of Guarantor's Spouse

Signature of Guarantor's Spouse

Signature of Guarantor's Spouse

Name of Guarantor

Name of Guarantor

Name of Guarantor's Spouse

Name of Guarantor's Spouse

Signature of Guarantor's Spouse

Signature of Guarantor's Spouse

EXHIBIT B-1

EXCLUSIVE TERRITORY ADDENDUM

REALTY WORLD, INC.

EXCLUSIVE TERRITORY ADDENDUM

This Exclusive Territory Addendum ("Addendum") is made and entered into as of the _____ day of _____, 20__ by and between **REALTY WORLD, INC.**, a Nevada corporation with its principal business address at 1101 Dove Street, Suite 228, Newport Beach, CA 92660 ("we," "us," or "our"), and _____, whose principal business address is ("you" or "your") _____

1 **BACKGROUND.** Contemporaneously herewith, we and you have entered into a franchise agreement (the "Franchise Agreement") and this Addendum is intended to be part of the Franchise Agreement. All capitalized terms used but not defined in this Addendum have the meanings set forth in the Franchise Agreement. Except as provided in this Addendum, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Addendum, the terms of this Addendum will control.

2 **INITIAL FEE.** Section 3 A of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

INITIAL FEE. You agree to pay us a nonrecurring and, except as specifically provided in this Agreement, nonrefundable initial franchise fee of _____ Dollars (\$ _____) in the form of a bank check or cashier's check. The initial franchise fee is due, and fully earned by us, when you sign this Agreement.

3 **TERRITORY.** Section 1 E of the Franchise Agreement is hereby deleted and replaced with the following:

EXCLUSIVE TERRITORY AND RESERVATION OF RIGHTS. Provided you are in full compliance with this Agreement, neither we nor our affiliates will operate or grant a franchise for the operation of another **Realty World® Business** with an office located within the territory identified on Exhibit A attached hereto (the "Exclusive Territory"). However, you acknowledge and agree that we and our affiliates may grant franchises for commercial real estate brokerage businesses under the Marks located within the Exclusive Territory. You further acknowledge and agree that other **Realty World® Businesses** located outside of your Exclusive Territory may market in your Exclusive Territory. You are not prohibited from marketing outside of your Exclusive Territory. Without limiting the foregoing, you must meet minimum Sales Representative Quota (as defined below) to maintain your rights to the Exclusive Territory.

We and our affiliates reserve the right to

(1) establish and operate, and allow others to establish and operate, other **Realty World® Businesses** using the Marks at any location outside the Exclusive Territory and on such terms and conditions as we deem appropriate,

(2) establish and operate, and allow others to establish and operate, real estate brokerage businesses for commercial real estate only using the Marks and the Franchise System, at any location and on such terms and conditions we deem appropriate,

(3) establish and operate, and allow others to establish and operate real estate brokerage businesses, located anywhere (including within the Exclusive Territory), that may offer products and services which are identical or similar to products and services offered by **Realty World® Businesses**, under other trade names, trademarks, service marks and commercial symbols different from the Marks, and on any terms and conditions we deem appropriate,

(4) establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from the **Realty World® Businesses**, and that sell products and/or services that are identical or similar to, and/or competitive with, those that the **Realty World® Businesses** customarily sell under any terms and conditions we deem appropriate,

(5) engage in, and allow others (including **Realty World® Businesses**), to engage in real estate brokerage services for new home developments located anywhere (including within the Exclusive Territory),

(6) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at **Realty World® Businesses**, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating,

(7) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at **Realty World® Businesses**, or by another business, and

(8) engage in all other activities not expressly prohibited by this Agreement

IN WITNESS WHEREOF, the Franchisor and the Franchisee have duly executed and delivered this Addendum on this _____ day of _____ 20____

THIS ADDENDUM SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS EVIDENCED BY DATING AND SIGNING BY EITHER ANDREW CIMERMAN, OUR PRESIDENT AND CHIEF EXECUTIVE, OR TWO OF OUR DULY AUTHORIZED OFFICERS OR REPRESENTATIVES

REALTY WORLD, INC , a
Nevada corporation

By _____
Title _____

By _____
Title _____

DATED: _____

DATED: _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Name]

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND
NOT A LEGAL ENTITY):**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED: _____

EXHIBIT C
PROMISSORY NOTE

INITIAL FRANCHISE FEE PROMISORY NOTE

Amount \$ _____ Dated _____

FOR VALUABLE CONSIDERATION, the undersigned _____ ("Maker") and N/A ("Co-Maker(s)") promise to pay to Realty World, Inc or its successors and assigns ("Holder"), on _____ at _____, or at such other place as Holder may designate, in writing, the principal sum of _____ (the "Principal"), which amount shall, except as set forth below, bear no interest

- 1 This Promissory Note ("Note") is made pursuant to Realty World Franchise Agreement of _____ herewith and entered into by and between Maker as "Franchisee" and Holder as "Franchisor" In the event the Maker or Co-Maker(s) fail to make any payment when due, including any payment due upon acceleration of this Note, the entire outstanding Principal shall thereafter bear interest at rate equal to the lesser of eighteen percent (18%) per annum or the highest rate allowed by law from its due date until paid in full
- 2 All payments shall be made in lawful money of the United States of America without set-off, offset, recoupment, deduction or counterclaim of any kind whatsoever Payments, when made, shall first be applied to accrued and unpaid interest, if any, and then to Principal
- 3 Maker acknowledges and agrees that amount of this Note (reflecting the Initial Franchise Fee) is fully earned by Holder and non-refundable
- 4 Maker may prepay the principal balance of this Note in full or in part at any time, with no prepayment penalty No partial prepayment shall extend or postpone the due date of any subsequent installment payment or change the amount of the installment payment Prepayments will be applied without notation on this Note
- 5 Holder of this Note may determine that Maker and co-Maker(s) are in default and may accelerate the unpaid Principal and all interest accrued thereon to be immediately due and payable, without presentment for payment or any notice or demand, (A) if Maker, Co-Maker(s), endorser, surety or guarantor of this Note (i) suspends business, (ii) becomes insolvent or offer settlement to any creditors, (iii) files a petition in bankruptcy, either voluntary or involuntary, (iv) institutes any proceeding under any bankruptcy or insolvency laws relating to the relief of debtors, (v) makes an assignment for the benefit of creditors, or (vi) makes any false statement or representation orally or in writing, fails to furnish information, or fails to permit inspection of any books or records on demand of Holder, (B) upon default in payment of any Principal payment due hereunder, (C) upon default, in Holder's sole opinion, or any other agreement or not between Maker and Holder For the purposes of this Note, a party shall be in default of an agreement if such party shall have been given notice of such default in accordance with the terms of any such agreement, and, as to those defaults for which such party is afforded an opportunity to cure pursuant to such agreement, such party shall have failed to make such cure within the applicable period provided Maker's and Co-Maker(s)'s obligation to pay the Principal and interest thereon, if accelerated shall be absolute and unconditional, and shall not be subject to any rights of set-off, offset or recoupment

- 6 Maker and Co-Maker(s) agree(s) to pay all expenditures made in any attempt to collect any amounts due pursuant to this Note. Maker and Co-Maker(s) agree that any attorney-at-law or its attorney-in-fact may appear in any court of record situated in any County where the Maker and/or Co-Maker(s) then reside or in the County where Maker and/or Co-Maker signed this Note at any time after the debt evidenced shall become due, either at its stated maturity or by declaration, and waiving the issuing and service of process and confess judgment against the Maker and Co-Maker(s), jointly and severally, in favor of the Holder, for the amount then owing thereon, together with attorneys' fees and other legal costs and thereupon release(s) all errors and waive(s) all rights to appeal.
- 7 Maker, Co-Maker(s) and all endorsers or guarantors of this Note, and each of them, hereby waive, to the fullest extent permitted by law, diligence, demand, notice of demand, presentment for payment, notice of non-payment, notice of dishonor, protest and notice of protest and specifically consent to and waive notice of any renewals, extensions, amendments or modifications of this Note, whether made to or in favor of Maker or any other person or persons. Holder reserves the right to modify the terms of this Note, grant extensions, notations, renewals, releases, discharges, compositions and compromises with any party liable under this Note, with or without any notice to or the consent of, and without discharging or affecting the obligations of, any other party liable under this Note. The claiming of any statute of limitations as a defense to any demand against Maker, Co-Maker(s) or any endorser or guarantor is expressly waived by each and all of endorsers or guarantors of this Note.
- 8 This Note shall be construed and enforced in accordance with the laws of the State of Michigan. The terms of this Note are confidential and will not be disclosed to any third party by Maker without the prior written consent of Holder, unless otherwise required by law.
- 9 This Note shall be joint and several obligation of Maker, Co-Maker(s), all guarantors and endorsers, if any, and shall be binding upon them and their heirs, executors, personal representatives, successors and assigns and shall inure to the benefit of Holder and its successors and assigns. This Note shall not be assignable by Maker or any Co-Maker without the prior written consent of Holder.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the undersigned Maker and Co-Maker(s) have executed this Note as of the date first set above

MAKERS AND GUARANTOR(S)

Signature

Print Name

MAKERS AND GUARANTOR(S)

Signature

Print Name

MAKERS AND GUARANTOR(S)

Signature

Print Name

EXHIBIT E
LIST OF FRANCHISES

	Business Name	Contact Person	Address	City	State	Zip Code	Office Phone	Fax
1	RW All Stars	Joe Thomas/Karla Elkebir	9520 19th St	Rancho Cucamonga	CA	91737	(909) 942 3003	(909) 583 9852
2	RW Allensworth	L E (Al) Allensworth	10803 Lakewood	Downey	CA	90241	(562) 923 8879	
3	RW Antelope Valley	Segio Herrera	44039 27th Street West	Lancaster	CA	93536	661-998 6224	
4	RW Beverly Hills	Marshall Dismuke	468 N Camden Drive	Beverly Hills	CA	90210	(310) 285 1741	(310) 601 4541
5	RW California Properties Inc #1	Vijay Patel	3124 W Beverly Blvd	Montebello	CA	90640	(323) 728 4200	(323) 725-4968
6	RW Capero	Carlos Rossil/Sergio Pena	10927 La Reina	Downey	CA	90241	(562) 231 3700	(562) 231 3737
7	RW Cares #1 (HomeCares)	Piero Reece	1625 Sweetwater Suite A	National City	CA	91950	(619) 791-1000	(619) 327 1406
8	RW Cares #2	Piero Reece	5120 Robinwood Street Ste C 21	Bonita	CA	91902	(619) 791-1000	(619) 327 1406
9	RW Coachella Valley	Maritza Martinez	81953 Hwy 111 Ste 6	Indio	CA	92201	(760) 347-3303	(760) 347 3305
10	RW Desert Cities	Richard A Pearson	453 E Tahquitz Canyon Way	Palm Springs	CA	92262	(760) 327 8402	
11	RW Diamond	Maria Lupe Luevanos	9045 Haven Ave Suite 106	Rancho Cucamonga	CA	91730	(909) 684 4403	
12	RW Diversified	Jose Munoz	615 Trafalgar Ave	La puente	CA	91744	562 846-0253	
13	RW Estates	Cliff Hildreth	25251 Avenue Tibbitts	Valencia	CA	91355	(661) 794-7247	(661) 295 1336
14	RW Extraordinaire	Jose T Rodriguez & Jose Munoz	13525 Telegraph Rd Ste A	Whittier	CA	90605	(562) 846 0253	
15	RW First Choice	Geraldine(Geri) Kleinpell	3 Point Drive #214	Brea	CA	92821	(714) 256 1101	(714) 256 1121
16	RW Golden Era	Mana Zendejas	1701 North Lombard St Ste 104	Oxnard	CA	93030	(805) 465-2006	(805) 465 2007
17	RW Infinity Properties	Suzi Trinidad	490 Alabama Street #101	Redlands	CA	92373	909 910 5559	
18	RW Legends	Art Mayes	28001 Smyth Dr Suite 105	Valencia	CA	91355	(661) 799-9400	(661) 222 7599
19	RW Lone Star Brokers	Nadim Mustafa	2447 W Beverly Boulevard	Montebello	CA	90640	(323) 838 4444	(323) 722 6755
20	RW Main Street	Scott Johnson	835 N Main Street Ste D	Corona	CA	92880	(951) 735 9900	(951) 735-0159
21	RW Marquee	Jerry Armstrong/Anthony Valdiva	1000 Quail Suite 200	Newport Beach	CA	92660	(949) 536 5095	
22	RW My San Diego Real Estate	Rosalinda Ramirez	220 Lomas Santa Fe Dr	Solana Beach	CA	92705	(858) 345 4966	(858) 761-0235
23	RW of Newport Beach	Bob Huckins	1101 Dove Street	Newport Beach	CA	92660	(714) 876-6295	(714) 436 9010
24	RW Premier	Gary Zendejas	1652 Plum Lane Ste 102	Redlands	CA	92374	(909) 748 5000	(909) 798 3564
25	RW Prestige	Esteban Vargas	206 N 1 Street	La Puente	CA	91744	(562) 639 9173	(323) 686-5183
26	RW RHB Properties and Associates	Ron Byrd	2945 Townsgate Rd	Westlake Village	CA	91361	(866) 684-6647	
27	RW Hometown	Barbara (Bobbi) Mathues	965 Hopmeadow Street	Simsbury	CT	06070	(860) 658 8000	(860) 658 8004
28	RW Signature Properties	Melissa Giangrasso	1874 Norwich New London Turnpike	Uncasville	CT	06382	(860) 447 8839	(860) 447 8539
29	Ocala RW	Elisha Lopez (Luis husband)	2709 Sw 27th Ave Ste 103	Ocala	FL	34471	(352) 789-6746	(866) 426 6693
30	RW C Bagans First	Rob Bagan/Kevin Williamson/Charlie Bonacc	30 Colorado RD	Lehigh Acres	FL	33936	(239) 369 5841	(239) 369 5847
31	RW Elite Properties	Evelyn Palacio	5600 SW 135 Ave Suite 101	Miami	FL	33183	305-455 1132	
32	RW Executive Group	Mark & Pat Cole	3521 U S Hwy 17 Ste B	Fleming Island	FL	32003	(904) 215 5712	(904) 215 5711
33	RW Executive Homes	Diana De La Rosa	12498 SW 127th Ave	Miami	FL	33186	(305) 251-4044	(305) 251 4094
34	RW FDR Realty Group	Marco Fonseca	20925 Lyons Rd	Boca Raton	FL	33428	(754) 235 7588	
35	RW First Global Realty	Gabriel Acosta/Peter Leon	12401 Orange Drive Suite 100A	Davie	FL	33330	(954) 539-2004	
36	RW Freewheeler Realty #1	Alexa Wheeler	85992 Overseas Hwy	Islamorada	FL	33036	(305) 664-4444	(305) 831 4517
37	RW Freewheeler Realty #2	Alexa Wheeler/John Elkovry broker	98500 Overseas Hwy	Key Largo	FL	33037	(305) 852-4400	(305) 831 4517
38	RW J Pavich Real Estate 1 - Estero*	Joe Pavich	21301 S Tamiami Tr #340	Estero	FL	33928	(239) 495-9968	(239) 947-5475

39	RW J Pavich Real Estate 2 Cape Coral	Joe Pavich	3013 Del Prado Boulevard #5 6	Cape Coral	FL	33904	(239) 540-3625	(239) 540 5057
40	RW J Pavich Real Estate 3 Matlacha	Joe Pavich	4566 Pine Island Road	Matlacha	FL	33993	(239) 283-1003	(239) 287-9531
41	RW M Realty Group	Osmany Mondaca	10631 N Kendall Drive, Suite 155	Miami	FL	33176	(305) 396 9003	(866) 909-4192
42	RW M Realty Group - Pinecrest	Osmany Mondaca	8603 South Dixie Highway Suite 220	Pinecrest	FL	33143	(305) 735 6956	
43	RW New Castle Realty	Terry Sweigart	12181 Sheridan Street	Cooper City	FL	33026	(954) 431-5311	(954) 431 7082
44	RW South Florida - Coral Springs	Ernesto Vega	5491 North University Drive Ste 204	Coral Springs	FL	33065	(954) 282-6350	
45	RW South Florida Doral Center	Ernesto Vega	9585 NW 41 St	Doral	FL	33178	(786) 237 0797	(786) 237 0798
46	RW South Florida Fort Lauderdale	Ernesto Vega	2734 E Oakland Park Blvd #201	Ft Lauderdale	FL	33306	(954) 880 2550	(954) 602 9525
47	RW South Florida Kendall	Ernesto Vega	9995 SW 72nd Street, Suite 209	Miami	FL	33173	(305) 595 6804	
48	RW South Florida Weston	Ernesto Vega	2883 Executive Park Dr #201	Weston	FL	33331	(954) 332 7121	
49	RW Top Producers Realty Inc (Naples)	John Krol	590 11th Street South	Naples	FL	34102	(239) 430 1700	(239) 649 0017
50	RW Treasure Coast	Jeff Laughren	1660 NW Federal Highway	Stuart	FL	34994		
51	RW Horner West Real Estate Inc	Arlene Gillespie	618 E Main St P O Box 271	Weiser	ID	83672	(208) 549 1162	(208) 549 1175
52	RW Tiffany Real Estate	Wayne Sobczak	549 Lake Street	Antioch	IL	60002	(847) 395 1010	(847) 395 8888
53	RW Harbert Company	Maurice Harbert	1298 West Main Street	Greenwood	IN	46142	(317) 885 8858	(317) 889 8858
54	RW Indy	James (Jim) Jordan	600 E Carmel Dr Suite 162	Carmel	IN	46032	(317) 509 3688	(317) 468 9909
55	RW Turtle Creek Realty	Rollin Jackson	4000 E Southport Road	Indianapolis	IN	46237	(317) 783 0783	(317) 783 9311
56	RW Adams & Associates #1	Cassandra (Sandy) & William (Bill) Adams	632 Chesnut Street	Berea	KY	40403	(859) 623 1900	(866) 252 4997
57	RW Adams & Associates #2	Cassandra (Sandy) & William (Bill) Adams	1043 Center Drive	Richmond	KY	40475	(859) 623 1900	(866) 252 4997
58	RW Forest Realty	Michael Procopio	20 Main Street	Saugus	MA	01906	(781) 233 3190	(781) 233 3481
59	RW Platinum Group	Pat D'alleva	85 Ferry	Everett	MA	02149	(617) 387 9898	(617) 387-9891
60	RW Related Realty Group	Sam Medina	3 Roche Bros Way Unit A	North Easton	MA	02356	(508) 238 2417	(508) 238 2471
61	RW Home Centre	James Park	2710 Mountain Road Ste# 205	Pasadena	MD	21122	(410) 439 0999	(410) 439-8990
62	RW Preferred Properties	Robert Castro	2670 Crain Highway Suite 411	Waldorf	MD	20601	301 870 8555	
63	RW Team One Properties	David Thomas	5865 Allentown Road	Camp Springs	MD	20746	(240) 508 0597	(240) 607-7777
64	RW America Agency Inc	Louis Trenta	1604 Route 27	Edison	NJ	08817	(732) 985 7894	(732) 819-7844
65	RW Desert Homes	George and Jill Grieco	1000 South Boulder Hwy	Henderson	NV	89015	(702) 566 6781	(702) 566 4241
66	RW Commercial Global Ohio	Rick Starr (Pri Adathakkar)	1585 Bethel Rd	Columbus	OH	43220		
67	RW Experience	Rick Starr (Ralph DeVault)	4094 Main Street	Hilliard	OH	43026	(614) 813 0605	
68	RW Leonello	Rick Starr (Henri Leonello)	7578 Fredle Drive	Concord	OH	44077	(440) 867 2244	
69	RW Real Estate Stars	Rick Starr (Debbie Stohl)	1585 Bethel Rd	Columbus	OH	43220	(614) 686-4400	(888) 289 9010
70	RW Presidential	Kirk Paschal	5625 Cypress Creek Parkway	Houston	TX	77069	(281) 440 7444	
71	RW Professionals	Pam Snowden	709 FM 1187 N Suite 200	Aledo	TX	76008	(817) 441 7707	(817) 441 7993
72	RW Uptown	Jay Clemente & Edward Delgadillo	6807 Housman St	Houston	TX	77055	(713) 936 0779	(713) 574 2947
73	RW Cosser & Associates	David (Dave) & Jody Cosser	282 SW 13th St	Chehalis	WA	98532	(360) 345 1006	(360) 345 1008
74	RW Performance Network	John Reid	6009 VISTA DR P O BOX 125	Ferndale	WA	98248	(360) 384 3088	(360) 384-4052
75	RW Greater Green Bay	Dean Valentine	3000 Riverside Dr , Ste 140	Green Bay	WI	54301	(920) 371 7269	

EXHIBIT F

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM*

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

	Business Name	Contact Person	Address	City	State	Zip Code	Office Phone	Fax
1	RW Superstars	Art Welch/Melody (wife)	3939 N Holt Circle	Buckeye	AZ	85326	(623) 239-0926	(623) 298 5660
2	RW Investment Solutions	Curtis Arbiso	14081 Yorba Street Suite 234	Tustin	CA	92780	(714) 442-3809	(855) 800-2077
3	RW Pacific	Greg Dillon	14 Kingston Court E	Coronado	CA	92118	(619) 250-4235	(619) 330 2965
4	RW Real Estate Professional	Joe Bergquist	1740 Spring St Suite B	Paso Robles	CA	93446	805 239-0000	
5	RW Clayton Property Brokers	Clayton Janer	75 Main Street	East Haven	CT	06512	(203) 467 6676	(203) 466 0124
6	RW Leading Experts	Simon & Tiffany Chan	3940 Bufford Hwy Suite A101	Deluth	GA	30097	(678) 887 1297	(678) 392-4766
7	RW All Pro Inc I	George Ristau	7134 W Grand Ave	Chicago	IL	60707	(773) 637-6500	(773) 637 5729
8	RW All Pro Inc II	George Ristau	7747 W Belmont	Elmwood Park	IL	60707	(708) 452 7653	(708) 452 7790

EXHIBIT G
OPERATIONS MANUAL TABLE OF CONTENTS



FRANCHISE MEMBER OPERATIONS MANUAL

Table of Contents

		<u>Page No</u>
I	INTRODUCTION	2
	Introduction	2
	Mission Statement	2
	The REALTY WORLD Brand	2
	Preface	3
	REALTY WORLD History	4
	Table of Contents	5
II	COMPLIANCE	8
	What is Compliance?	8
	What are Trade Secrets?	8
	Franchisor's Obligations and Responsibilities	8
	Franchisee's Obligations and Responsibilities	9
III	COMPANY POLICIES	9
	Relocation	9
	Office Name Change	10
	Office Name	10
	Change of Business Structure or Partners	10
IV	INSURANCE COVERAGE	10
	Additional Named Insured	11
	Required Before Business Opens	11
	Certificate of Insurance	11
V	LOGO STANDARDS	11
	Realty World Image and Identification Style	12
	Protecting Corporate Signature	12
	Four Versions of the Logo	12
	Avoid Distortion	14
	Logo Examples	15
	Image Formats	16
VI	Marketing and Media	16
	Office Signs	16
	Exterior Office Front Signage	17
	Approved Vendors	18

VII	WEBSITE AND DOMAINS	18
	Your Web Page on realtyworld.com	18
	Domain Names	19
	Domain Names and DBAs	19
VIII	OFFICE STRUCTURE/ADMINISTRATION	20
	Office Layout and Design	20
	Support/Administrative Staff	20
	Sales Meeting Guidelines	20
	Office Communication Systems	21
IX	BUDGET/FINANCIAL MANAGEMENT	21
	Operating/Capital Budget	21
	Financial Statements	22
	Profit and Loss Statements	22
	Financial Obligations	22
X	MARKETING	23
	Your Grand Opening	23
	The Platinum Collection Marketing System	24
	World Class Collateral Marketing Pieces	24
	Direct Mail Postcards	24
	REALTY WORLD Buyer/Seller Guides	25
	Approved Vendors/Affiliates	25
	REALTY WORLD International News	25
XI	ADVERTISING/PUBLIC RELATIONS	26
	TV/Radio Commercials	26
XII	BROKER DEVELOPMENT	26
	Company Business Plan Guidelines	27
	Virtual Office System on the Insider	28
	Agent Accountability	28
	Agent Retention	29
XIII	RECRUITING/COMPENSATION PROGRAM	30
	Broker Recruiting Plan	30
	Lifetime Income Program	30
	Wall Street Plan 104	30
XIV	AGENT DEVELOPMENT	31
	REALTY WORLD Academy	31
	REALTY WORLD e-Academy	32
	Virtual Agent Tools on the Insider	32
	REALTY WORLD International Convention	33
	REALTY WORLD Awards Program	33

XV	LEAD GENERATION	33
	Sweepstakes Lead Generation Program	33
	Virtual Relocations – www.moveinandout.com	34
	Virtual Advertising - adsanddeals.com	34
XVI	MEMBER TECHNOLOGY	34
	REALTY WORLD Corporate website	34
	The Insider	35
	Accounting Software	35
	Agent/Office Website Hosts	36
	Broker/Agent Education Webinars	36

APPENDIX

REALTY WORLD CORPORATE FORMS

Accounting Forms

Monthly Agent Roster –

Escrow Instructions and Closing Report Activity Flat Fee / Percentage form

Authorization for Credit Card Payment

Corporate Forms

E-Academy Online Enrollment

Consent for DBA/Domain Name

De-Identification Checklist

Total Number of Pages	44
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EXHIBIT H

DISCLOSURE ACKNOWLEDGEMENT STATEMENT

DISCLOSURE ACKNOWLEDGMENT STATEMENT

Realty World, Inc. ("Realty World"), through the use of this Disclosure Acknowledgment Statement, desires to determine that you fully understand and comprehend that the purchase of a Realty World Franchise to operate as a Realty World real estate brokerage business (a "Realty World Franchise") is a business decision involving the evaluation of its associated risks and that Realty World's policy is to verify and confirm that in making your decision you are not relying upon any oral statement, representations, promises or assurances made during the negotiations for the purchase of a Realty World Franchise by any director, officer, employee, agent or representative of Realty World (collectively "Representative") which are not specifically set forth in Realty World's then-current "Uniform Franchise Offering Circular", including all of the exhibits attached to it (the "Offering Circular")

The following representations have been prepared by Realty World in an effort to ensure that you have a complete and accurate understanding of duties, responsibilities and obligations of a Realty World Franchisee prior to the execution of the Franchise Agreement

1 You acknowledge receipt of the Offering Circular on _____. You further acknowledge that you have personally and carefully reviewed the Offering Circular, that you understand all of the information in the Offering Circular and that you have been advised by a Representative to have professional advisors of your own, including legal counsel, to review the Offering Circular and consult with you regarding the risks associated with the purchase and operation of a Realty World Franchise

2 You acknowledge that you have made your own independent determination as to whether you have the capital necessary to fund a Realty World Franchise operation

3 You recognize and understand that the business risk, which exists in connection with the purchase of any business make the success or failure of a Realty World Franchise subject to many variables, including, but not limited to, your skills and abilities, the hours you work, competition from other businesses, interest rates, the economy, inflation, store location, operation costs, lease terms and costs, the market place and other economic and other business factors. You acknowledge your willingness to undertake these business risks and it is your responsibility to manage your franchise business. You understand that the success or failure of your franchise operation depends primarily upon your efforts and not that of Realty World

4 You acknowledge and agree that your decision to purchase a Realty World Franchise is in no manner predicated upon any representations, assurances, warranties, guarantees or promises made by a Representative as to the likelihood of success of a Realty World Franchise. You further acknowledge that you have not received any information from a Representative concerning actual, average, projected or forecasted franchise sales, gross receipts, operating costs, revenues, income, profits or earnings that is not contained in the Offering Circular, except as follows (if no exceptions, write "None")

5 You acknowledge that no statement, promise or assurance has been made to you by a Representative concerning the likelihood of success you should or might expect to achieve from developing and operating a Realty World Franchise that is contrary to, or different from, the information contained in the Offering Circular. If you believe that such a statement, promise or assurance has been made, please describe such statement, promise or assurance in the space provided below or write "None"

6 You acknowledge that no statement, promise or assurance has been made to you by a Representative concerning the advertising, marketing, training, support services or assistance that Realty World will furnish you that is contrary to, or different from, the information contained in the Offering Circular. If you believe that such a statement, promise or assurance has been made, please describe such statement or promise in the space provided below or write "None"

7 You acknowledge that no other statement, promise or assurance has been made to you by a Representative concerning any other matter related to a Realty World Franchise that is contrary to, or different from, the information contained in the Offering Circular. If you believe that such a statement, promise or assurance has been made, please describe such statement, promise or assurance in the space provided below or write "None"

PROSPECTIVE FRANCHISEE (Individual)

Name

Signature

Date _____

PROSPECTIVE FRANCHISEE
(Corporation, Partnership or Limited Liability Company)

a/an _____ corporation
a/an _____ partnership
a/an _____ limited liability company

By

Its

Date

EXHIBIT I

STATE ADDITIONAL DISCLOSURES AND RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
REALTY WORLD, INC**

The following are additional disclosures for the Franchise Disclosure Document of **REALTY WORLD, INC** required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

- 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 SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT
- 3 OUR WEBSITE, www.realtyworld.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, COMMISSIONER OF BUSINESS OVERSIGHT AT www.dbo.ca.gov
- 4 The following is added at the end of Item 3

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

The following paragraphs are added at the end of Item 17

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

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

The Franchise Agreement requires binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is within a 50 mile radius of our then

current principle place of business (currently Newport Beach, California) with the costs being borne as provided in the Franchise Agreement. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California. The Franchise Agreement requires application of the laws of the state in which the Business is located. This provision might not be enforceable under California law.

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

The Franchise Agreement provides for liquidated damages. This provision might not be enforceable under California law.

The Franchise Agreement requires you to sign a general release of claims upon renewal or 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 thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

a “Unless you sign the Exclusive Territory Addendum 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.”

b You must meet minimum Sales Representative quotas to maintain your rights to the Exclusive Territory under the Exclusive Territory Addendum.

ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

MARYLAND

- 1 The following is added to the end of the “Summary” sections of item 17(c), entitled **Requirements for franchisee to renew or extend**, and item 17(m), entitled **Conditions for franchisor approval of transfer**

However, pursuant to COMAR 02 02 08 16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law

- 2 The following is added to the end of the “Summary” sections of item 17(h), entitled **“Cause” defined – non-curable defaults**

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but will enforce it to the extent enforceable.

- 3 The “Summary” section of Item 17(t), entitled **Integration/merger clause**, is amended to add the following

, provided, however, that nothing in the Franchise Agreement or in any related agreement is intended to disclaim any of the representations made in our Franchise Disclosure Document

- 4 The “Summary” sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**, are amended to add the following

, except that you may bring suit in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law

- 5 The following language is added at the end of the chart in Item 17

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law

MINNESOTA

- 1 **Trademarks** The following language is added to the end of Item 13

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs

or expenses arising out of any claim, suit or demand regarding the use of the Marks

2 **Renewal, Termination, Transfer and Dispute Resolution** The following is added at the end of the chart in Item 17

With respect to franchises governed by Minnesota law, we will comply with Minn Stat Sec 80C 14, Subds 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice for non-renewal of the Franchise Agreement

Minn Stat Sec 80C 21 and Minn Rule 2860 4400J might prohibit us from requiring litigation to be conducted outside Minnesota Those provisions also provided that nothing in the Franchise Disclosure Document or Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn Rule 2860 4400D

NEW YORK

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE
CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A
OR YOUR PUBLIC LIBRARY FIRST 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, 120 BROADWAY, 23RD
FLOOR, NEW YORK, NEW YORK 10271**

**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 described above, with regard to us, our predecessor or affiliates, the persons identified in Item 2, or an affiliate offering franchises under our principle trademark

- A There is no pending administrative, criminal, or civil action alleging a felony, 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 or was a party to any material civil action involving the franchise relationship in the last fiscal year
- B 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 been held liable in a civil action alleging violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations
- C No such party is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a franchise as a real estate broker or sales agent

3 The following is added at the end of Item 4

Except as disclosed above, no person identified in Item 1, and no officer of franchisor, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this disclosure document have, during the 10 year period immediately preceding the date of the Franchise Disclosure Document (a) filed as

debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or any foreign bankruptcy laws, (b) obtained a discharge of its debts under the U S Bankruptcy Code or any foreign bankruptcy laws, 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 any foreign bankruptcy law or that obtained a discharge of its debts under the U S Bankruptcy Code or any foreign bankruptcy laws during or within 1 year after that officer or general partner of ours held this position in the company or partnership

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

- 5 The following is added to the end of the "Summary" section of Item 17(j), entitled **Assignment of contract by franchisor**

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement

- 6 The following is added to the end of the "Summary" section of Item 17(j), entitled **Assignment of contract by franchisor**

Modifications to the Operations Manual will not unreasonably affect your obligations under the Franchise Agreement

- 7 The following is added to the end of the "Summary" section of Item 17(v), entitled **Choice of forum**, and Item 17(w), entitled **Choice of law**

However, the governing choice of law and choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York

RHODE ISLAND

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

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act ”

VIRGINIA

The following is added to the end of the “Summary” sections of Item 17(h), entitled **“Cause” defined – non-curable defaults**

In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document of Realty World, 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 does not constitute ‘reasonable cause’, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him or her under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him or her under the franchise, that provision may not be enforceable

WASHINGTON

The following paragraph is added at the end of Item 17

If any of the provisions in this Franchise Disclosure Document or Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19 100 180 or any other requirements of the Washington Franchise Investment Protection Act (the “Act”), the provisions of the Act will prevail over the inconsistent terms of the Franchise Disclosure Document or Franchise Agreement

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE REALTY WORLD, INC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER is made and entered into by and between **REALTY WORLD, INC** , a Nevada corporation with its principal business address at **1101 Dove St, Suite 228, Newport Beach, CA 92660** (“we”, “us”, or “our”), and _____

whose principal business address is _____

(“you” or “your”), as of the latest date signed by both of our officers and set forth below our signature on this Rider (the “Effective Date”)

- 1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the **Realty World® Business** that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

- 2 **ILLINOIS LAW** The following language is added to the end of the Franchise Agreement

Illinois law governs the agreements between the parties to this franchise

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date

THIS RIDER SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS EVIDENCED BY DATING AND SIGNING BY TWO OF OUR AUTHORIZED OFFICERS OR REPRESENTATIVES

REALTY WORLD, INC , a Nevada corporation

By _____
Andrew Cimerman, CEO

DATED _____

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP)**

[Name]

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND
NOT A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

**RIDER TO THE REALTY WORLD, INC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

THIS RIDER is made and entered into by and between **REALTY WORLD, INC** , a Nevada corporation with its principal business address at **1101 Dove St; Suite 228, Newport Beach, CA 92660** ("we", "us", or "our"), and _____

whose principal business address is _____

("you" or "your"), as of the latest date signed by both of our officers and set forth below our signature on this Rider (the "Effective Date")

- 1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Maryland and/or (b) the **Realty World® Business** that you will operate under the Franchise Agreement will be located in Maryland.

- 2 **NON-WAIVER.** The following is added to the end of Section 1 B of the Franchise Agreement

To the extent so required by applicable law, these acknowledgements are not intended to act, nor shall they act, as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

- 3 **RELEASES** The following is added to end of Section 12 C (10), 12 D and 13 C of the Franchise Agreement

Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law

- 4 **INSOLVENCY** The following is added to the end of Section 14 (19) of the Franchise Agreement

, however, we and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq)

- 5 **GOVERNING LAW** Section 17 G of the Franchise Agreement is deleted and replaced with the following

G GOVERNING LAW ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U S C §§ 1 ET SEQ) EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF IN WHICH YOUR BUSINESS IS LOCATED WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT (1) ANY STATE LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH, AND (2) TO THE EXTENT REQUIRED BY APPLICABLE LAW, MARYLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

- 6 **CONSENT TO JURISDICTION** Section 17 H of the Franchise Agreement is deleted and replaced with the following

H CONSENT TO JURISDICTION SUBJECT TO SUBSECTION 17.F ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED IN A COURT OF GENERAL JURISDICTION NEAREST TO OUR THEN CURRENT PLACE OF BUSINESS (CURRENTLY NEWPORT BEACH, CALIFORNIA), AND YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THAT COURT AND WAIVE ANY OBJECTION YOU (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THAT COURT NOTWITHSTANDING THE FOREGOING, YOU MAY BRING AN ACTION IN MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

- 7 **LIMITATIONS OF CLAIMS** The following is added to the end of Section 17 N of the Franchise Agreement

, PROVIDED, HOWEVER, THAT THIS LIMITATION OF CLAIMS SHALL NOT ACT TO REDUCE THE THREE (3) YEAR STATUTE OF LIMITATIONS AFFORDED YOU FOR BRINGING A CLAIM UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date

THIS RIDER SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS EVIDENCED BY DATING AND SIGNING BY TWO OF OUR AUTHORIZED OFFICERS OR REPRESENTATIVES

REALTY WORLD, INC , a Nevada corporation

By _____
Andrew Cimerman, CEO

DATED _____

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP)**

[Name]

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND
NOT A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

REALTY WORLD, INC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Realty World, Inc (“we”, “us”, or “our”) and the undersigned franchisee,
____ (“you” or “your”),
currently are parties to a certain Franchise Agreement (the “Franchise Agreement”) date
____ You have asked us to take the following action or to agree
to the following request [insert as appropriate for renewal or transfer situation] _____

_____ We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, members, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Realty World Parties”) from any and all claims, damages (known or unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Realty World Parties (1) arising out of or related to the Realty World Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Realty World Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Realty World Parties on any of the Claims released by this paragraph and represent that you have no assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties have executed and delivered this Rider on the dates noted below,
to be effective as of the Effective Date

**THIS AGREEMENT SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS
EVIDENCED BY DATING AND SIGNING BY TWO OF OUR AUTHORIZED OFFICERS OR
REPRESENTATIVES**

REALTY WORLD, INC

Print Name Andrew Cimerman

Title CEO

By _____

Date _____

Print Name _____

Title _____

By _____

FRANCHISE OWNER

Print Name _____

Title _____

By _____

Date _____

Print Name _____

Title _____

By _____

Date _____

Print Name _____

Title _____

By _____

Date _____

**RIDER TO THE REALTY WORLD, INC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is made and entered into by and between **REALTY WORLD, INC**, a Nevada corporation with its principal business address at **1101 Dove St, Suite 228, Newport Beach, CA 92660** ("we" "us", or "our"), and _____

whose principal business address is _____

("you" or "your"), as of the latest date signed by both of our officers and set forth below our signature on this Rider (the "Effective Date")

- 1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the **Realty World® Business** that you will operate under the Franchise Agreement will be located in Minnesota, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

- 2 **NOTIFICATION OF INFRINGEMENTS AND CLAIMS** The following language is added to the end of Section 5 C of the Franchise Agreement:

To the extent required by Minnesota Stat Sec 80C 12, Subd 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

- 3 **RELEASES** The following is added to the end of Section 12 C (10), 12 D and Section 13 C of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

- 4 **RENEWAL AND TERMINATION** The following is added to the end of Sections 13 and 14 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn Stat Sec 80C 14, Subds 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

- 5 **GOVERNING LAW** Section 17 G of the Franchise Agreement is deleted and replaced with the following:

G GOVERNING LAW ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U S C §§ 1 ET SEQ) EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF IN WHICH YOUR BUSINESS IS LOCATED WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT (1) ANY STATE LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH, AND (2) NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE

- 6 **CONSENT TO JURISDICTION** Section 17 H of the Franchise Agreement is deleted and replaced with the following

H CONSENT TO JURISDICTION SUBJECT TO SUBSECTION 17.F ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED IN A COURT OF GENERAL JURISDICTION NEAREST TO OUR THEN CURRENT PLACE OF BUSINESS (CURRENTLY NEWPORT BEACH, CALIFORNIA), AND YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THAT COURT AND WAIVE ANY OBJECTION YOU (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THAT COURT NOTWITHSTANDING THE FOREGOING, MINN STAT. SEC. 80C 21 AND MINN RULE 2860 4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA NOTHING IN THIS AGREEMENT SHALL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

- 7 **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL** To the extent required by the Minnesota Franchises Law, Section 17 I of the Franchise Agreement is deleted

- 8 **INJUNCTIVE RELIEF** Section 17 L of the Franchise Agreement is deleted and replaced with the following

L **INJUNCTIVE RELIEF** Nothing in this Agreement bars our right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us, the Marks and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by Section 17 F) You agree that we may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby)

- 9 **LIMITATIONS OF CLAIMS** The following is added to the end of Section 17 N of the Franchise Agreement

, provided, however, that Minnesota law provides that no action may be commenced under Minn Stat Sec 80C 17 more than three (3) years after the cause of action accrues

[The remainder of this page is intentionally left black]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date

THIS RIDER SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS EVIDENCED BY DATING AND SIGNING BY TWO OF OUR AUTHORIZED OFFICERS OR REPRESENTATIVES.

REALTY WORLD, INC , a Nevada corporation

By _____
Andrew Cimerman, CEO

By _____
Title _____

DATED _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP).**

[Name]

By _____

Title _____

DATED. _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND
NOT A LEGAL ENTITY).**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

**RIDER TO THE
REALTY WORLD, INC.
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK**

THIS RIDER is made and entered into by and between **REALTY WORLD, INC** , a Nevada corporation with its principal business address at **1101 Dove St, Suite 228, Newport Beach, CA 92660** ("we", "us", or "our"), and _____

whose principal business address is _____

("you" or "your"), as of the latest date signed by both of our officers and set forth below our signature on this Rider (the "Effective Date")

- 1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with this Rider This Rider is being signed because (a) you are domiciled in the State of New York and the **Realty World® Business** that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York

- 2 **TRANSFER BY US** The following language is added to the end of Section 12 A of the Franchise Agreement

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment is willing and able to assume our obligations under this Agreement

- 3 **RELEASES** The following language is added to the end of Sections 12 C (10), 12 D and 13 C of the Franchise Agreement

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687 4 and 687 5, as amended

- 4 **TERMINATION OF AGREEMENT** The following language is added to the end of Section 14 of the Franchise Agreement

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York

- 5 **GOVERNING LAW** The following statement is added at the end of Section 17 G of the Franchise Agreement

**THIS SECTION SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT
CONFERRED UPON YOU BY THE PROVISIONS OF ARTICLE 33 OF THE
NEW YORK STATE GENERAL BUSINESS LAW, AS AMENDED, AND THE
REGULATIONS ISSUED THEREUNDER.**

- 6 **CONSENT TO JURISDICTION** The following is added to the end of Section
17 H of the Franchise Agreement

**THIS SECTION SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT
CONFERRED UPON YOU BY THE PROVISIONS OF ARTICLE 33 OF THE
NEW YORK STATE GENERAL BUSINESS LAW, AS AMENDED, AND THE
REGULATIONS ISSUED THEREUNDER**

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the
dates noted below, to be effective as of the Effective Date

**THIS RIDER SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS
EVIDENCED BY DATING AND SIGNING BY TWO OF OUR AUTHORIZED
OFFICERS OR REPRESENTATIVES**

REALTY WORLD, INC , a Nevada
corporation

By _____
Andrew Cimerman, CEO

By _____
Title _____

DATED _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP)**

[Name]

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND
NOT A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

**RIDER TO THE REALTY WORLD, INC
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

THIS RIDER is made and entered into by and between **REALTY WORLD, INC** , a Nevada corporation with its principal business address at **1101 Dove St, Suite 228, Newport Beach, CA 92660** ("we", "us", or "our") and _____

whose principal business address is _____

("you" or "your") as of the latest date signed by both of our officers and set forth below our signature on this Rider (the "Effective Date")

- 1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the **Realty World® Business** that you will operate under the Franchise Agreement will be located in Rhode Island, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

- 2 **GOVERNING LAW** The following is added to the end of Section 17 G of the Franchise Agreement

SECTION 19-28 1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT."

- 3 **CONSENT TO JURISDICTION** The following is added to Section 17 H of the Franchise Agreement

SECTION 19-28 1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THE STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT "

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date

THIS RIDER SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS EVIDENCED BY DATING AND SIGNING BY TWO OF OUR AUTHORIZED OFFICERS OR REPRESENTATIVES

REALTY WORLD, INC , a Nevada corporation

By _____
Andrew Cimerman, CEO

By _____
Title _____

DATED _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP)**

[Name] _____

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND
NOT A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

**RIDER TO THE REALTY WORLD, INC
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

THIS RIDER is made and entered into by and between **REALTY WORLD, INC**, a Nevada corporation with its principal business address at **1101 Dove St, Suite 228, Newport Beach, CA 92660** ("we", "us", or "our"), and _____

whose principal business address is _____

("you" or "your"), as of the latest date signed by both of our officers and set forth below our signature on this Rider (the "Effective Date")

- 1 **BACKGROUND** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Washington, and/or (b) the **Realty World® Business** that you will operate under the Franchise Agreement will be located in Washington, and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

WASHINGTON LAW The following paragraphs are added to the end of the Franchise Agreement

 The state of Washington has a statute, RCW 19 100 180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

 In any arbitration involving a franchise purchased in Washington, the Arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

 In the event of a conflict of laws, the provisions of the Washington Franchise investment Protection Act, Chapter 19 100 RCW shall prevail.

 A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date

THIS RIDER SHALL NOT BE EFFECTIVE UNTIL ACCEPTED BY US AS EVIDENCED BY DATING AND SIGNING BY TWO OF OUR AUTHORIZED OFFICERS OR REPRESENTATIVES

REALTY WORLD, INC , a Nevada corporation

By _____
Andrew Cimerman, CEO

By _____
Title _____

DATED: _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP)**

[Name]

By _____

Title _____

DATED _____

FRANCHISE OWNER

**(IF YOU ARE AN INDIVIDUAL AND
NOT A LEGAL ENTITY)**

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

[Signature]

[Print Name]

DATED _____

NEW YORK REPRESENTATIONS PAGE

**FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT
DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY
UNTRUE STATEMENT OF A MATERIAL FACT**

EXHIBIT J

RECEIPTS

**RECEIPT
(OUR COPY)**

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

If Realty World, 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, Realty World, Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

Under Michigan law, we must give you this disclosure document at least 10 business days before any execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Under New York and Rhode Island law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Realty World, 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 identified on Exhibit A.

The franchisor is Realty World, Inc., 1101 Dove Street, Suite 228, Newport Beach, CA 92660
Tel (714) 436-9009. The franchise seller for this offering is

Name of Franchise Seller Lisa Gerdes
Principal Business Address 1101 Dove St, Suite 228, Newport Beach, CA 92660
Telephone Number (714) 436-9009 Ext 1104

Name of Franchise Seller Ron Byrd
Principal Business Address 1101 Dove St, Suite 228, Newport Beach, CA 92660
Telephone Number (714) 436-9009 Ext 1110

Issuance Date September 7, 2017 (The effective dates in the franchise registration states are noted on the third page of this Franchise Disclosure Document)

See Exhibit A for our registered agents authorized to receive service of process

I have received a disclosure document issued on September 7, 2017 that included the following Exhibits

Exhibit A - List of State Agents/Agents for Service of Process	Exhibit F - List of Franchisees Who Left the System
Exhibit B - Franchise Agreement	Exhibit G - Operations Manual Table of Contents
Exhibit B-1 - Exclusive Territory Addendum	Exhibit H - Disclosure Acknowledgment Statement
Exhibit C - Promissory Note	Exhibit I - State Additional Disclosures and Riders
Exhibit D - Financial Statements	Exhibit J Receipts
Exhibit E - List of Franchisees	

Date

Signature

Printed Name

Please return this receipt to us at Realty World, Inc , 1101 Dove Street, Suite 228, Newport Beach, CA 92660
Tel 714-436-9009, Fax 714-436-9010

**RECEIPT
(YOUR COPY)**

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

If Realty World, 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, Realty World, Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

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If Realty World, 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 identified on Exhibit A.

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Principal Business Address 1101 Dove St, Suite 228, Newport Beach, CA 92660
Telephone Number (714) 436-9009 Ext 1110

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Exhibit H - Disclosure Acknowledgment Statement

Exhibit C - Promissory Note

Exhibit I - State Additional Disclosures and Riders

Exhibit D - Financial Statements

Exhibit J Receipts

Exhibit E - List of Franchisees

Date

Signature

Printed Name

Please return this receipt to us at Realty World, Inc , 1101 Dove Street, Suite 228, Newport Beach, CA 92660
Tel 714-436-9009, Fax 714-436-9010